



# 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 | 446.3  |
| Series A NAV \$         | 13.71  |
| Series A MER %          | 2.41   |
| Benchmark               | MSCI Emerging Markets Small-Cap Total Return Net Index (\$C) |

|                            |          |
|----------------------------|----------|
| Income Distribution        | Annually |
| Capital Gains Distribution | Annually |

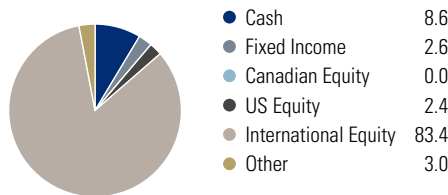
|                          |      |
|--------------------------|------|
| Sales Status             | Open |
| Min. Investment \$       | 500  |
| Subsequent Investment \$ | 25   |

|               |                         |
|---------------|-------------------------|
| Fund Category | Emerging Markets Equity |
|---------------|-------------------------|

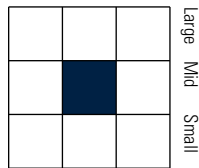
|                    |                                  |
|--------------------|----------------------------------|
| Management Company | RBC Global Asset Management Inc. |
| Web Site           | www.rbcgam.com                   |

## Portfolio Analysis as of June 30, 2017

### Asset Mix



### Equity Style



Value Blend Growth

### Top 5 Sectors

| Sector                 | % Equity |
|------------------------|----------|
| Consumer Discretionary | 27.7     |
| Consumer Staples       | 18.2     |
| Financials             | 17.6     |
| Information Technology | 12.9     |
| Materials              | 7.7      |

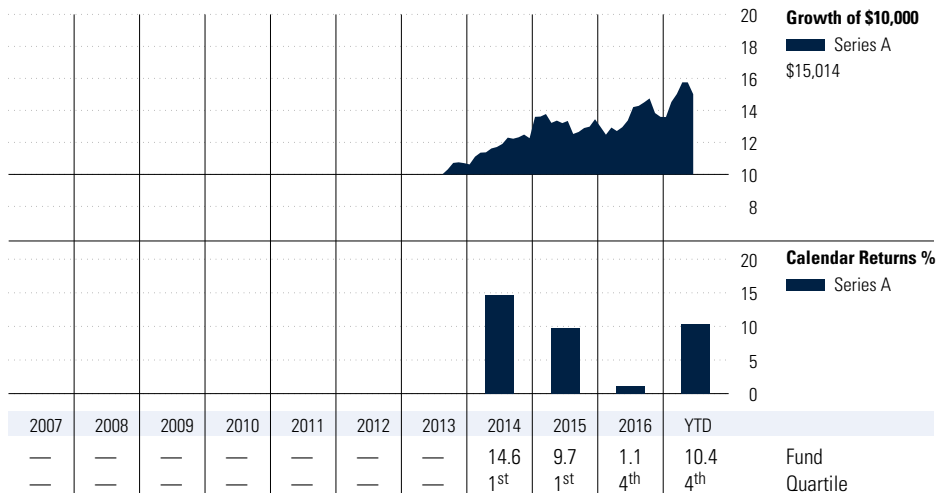
### Geographic Allocations

| Region      | % Assets |
|-------------|----------|
| India       | 18.2     |
| Taiwan      | 17.1     |
| Brazil      | 8.5      |
| South Korea | 7.8      |
| Chile       | 7.1      |

### Top 25 Holdings

| Company                             | % Assets  |
|-------------------------------------|-----------|
| Delta Electronics Thailand Pcl      | 3.4       |
| Godrej Industries Ltd               | 3.2       |
| Tube Investments Of India Ltd       | 3.1       |
| Marico Ltd                          | 2.8       |
| DGB Financial Group Co Ltd          | 2.8       |
| Aeon Thana Sinsap (Thailand) PCL DR | 2.7       |
| Standard Foods Corp                 | 2.6       |
| Inversiones Aguas Metropolitanas SA | 2.6       |
| Aramex Pjsc, Participation Notes    | 2.6       |
| Wistron Neweb Corp                  | 2.4       |
| Samsonite International SA          | 2.4       |
| Mc Group PCL Shs Foreign Registered | 2.4       |
| Sundaram Finance Ltd                | 2.4       |
| Amorepacific Pfd                    | 2.2       |
| Bajaj Holdings and Investment Ltd   | 2.2       |
| Luthai Textile Co Ltd               | 2.2       |
| Duratex SA                          | 2.1       |
| Cyient Ltd                          | 2.0       |
| Security Bank Corp                  | 2.0       |
| Chroma Ate Inc                      | 2.0       |
| MAHLE-Metal Leve SA                 | 1.8       |
| Sonda SA                            | 1.8       |
| Century Pacific Food Inc            | 1.8       |
| Giant Manufacturing Co Ltd          | 1.7       |
| Oceana Group Ltd                    | 1.7       |
| Total % of Top 25 Holdings          | 58.8      |
| Total Number of Stock Holdings      | 54        |
| Total Number of Bond Holdings       | 1         |
| Total Number of Other Holdings      | 4         |
| <b>Total Number of Holdings</b>     | <b>59</b> |

## Performance Analysis as of June 30, 2017



| 1 Mth           | 3 Mth           | 6 Mth           | 1 Yr            | 3 Yr            | 5 Yr | 10 Yr | Since Incep. | Trailing Return %        |
|-----------------|-----------------|-----------------|-----------------|-----------------|------|-------|--------------|--------------------------|
| -4.7            | -0.1            | 10.4            | 12.3            | 8.6             | —    | —     | 9.5          | Fund                     |
| 4 <sup>th</sup> | 4 <sup>th</sup> | 4 <sup>th</sup> | 4 <sup>th</sup> | 1 <sup>st</sup> | —    | —     | —            | Quartile                 |
| 255             | 248             | 227             | 218             | 161             | 107  | 50    | —            | No. of Funds in Category |



# RBC Emerging Markets Small-Cap Equity Fund

## Management Overview

### Manager Bios

#### Philippe Langham

#### RBC Global Asset Management (UK) Limited

Philippe Langham is Head, Emerging Markets Equities & Senior Portfolio Manager. He has worked in the investment industry since 1992 and in 2009 joined the firm to establish and lead the team that manages RBC Emerging Markets Equity Fund. 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 June 30, 2017

| Distributions (\$)/Unit | YTD* | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|-------------------------|------|------|------|------|------|------|------|------|------|------|------|
| Total Distributions     | —    | 0.09 | 0.25 | 0.10 | —    | —    | —    | —    | —    | —    | —    |
| Interest                | —    | —    | —    | —    | —    | —    | —    | —    | —    | —    | —    |
| Dividends               | —    | —    | —    | —    | —    | —    | —    | —    | —    | —    | —    |
| Capital Gains           | —    | 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 | 12-2016 | 8.3   | —     | —    | —     | —     |
| Average              |        | 10.5 |         | 10.1  |       |      |       |       |
| No. of Periods       |        | 35   |         | 11    |       |      |       |       |
| Pct. Positive        |        | 85.7 |         | 100.0 |       |      |       |       |

\* Distributions are characterized into income type at year-end.

### Quarterly Commentary as at June 30, 2017

Q2 saw a continuation of the Emerging Markets' strong outperformance and Emerging Market (EM) equities continued to rise at a steady pace due to the continued weakness of the U.S. dollar and strong investor flows. Despite this, Q2 has been unusual since the value rally witnessed in 2016 has not continued. Reflation expectations, which resurfaced after Trump's election, continued to fade during in Q2.

Greece and Hungary were the best performing markets, benefitting from the risk-on environment in Europe. China performed well following MSCI's decision to add 222 A-shares to its indices, a move which boosted the performance of large-cap stocks.

Qatar was the worst performer after several Gulf Co-operation Council countries severed their diplomatic ties with it. Russia underperformed due to currency losses and a low oil price. Brazil was also negative due to commodity downturns and political uncertainty.

At the country level, strong stock selection in Indonesia and Hong Kong were the key contributors. Stock selection in Brazil detracted from relative returns due to our holdings in Mahle-Metal Leve, Duratex and Natura Cosmetics. Mahle-Metal and Duratex suffered from a weakening economic outlook in Brazil, while Natura came under pressure after the market's negative reaction to the announcement that it had made an offer to acquire The Body Shop.

From a sector perspective, Utilities was a key contributor to returns, notably holdings in Inversiones Aguas and Indraprashtha Gas. Strong stock selection in the Consumer Discretionary sector, particularly holdings in Ace Hardware and Samsonite International, also contributed. Stock selection in the Information Technology sector slightly detracted, notably our holding in Delta Electronics Thailand and Sonda.



# RBC Emerging Markets Small-Cap Equity Fund

## 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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completeness or correctness. All opinions and estimates constitute RBC GAM's judgment as of the date of this document, are subject to change without notice and are provided in good faith but without legal responsibility. The Top Ten/25 Holdings may change due to ongoing portfolio transactions within the fund. The Prospectus and other information about the underlying investment funds are available at [www.sedar.com](http://www.sedar.com).

MER (%) for RBC Funds and PH&N Funds is based on actual expenses for the full-year period, January 1 to December 31, 2016, expressed on an annualized basis.

MER (%) for RBC Corporate Class Funds is based on actual expenses for the full-year period, April 1, 2016 to March 31, 2017, expressed on an annualized basis.

Adjusted MER is provided for funds with management fee changes effective June 30, 2016. The Adjusted MER represents what the reported MER would have been had management fee changes been in effect throughout 2016.

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 April 30, 2017.

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