



# RBC Japanese Equity Fund

## Investment Objective

To provide long-term capital growth. The fund invests primarily in equity securities of Japanese companies.

## Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF476
Adv	Front End	CAD	RBF6736
Adv	Low Load	CAD	RBF4076

Inception Date	March 2014
Total Fund Assets \$Mil	1,227.8
Series A NAV \$	12.71
Series A MER %	2.21
Benchmark	MSCI Japan Total Return Net Index (C\$)

Income Distribution	Annually
Capital Gains Distribution	Annually

Sales Status	Open
Min. Investment \$	500
Subsequent Investment \$	25

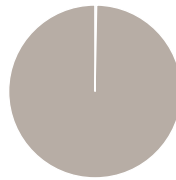
Fund Category	Geographic Equity
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Management Company	RBC Global Asset Management Inc.
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Web Site	www.rbcgam.com
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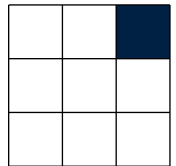
## Portfolio Analysis as of December 31, 2017

### Asset Mix



	% Assets
Cash	0.3
Fixed Income	0.0
Canadian Equity	0.0
US Equity	0.0
International Equity	99.7
Other	0.0

### Equity Style



Value Blend Growth

### Top 5 Sectors

	% Equity
Consumer Discretionary	19.8
Industrials	17.2
Information Technology	14.9
Financials	13.2
Health Care	11.3

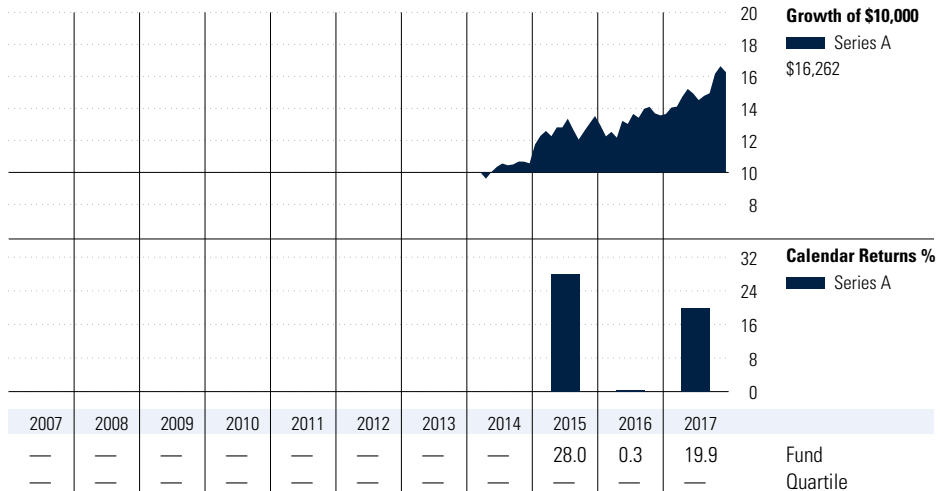
### Geographic Allocations

	% Assets
Japan	100.0

### Top 25 Holdings

	% Assets
SoftBank Group Corp	6.2
Mitsubishi UFJ Financial Group Inc	4.0
Sumitomo Mitsui Financial Group Inc	3.7
Mizuho Financial Group Inc	3.5
Suzuki Motor Corp	3.4
Mitsubishi Corp	3.3
ITOCHU Corp	3.0
Bridgestone Corp	2.7
PeptiDream Inc	2.7
SMC Corp	2.3
Honda Motor Co Ltd	2.2
Murata Manufacturing Co Ltd	2.2
Daikin Industries Ltd	2.0
Yahoo Japan Corp	1.9
Disco Corp	1.9
Mitsui Fudosan Co Ltd	1.9
SanBio Co Ltd	1.8
Asahi Group Holdings Ltd	1.8
Keyence Corp	1.7
System Corp	1.7
Nitori Holdings Co Ltd	1.7
Nippon Telegraph & Telephone Corp	1.6
MISUMI Group Inc	1.6
Nitto Denko Corp	1.5
Kansai Paint Co Ltd	1.5
Total % of Top 25 Holdings	61.8
Total Number of Stock Holdings	63
Total Number of Bond Holdings	0
Total Number of Other Holdings	1
<b>Total Number of Holdings</b>	<b>64</b>

## Performance Analysis as of December 31, 2017



	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
Fund	-2.3	8.8	8.9	19.9	15.5	—	—	12.6	Fund
Quartile	—	—	—	—	—	—	—	—	Quartile
No. of Funds in Category	43	43	40	39	24	20	14	—	No. of Funds in Category



# RBC Japanese Equity Fund

## Management Overview

### Manager Bios

#### Tomonori Kaneko

#### RBC Investment Management (Asia) Limited

Tomonori Kaneko is Portfolio Manager, Japanese Equities. He has worked in the RBC investment industry since 2003. Prior to joining RBC, he was a junior portfolio manager for Marshall Wace GaveKal Japan equity focused strategies and senior analyst at Perry Capital. Mr. Kaneko spent his early career in distressed debt investment at Lone Star Group. Tomonori holds a Bachelor of Science in Bioengineering from the University of California, Berkeley, and a Master's degree in Bioscience from the University of Tokyo.

### Performance Analysis Cont'd as of December 31, 2017

Distributions (\$)/Unit	2017*	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Distributions	0.36	1.04	0.90	0.20	—	—	—	—	—	—	—
Interest	—	—	—	—	—	—	—	—	—	—	—
Dividends	—	—	—	—	—	—	—	—	—	—	—
Capital Gains	0.36	1.04	0.90	0.20	—	—	—	—	—	—	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	12-2015	28.0	11-2017	16.0	—	—	—	—
Worst	4-2016	-0.7	7-2017	11.2	—	—	—	—
Average		13.4		13.8				
No. of Periods		34		10				
Pct. Positive		91.2		100.0				

\* Final distribution attribution (interest, dividends, capital gains and return of capital) for 2017 will be reflected with January month-end profiles.

### Quarterly Commentary as at December 31, 2017

During Q4, stock selection continued to drive outperformance relative to the benchmark. The Health Care and Consumer Staples sectors were the leading contributors to Fund performance while the Materials and Consumer Discretionary detracted compared to the benchmark. The top absolute contributor was biopharmaceutical Sanbio Co., a leader in regenerative medicine for neurological disorders. Sanbio's share price surged on faster than expected patient enrolment for its clinical trial for chronic motor neurological issues caused by strokes, as well as receiving a grant from the California Institute of Regenerative Medicine. Kose, one of Japan's largest cosmetics and skincare companies, was the leading contributor in the consumer sectors as it continues to succeed in expanding its product portfolio and geographic footprint in Asia and North America.

On the other hand, our underweight position in Toyota has detracted from Fund performance, partially offset by our holding Suzuki Motor which has performed well on the back of continued strong performance by its franchise in India. The

Fund continues to favor the Health Care and Telecommunication Services sectors while underweighting Industrials, and Materials.

On the economic front, Prime Minister Abe and Governor Kuroda are expected to continue to implement accommodative fiscal and monetary policies. The latest Tankan survey clearly indicates growing confidence among Japanese companies, as capacity shortage bodes well for capital expenditure in 2018. Japan continues to run close to full employment, with 2.8% unemployment amongst the lowest levels seen in 20 years. Despite tight labor conditions, wage growth remains disappointing. Nonetheless, inflation appears to be picking up, with consensus expecting 0.8% inflation in 2018.

While the domestic economy heads in the right direction, we have some concerns about external risks. The risk of U.S. protectionism and trade retaliation still exists while there remain some geopolitical risks from North Korea.



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## Disclosure

RBC Funds, BlueBay Funds, PH&N Funds and RBC Corporate Class Funds are offered by RBC Global Asset Management Inc. and distributed through authorized dealers.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus or Fund Facts document before investing. Except as otherwise noted, the indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. Mutual funds are not guaranteed or covered by the Canadian Deposit Insurance Corporation or by any other government deposit insurer. For money market funds, there can be no assurances that the fund will be able to maintain its net asset value per unit at a constant amount or that the full amount of your investment in the fund will be returned to you. The value of mutual funds change frequently and past performance may not be repeated.

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MER (%) for RBC Funds, PH&N Funds and BlueBay Funds is based on actual expenses for the half-year period, January 1 to June 30, 2017, expressed on an annualized basis.

MER (%) for RBC Corporate Class Funds is based on actual expenses for the half-year period, April 1, to September 30, 2017, expressed on an annualized basis.

Series H and Series I are not available for purchase by new investors. Existing investors who hold Series H or Series I units can continue to make additional investments into the same series of the funds they hold.

Graphs are only used to illustrate the effects of the compound growth rate and do not reflect future values of any fund or returns on investment of any fund.

The fund profile is provided for informational purposes only. Particular investments and/or trading strategies should be evaluated relative to each individual's investment objectives. The information contained in the fund profile is not, and should not be construed as, investment or tax advice. You should not act or rely on the information contained in the fund profile without seeking the advice of an appropriate professional advisor.

Quartile rankings are determined by Morningstar Research Inc., an independent research firm, based on categories maintained by the Canadian Investment Funds Standards Committee (CIFSC). Quartile rankings are comparisons of the performance of a fund to other funds in a particular category and are subject to change monthly. The quartiles divide the data into four equal segments expressed in terms of rank (1, 2, 3 or 4). This is the Morningstar quartile ranking of Series A and F units of the Fund as of December 31, 2017.

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