



RBC Emerging Markets Small-Cap Equity Fund

Investment Objective

To provide long-term total capital growth. The fund invests primarily in equity securities of small-cap companies located or active in emerging markets.

Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF485
Adv	Deferred Sales	CAD	RBF885
Adv	Front End	CAD	RBF715
Adv	Low Load	CAD	RBF085

Inception Date	August 2013
Total Fund Assets \$Mil	491.8
Series A NAV \$	14.18
Series A MER %	2.40
Benchmark	MSCI Emerging Markets Small-Cap Total Return Net Index (\$C)

Income Distribution	Annually
Capital Gains Distribution	Annually

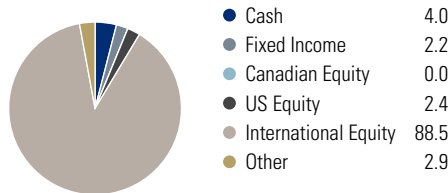
Sales Status	Open
Min. Investment \$	500
Subsequent Investment \$	25

Fund Category	Emerging Markets Equity
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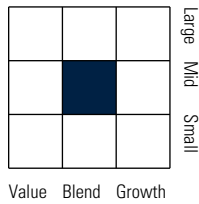
Management Company	RBC Global Asset Management Inc.
Web Site	www.rbcgam.com

Portfolio Analysis as of December 31, 2017

Asset Mix



Equity Style



Top 5 Sectors

Sector	% Equity
Financials	21.0
Information Technology	20.5
Consumer Staples	19.5
Consumer Discretionary	18.4
Materials	7.2

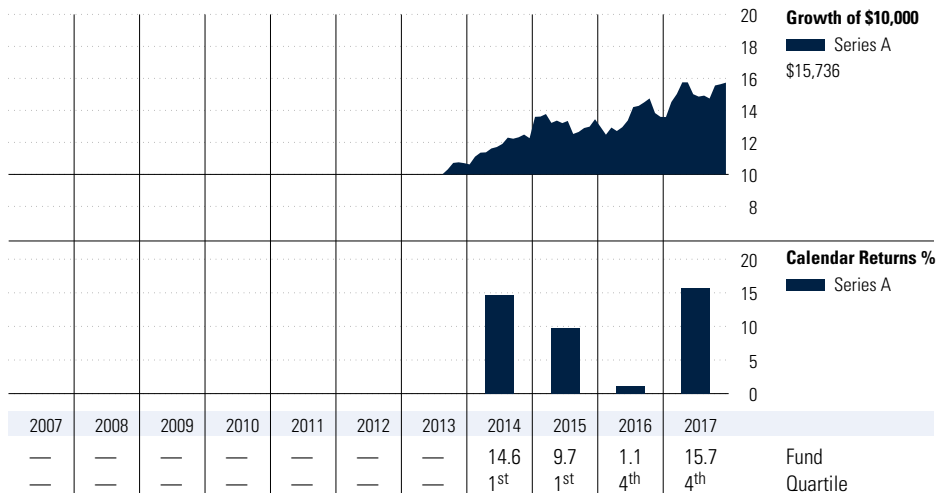
Geographic Allocations

Region	% Assets
India	21.4
Taiwan	12.8
Brazil	8.6
South Korea	8.5
Thailand	7.9

Top 25 Holdings

Company	% Assets
Cyient Ltd	4.5
Godrej Industries Ltd	3.1
Bajaj Holdings and Investment Ltd	2.9
TI Financial Holdings Ltd	2.7
Delta Electronics (Thailand) PCL	2.7
Marico Ltd	2.7
Wistron Neweb Corp	2.6
Aeon Thana Sinsap (Thailand) PCL DR	2.6
Inversiones Aguas Metropolitanas SA	2.6
Sundaram Finance Ltd	2.5
Standard Foods Corp	2.5
Samsonite International SA	2.4
DGB Financial Group Co Ltd	2.3
Chroma Ate Inc	2.3
Aramex Pjsc, Participation Notes	2.2
Duratex SA	2.1
MAHLE-Metal Leve SA	2.0
Amorepacific Pfd	2.0
Security Bank Corp	2.0
Mc Group PCL Shs Foreign Registered	1.9
Luthai Textile Co Ltd	1.9
Koh Young Technology Inc	1.9
Parque Arauco SA	1.8
Loen Entertainment Inc	1.8
Sonda SA	1.8
Total % of Top 25 Holdings	59.7
Total Number of Stock Holdings	53
Total Number of Bond Holdings	1
Total Number of Other Holdings	4
Total Number of Holdings	58

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 %
0.6	6.7	4.8	15.7	8.7	—	—	9.5	Fund
3rd	3rd	4th	4th	3rd	—	—	—	Quartile
250	249	246	218	156	108	50	—	No. of Funds in Category



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Management Overview

Manager Bios

Philippe Langham

RBC Global Asset Management (UK) Limited

Philippe Langham is Head of Emerging Markets Equities & Senior Portfolio Manager. He has worked in the investment industry since 1992 and in 2009 joined RBC Global Asset Management (UK) Limited to establish and lead the team that manages RBC Emerging Markets Equity Fund. Prior to RBC, Philippe was Head of Global Emerging Markets with Société Générale Asset Management S.A., August 2007 to August 2009. Philippe is a graduate of the University of Manchester in England, where he earned a Bachelor's degree in Economics. He is also a qualified Chartered Accountant.

Performance Analysis Cont'd as of December 31, 2017

Distributions (\$)/Unit	2017*	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Distributions	0.20	0.09	0.25	0.10	—	—	—	—	—	—	—
Interest	0.12	—	—	—	—	—	—	—	—	—	—
Dividends	—	—	—	—	—	—	—	—	—	—	—
Capital Gains	0.09	0.09	0.25	0.10	—	—	—	—	—	—	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	1-2015	28.0	8-2016	12.6	—	—	—	—
Worst	2-2016	-8.3	9-2017	6.4	—	—	—	—
Average		10.0		9.2				
No. of Periods		41		17				
Pct. Positive		87.8		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

Emerging markets (EM) continued to outperform developed markets in the Q4, although there was a brief period of underperformance in November as the EM Information Technology sector failed to maintain its strong year-to-date performance. Commodities had notable gains over the period, with crude oil and metals rising significantly.

At the country level, South Africa, Greece and India were the best performing countries, while Malta, Mexico and Pakistan were the worst. At the sector level Health Care and Consumer Discretionary were the best performing sectors, while Utilities and Telecommunication Services underperformed.

Stock selection and asset allocation detracted from returns, in particular our underweight in Health Care, as we saw more defensive sectors outperform in the final quarter of 2017. At the country level, stock selection, combined with our underweight in South Korea, was the key detractor. We increased exposure to domestic stocks in South Africa as the political backdrop has improved following the election of pro-reform Cyril Ramaphosa as the President of the African National Congress.

Chroma, the Taiwanese manufacturer of electric vehicle testing instruments, was best performer as its Q3 2017 earnings beat expectations in October which led to strong earnings revisions. Loen Entertainment, which owns the digital music platform MelOn in South Korea, has risen sharply since October for a number of reasons including government plans to offer more music revenue to copyright holders (such as Loen) and reports that Loen's MelOn in-app player will be embedded in Kakao messenger from December 2017. Cyient and Koh Young Technology were also positive for returns.

Delta Electronics Thailand was the biggest detractor from returns. The company's share price declined after disappointing Q3 2017 results. Aramex, the Middle Eastern courier company, underperformed over the period as its 3Q17 results missed consensus expectations due to unfavourable currency movements in Egypt and India, and not owning Sillajen, the South Korean biotech company, also detracted from relative returns. Other notable detractors were holdings in Duratex and Vesta.



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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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