



INTERNATIONAL EQUITY FUND

RBC INTERNATIONAL EQUITY FUND

December 31, 2018

Portfolio Manager *RBC Global Asset Management Inc. ("RBC GAM")*

Sub-Advisor: RBC Global Asset Management (UK) Limited, London, England
(for the European equity portion of the Fund)

Sub-Advisor: RBC Investment Management (Asia) Limited, Hong Kong, China
(for the Asian equity portion of the Fund)

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 11, 2019.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/reports or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund aims to provide long-term capital growth by investing in stocks of companies outside North America, providing exposure to economies that may be at different stages of the business cycle or offer growth opportunities unavailable in U.S. and Canadian markets. The Fund focuses on companies that are primarily in Europe, Australasia and the Far East.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value fell to \$936 million as of December 31, 2018, from \$1.1 billion at the end of 2017. The decrease was due to a combination of net redemptions and investment losses.

Over the past year, the Fund's Series A units lost 12.4%, which underperformed the 6.0% decline in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

Both developed and emerging equity markets across Asia performed well in the first half of the year before retreating towards the end of 2018, while in Europe 2018 was a difficult year. Escalating trade tensions between the U.S. and China and concerns that rising U.S. interest rates would lead to capital outflows and emerging-market volatility resulted in declines for most major equity markets. In Europe, the failure of U.K. politicians to agree on terms by which the U.K. would leave the European Union (the "EU") continued to hamper the U.K.'s economic growth, while in Italy the populist government's commitment to higher public spending caused friction with the EU.

Within the Fund, all sectors recorded losses, with Communication Services and Energy having the smallest declines. The worst-performing sectors were Consumer Discretionary, Industrials, Financials and Information Technology. At the stock level, the biggest contributor to relative returns was the Australian company CSL, as strong demand for the company's plasma products drove the stock higher. Unilever, a provider of consumer staples, British American

Tobacco and the London Stock Exchange were also among the top performers. The stock that hurt relative returns most was jewellery company Pandora, with Ryanair, Continental AG and Mitsubishi UFJ Financial Group also having a negative impact on relative performance.

Recent Developments

The sub-advisor expects that market volatility will remain elevated in the near term given the risks of an escalating trade war between the U.S. and China. European parliamentary elections in May and the continued uncertainty about the U.K.'s exit from the EU are all likely to influence equity markets into 2019. Expectations that global economic growth will decline has led investors to gravitate towards more defensive sectors, such as Consumer Staples, Utilities and Communication Services, which tend to perform better when economic growth is slowing or falling.

Many economic indicators suggest that economic growth could continue to moderate in 2019, creating the potential for market volatility that could, in the view of the sub-advisor, lead to investment opportunities.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the Fund in the course of their normal businesses are discussed below.



Sub-Advisors

RBC Global Asset Management (UK) Limited and RBC Investment Management (Asia) Limited are the sub-advisors and provide investment advice for the Fund. The sub-advisors earn a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisors are paid by the manager from the management fee paid by the Fund.

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or may distribute certain series of units of, the Fund. Dealers may receive an ongoing commission based on the total value of their clients' investment in certain series of units of the Fund.

Registrars

RBC GAM, RBC Investor Services Trust ("RBC IS") or Royal Bank (or a combination thereof) are the registrars of the Fund and keep records of who owns units of the Fund. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Custodian

RBC IS is the custodian and holds the assets of the Fund. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by the Fund.

Securities Lending Agent

To the extent the Fund may engage in securities lending transactions, RBC IS may act as the Fund's securities lending agent. Any revenue earned on such securities lending is split between the Fund and the securities lending agent.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$38,000 (2017 – \$74,000) or 2% (2017 – 4%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;

- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2018	21.57	0.54	(0.45)	(0.18)	(2.51)	(2.60)	–	(0.16)	–	–	(0.16)	18.74
Dec. 31, 2017	18.21	0.43	(0.43)	0.10	3.26	3.36	–	–	–	–	–	21.57
Dec. 31, 2016	20.08	0.43	(0.41)	(0.31)	(1.59)	(1.88)	–	–	–	–	–	18.21
Dec. 31, 2015	16.04	0.45	(0.42)	0.77	(0.07)	0.73	–	(0.01)	–	–	(0.01)	20.08
Dec. 31, 2014	15.96	0.35	(0.36)	1.12	(1.00)	0.11	–	–	–	–	–	16.04
Advisor Series												
Dec. 31, 2018	21.41	0.53	(0.44)	(0.18)	(2.45)	(2.54)	–	(0.16)	–	–	(0.16)	18.61
Dec. 31, 2017	18.07	0.43	(0.43)	0.10	3.10	3.20	–	–	–	–	–	21.41
Dec. 31, 2016	19.93	0.43	(0.40)	(0.30)	(1.34)	(1.61)	–	–	–	–	–	18.07
Dec. 31, 2015	15.91	0.42	(0.42)	0.72	(0.06)	0.66	–	(0.01)	–	–	(0.01)	19.93
Dec. 31, 2014	15.83	0.35	(0.35)	1.11	(0.99)	0.12	–	–	–	–	–	15.91
Series T5												
Dec. 31, 2018	20.77	0.50	(0.41)	(0.17)	(2.80)	(2.88)	–	(0.08)	–	(0.96)	(1.04)	17.27
Dec. 31, 2017 ³	18.71 [†]	0.34	(0.37)	0.08	1.83	1.88	–	–	–	(0.78)	(0.78)	20.77
Series D												
Dec. 31, 2018	22.22	0.56	(0.27)	(0.19)	(2.66)	(2.56)	–	(0.34)	–	–	(0.34)	19.30
Dec. 31, 2017	18.70	0.45	(0.26)	0.10	3.33	3.62	–	(0.13)	–	–	(0.13)	22.22
Dec. 31, 2016	20.60	0.44	(0.24)	(0.32)	(1.56)	(1.68)	–	(0.16)	–	–	(0.16)	18.70
Dec. 31, 2015	16.37	0.46	(0.24)	0.78	(0.07)	0.93	–	(0.10)	–	–	(0.10)	20.60
Dec. 31, 2014	16.23	0.35	(0.21)	1.13	(1.01)	0.26	–	(0.11)	–	–	(0.11)	16.37
Series F												
Dec. 31, 2018	24.10	0.60	(0.23)	(0.21)	(3.17)	(3.01)	–	(0.42)	–	–	(0.42)	20.94
Dec. 31, 2017	20.29	0.48	(0.22)	0.11	3.43	3.80	–	(0.21)	–	–	(0.21)	24.10
Dec. 31, 2016	22.35	0.48	(0.21)	(0.34)	(2.01)	(2.08)	–	(0.22)	–	–	(0.22)	20.29
Dec. 31, 2015	17.76	0.41	(0.22)	0.71	(0.06)	0.84	–	(0.16)	–	–	(0.16)	22.35
Dec. 31, 2014	17.63	0.39	(0.18)	1.25	(1.12)	0.34	–	(0.19)	–	–	(0.19)	17.76
Series FT5												
Dec. 31, 2018	23.42	0.57	(0.21)	(0.19)	(3.31)	(3.14)	–	(0.34)	–	(0.83)	(1.17)	19.71
Dec. 31, 2017 ³	20.89 [†]	0.38	(0.19)	0.08	3.70	3.97	–	(0.19)	–	(0.68)	(0.87)	23.42
Series O												
Dec. 31, 2018	22.96	0.58	(0.01)	(0.20)	(2.85)	(2.48)	–	(0.61)	–	–	(0.61)	19.93
Dec. 31, 2017	19.32	0.46	–	0.10	3.43	3.99	–	(0.42)	–	–	(0.42)	22.96
Dec. 31, 2016	21.29	0.46	–	(0.33)	(1.36)	(1.23)	–	(0.41)	–	–	(0.41)	19.32
Dec. 31, 2015	16.91	0.44	–	0.75	(0.07)	1.12	–	(0.36)	–	–	(0.36)	21.29
Dec. 31, 2014	16.66	0.35	–	1.12	(1.01)	0.46	–	(0.21)	–	–	(0.21)	16.91

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From February 15, 2017.

[†] Initial offering net asset value per unit.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2018	18.74	112 180	5 987	2.15	2.15	52.02	0.16
Dec. 31, 2017	21.57	139 463	6 465	2.15	2.15	33.73	0.18
Dec. 31, 2016	18.21	126 418	6 942	2.20	2.20	46.19	0.26
Dec. 31, 2015	20.08	153 272	7 632	2.26	2.26	35.88	0.28
Dec. 31, 2014	16.04	120 626	7 521	2.26	2.26	68.87	0.40
Advisor Series							
Dec. 31, 2018	18.61	3 814	205	2.11	2.11	52.02	0.16
Dec. 31, 2017	21.41	4 664	218	2.14	2.14	33.73	0.18
Dec. 31, 2016	18.07	3 948	218	2.18	2.18	46.19	0.26
Dec. 31, 2015	19.93	3 899	196	2.25	2.25	35.88	0.28
Dec. 31, 2014	15.91	1 638	103	2.21	2.21	68.87	0.40
Series T5							
Dec. 31, 2018	17.27	392	23	2.07	2.07	52.02	0.16
Dec. 31, 2017 ⁴	20.77	113	5	2.14	2.14	33.73	0.18
Series D							
Dec. 31, 2018	19.30	61 232	3 173	1.25	1.25	52.02	0.16
Dec. 31, 2017	22.22	71 534	3 220	1.26	1.26	33.73	0.18
Dec. 31, 2016	18.70	56 801	3 037	1.25	1.25	46.19	0.26
Dec. 31, 2015	20.60	58 812	2 854	1.26	1.26	35.88	0.28
Dec. 31, 2014	16.37	37 444	2 288	1.27	1.27	68.87	0.40
Series F							
Dec. 31, 2018	20.94	51 645	2 466	0.97	0.97	52.02	0.16
Dec. 31, 2017	24.10	41 074	1 704	0.97	0.97	33.73	0.18
Dec. 31, 2016	20.29	20 944	1 032	1.01	1.01	46.19	0.26
Dec. 31, 2015	22.35	19 309	864	1.02	1.02	35.88	0.28
Dec. 31, 2014	17.76	1 784	100	1.01	1.01	68.87	0.40
Series FT5							
Dec. 31, 2018	19.71	297	15	0.95	0.95	52.02	0.16
Dec. 31, 2017 ⁴	23.42	114	5	0.96	0.96	33.73	0.18
Series O							
Dec. 31, 2018	19.93	706 607	35 459	0.02	0.02	52.02	0.16
Dec. 31, 2017	22.96	863 374	37 608	0.02	0.02	33.73	0.18
Dec. 31, 2016	19.32	578 709	29 950	0.02	0.02	46.19	0.26
Dec. 31, 2015	21.29	452 076	21 232	0.02	0.02	35.88	0.28
Dec. 31, 2014	16.91	94 897	5 611	0.02	0.02	68.87	0.40

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From February 15, 2017.

Effective June 30, 2016, the management fees were changed in respect of Series A and Advisor Series units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 2.15% and Advisor Series – 2.13%.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio manager of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.75%	57%	43%
Advisor Series	1.75%	57%	43%
Series T5	1.75%	57%	43%
Series D	1.00%	25%	75%
Series F	0.75%	—	100%
Series FT5	0.75%	—	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

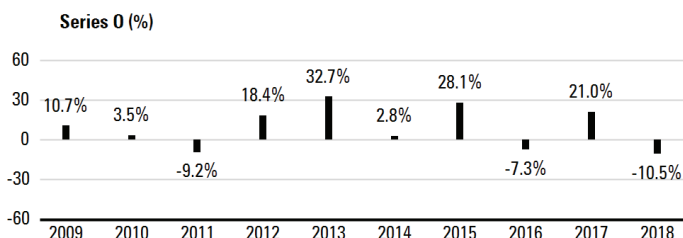
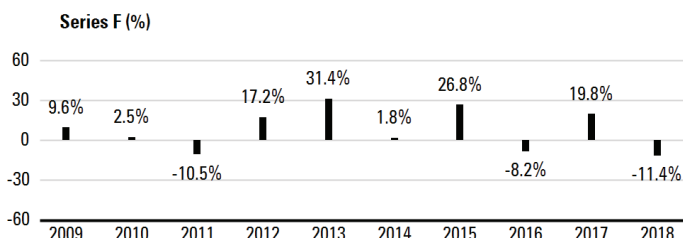
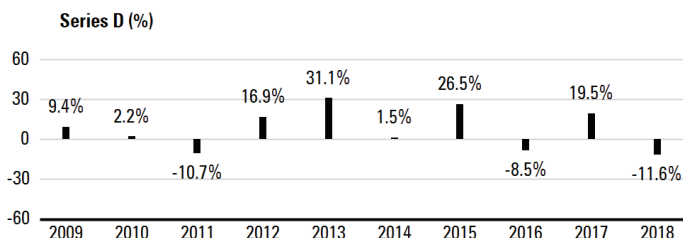
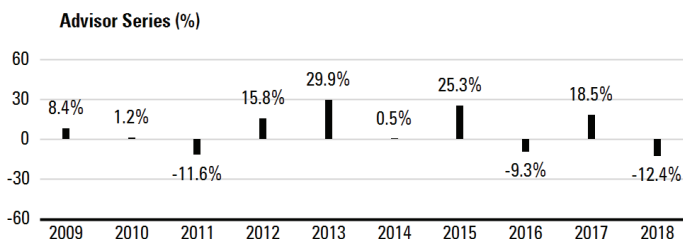
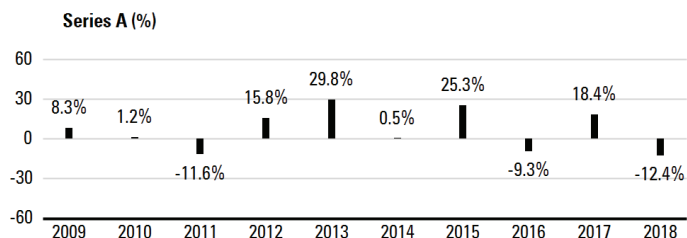
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2018, compared with the following benchmark:

MSCI EAFE Total Return Net Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A	-12.4	-2.0	3.4	5.6	–
Benchmark	-6.0	2.3	5.7	7.4	–
Advisor Series	-12.4	-2.0	3.5	5.6	–
Benchmark	-6.0	2.3	5.7	7.4	–
Series T5	-12.3	–	–	–	0.6
Benchmark	-6.0	–	–	–	4.2
Series D	-11.6	-1.1	4.4	6.6	–
Benchmark	-6.0	2.3	5.7	7.4	–
Series F	-11.4	-0.8	4.7	6.9	–
Benchmark	-6.0	2.3	5.7	7.4	–
Series FT5	-11.3	–	–	–	1.8
Benchmark	-6.0	–	–	–	4.2
Series O	-10.5	0.1	5.7	8.0	–
Benchmark	-6.0	2.3	5.7	7.4	–

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

Series T5 and Series FT5 units have been available for sale to unitholders since February 15, 2017.

Inception dates are not provided for series that have been in existence for more than 10 years.

INDEX DESCRIPTION

MSCI EAFE Total Return Net Index (CAD) This index is a broad measure of the Canadian dollar performance of stocks from developed equity markets covering countries in Europe, Australasia and the Far East. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2018

Investment Mix

	% of Net Asset Value
United Kingdom	29.2
Japan	19.7
Australia	8.1
Switzerland	7.6
Netherlands	5.7
Germany	5.5
Denmark	5.2
Sweden	3.2
France	3.1
Ireland	2.3
Taiwan	1.9
Finland	1.1
Other Countries	6.2
Cash/Other	1.2

Top 25 Holdings

	% of Net Asset Value
Unilever Plc.	4.7
Diageo Plc.	3.8
RELX Plc.	3.7
Roche Holdings AG Genusscheine	3.5
CSL Ltd.	3.5
Heineken N.V.	3.1
Novo Nordisk A/S	3.1
London Stock Exchange Group Plc.	2.7
Sika AG	2.5
SoftBank Group Corp.	2.5
Mitsubishi UFJ Financial Group Inc.	2.3
Bridgestone Corp.	2.1
Tencent Holdings Ltd.	2.1
Royal Dutch Shell Plc., A Shares	2.0
Hargreaves Lansdown Plc.	1.9
Taiwan Semiconductor Manufacturing Co. Ltd.	1.9
Daiichi Sankyo Co. Ltd.	1.7
AIA Group Ltd.	1.6
Lonza Group AG	1.6
SAP SE	1.6
LVMH Louis Vuitton Moet-Hennessy	1.5
Schroders Plc.	1.5
Suzuki Motor Co. Ltd.	1.5
SMC Corp.	1.5
Asahi Group Holdings Ltd.	1.4
Top 25 Holdings	59.3

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.