



INTERNATIONAL EQUITY FUND

## RBC EMERGING MARKETS EQUITY CLASS

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September 30, 2018

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

The Board of Directors of RBC Corporate Class Inc. approved this interim management report of fund performance on November 15, 2018.

### **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.

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*This interim management report of fund performance ("MRFP") contains financial highlights but does not contain either the complete interim financial statements or 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](http://www.rbcgam.com/reports) or SEDAR at [www.sedar.com](http://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.*



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## MANAGEMENT DISCUSSION OF FUND PERFORMANCE

### Investment Objective and Strategies

The Fund seeks to provide long-term capital growth by investing primarily in equity securities of companies located in or active in emerging markets.

To achieve its investment objective, the Fund invests most of its assets in the RBC Emerging Markets Equity Fund (the “underlying fund”). The underlying fund invests in securities of companies located or active in emerging-market countries, including, but not limited to: China, Brazil, South Korea, Taiwan, India, South Africa, Russia, Mexico, Israel, Malaysia, Indonesia, Turkey, Chile, Thailand and Poland. The portfolio is diversified by sector and emerging-market country to help reduce risk. Individual stocks are selected based on the intrinsic value of each company, liquidity and overall portfolio risk.

### Results of Operations

The Fund’s net asset value was \$215 million as of September 30, 2018.

Over the past six months, the Fund’s Series A shares gained 1.5%. The Fund’s return is after the deduction of fees and expenses. 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.

Emerging-market equities significantly underperformed stocks in developed markets during the six-month period due to escalating trade tensions as well as concerns about the impact of rising U.S. interest rates and the strengthening dollar on emerging-market equity performance.

Relative returns were bolstered by stock selection. Tata Consultancy Services, an Indian company that provides information-technology services, continued to be a top contributor in the portfolio given its strong pipeline of contracts across key markets. The weakening of India’s currency, the rupee, also helped as the company derives most of its revenues from overseas. Another holding that aided returns was AIA, a life-insurance and wealth-management company with operations across Asia. Dr. Reddy’s, an Indian pharmaceutical company, also performed well. The Indian pharmaceuticals industry benefited from U.S. regulatory announcements and sales driven by the weaker rupee.

Country positioning added to returns, largely driven by a lack of relative exposure to China, and Chinese technology stocks in particular, amid government scrutiny of online gaming and social media. Avoiding exposure to Tencent, the large Chinese internet company, had a positive impact on returns. Escalating trade tensions between the U.S. and China also weighed on Chinese equity markets.

Negative for the Fund’s performance was a lack of exposure to the Energy sector, which benefited from rising oil prices.

### Recent Developments

The portfolio manager believes that the longer-term positive case for emerging-market equities remains intact. Emerging-market currencies are supported by cheap valuations, high real interest rates and an improved economic outlook, in the portfolio manager’s view. Stock valuations in emerging markets look attractive, both relative to history and compared with developed-market equities. Rising disposable incomes, increasing urbanization and higher education levels continue to support the view that consumer-oriented companies will benefit from fast economic growth.

A sector worth paying attention to is Information Technology, where the portfolio manager is maintaining underweight exposure following last year’s strong performance. The sector has begun to underperform as earnings momentum has declined, valuations have become extended, and the risk of regulation and government interference has mounted. However, the portfolio manager believes in the sector’s long-term growth prospects and would regard any weakness as an opportunity to increase positions. The portfolio manager also sees attractive valuations in some high-quality Financials-sector companies engaged in traditional banking in markets where many people do not yet use the full range of financial services.

### Related-Party Transactions

#### *Manager and Portfolio Manager*

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada (“Royal Bank”) and is the manager and portfolio manager of the Fund. RBC GAM is responsible for the Fund’s day-to-day operations, 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 mutual fund shares of 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 shareholders 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.



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***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 the mutual fund shares of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' investment in certain series of mutual fund shares 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 mutual fund shares 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.

***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.



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## 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 six months (noted by September 30, 2018), and for the past five years or for the periods since inception. This information is derived from the Fund's unaudited interim financial statements and audited annual financial statements. For financial years beginning on or after April 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to April 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to April 1, 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Corporate Class Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

### Change in Net Assets Per Mutual Fund Share (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations <sup>1</sup>					Annual Distributions <sup>2</sup>				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		
<b>Series A</b>												
<b>Sept. 30, 2018</b>	<b>18.98</b>	<b>0.22</b>	<b>(0.37)</b>	<b>0.03</b>	<b>(1.17)</b>	<b>(1.29)</b>	–	–	–	–	–	<b>17.68</b>
Mar. 31, 2018	16.38	0.32	(0.38)	0.05	2.61	2.60	–	–	–	–	–	18.98
Mar. 31, 2017	14.22	0.25	(0.33)	0.21	2.04	2.17	–	–	–	–	–	16.38
Mar. 31, 2016	15.52	0.42	(0.32)	0.18	(1.64)	(1.36)	–	–	–	–	–	14.22
Mar. 31, 2015	12.61	0.28	(0.30)	0.17	2.79	2.94	–	–	–	–	–	15.52
Mar. 31, 2014	11.85	0.27	(0.26)	0.07	0.81	0.89	–	–	–	–	–	12.61
<b>Advisor Series</b>												
<b>Sept. 30, 2018</b>	<b>18.99</b>	<b>0.22</b>	<b>(0.26)</b>	<b>0.03</b>	<b>(1.27)</b>	<b>(1.28)</b>	–	–	–	–	–	<b>17.69</b>
Mar. 31, 2018	16.39	0.31	(0.38)	0.05	2.47	2.45	–	–	–	–	–	18.99
Mar. 31, 2017	14.22	0.25	(0.33)	0.21	2.25	2.38	–	–	–	–	–	16.39
Mar. 31, 2016	15.52	0.42	(0.32)	0.18	(1.64)	(1.36)	–	–	–	–	–	14.22
Mar. 31, 2015	12.61	0.28	(0.30)	0.17	2.74	2.89	–	–	–	–	–	15.52
Mar. 31, 2014	11.86	0.26	(0.26)	0.07	0.80	0.87	–	–	–	–	–	12.61
<b>Series D</b>												
<b>Sept. 30, 2018</b>	<b>20.17</b>	<b>0.23</b>	<b>(0.19)</b>	<b>0.04</b>	<b>(1.44)</b>	<b>(1.36)</b>	–	–	–	–	–	<b>18.87</b>
Mar. 31, 2018	17.24	0.33	(0.22)	0.05	2.37	2.53	–	–	–	–	–	20.17
Mar. 31, 2017	14.82	0.26	(0.19)	0.22	2.04	2.33	–	–	–	–	–	17.24
Mar. 31, 2016	16.03	0.44	(0.19)	0.19	(1.71)	(1.27)	–	–	–	–	–	14.82
Mar. 31, 2015	12.89	0.29	(0.17)	0.18	2.87	3.17	–	–	–	–	–	16.03
Mar. 31, 2014	12.00	0.28	(0.15)	0.08	0.84	1.05	–	–	–	–	–	12.89
<b>Series F</b>												
<b>Sept. 30, 2018</b>	<b>20.49</b>	<b>0.24</b>	<b>(0.11)</b>	<b>0.04</b>	<b>(1.45)</b>	<b>(1.28)</b>	–	–	–	–	–	<b>19.20</b>
Mar. 31, 2018	17.47	0.33	(0.18)	0.05	2.54	2.74	–	–	–	–	–	20.49
Mar. 31, 2017	14.98	0.26	(0.16)	0.22	2.29	2.61	–	–	–	–	–	17.47
Mar. 31, 2016	16.15	0.44	(0.15)	0.19	(1.70)	(1.22)	–	–	–	–	–	14.98
Mar. 31, 2015	12.96	0.29	(0.14)	0.18	2.88	3.21	–	–	–	–	–	16.15
Mar. 31, 2014	12.03	0.26	(0.11)	0.07	0.81	1.03	–	–	–	–	–	12.96
<b>Series O</b>												
<b>Sept. 30, 2018</b>	<b>21.67</b>	<b>0.25</b>	<b>(0.01)</b>	<b>0.04</b>	<b>(1.55)</b>	<b>(1.27)</b>	–	–	–	–	–	<b>20.39</b>
Mar. 31, 2018	18.32	0.36	(0.01)	0.06	2.97	3.38	–	–	–	–	–	21.67
Mar. 31, 2017	15.56	0.28	(0.01)	0.23	2.17	2.67	–	–	–	–	–	18.32
Mar. 31, 2016	16.63	0.46	(0.01)	0.20	(1.78)	(1.13)	–	–	–	–	–	15.56
Mar. 31, 2015	13.22	0.30	–	0.19	2.98	3.47	–	–	–	–	–	16.63
Mar. 31, 2014	12.16	0.28	(0.01)	0.08	0.85	1.20	–	–	–	–	–	13.22

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

<sup>2</sup> Distributions are reinvested in additional mutual fund shares of the Fund or paid in cash.



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**FINANCIAL HIGHLIGHTS (cont.)**

**Ratios and Supplemental Data**

As at	Net Asset Value Per Mutual Fund Share (\$)	Net Asset Value (\$000s)	Number of Mutual Fund Shares Outstanding (000s)	Management Expense Ratio (%) <sup>1</sup>	MER Before Absorption (%) <sup>1</sup>	Portfolio Turnover Rate (%) <sup>2</sup>	Trading Expense Ratio (%) <sup>3</sup>
<b>Series A</b>							
<b>Sept. 30, 2018</b>	<b>17.68</b>	<b>8 292</b>	<b>469</b>	<b>2.25</b>	<b>2.25</b>	<b>1.44</b>	<b>0.13</b>
Mar. 31, 2018	18.98	8 199	432	2.36 <sup>4</sup>	2.36	1.13	0.11
Mar. 31, 2017	16.38	7 198	439	2.45	2.45	11.05	0.16
Mar. 31, 2016	14.22	8 034	565	2.46	2.47	18.71	0.17
Mar. 31, 2015	15.52	8 132	524	2.46	2.47	7.32	0.21
Mar. 31, 2014	12.61	4 465	354	2.48	2.49	7.91	0.25
<b>Advisor Series</b>							
<b>Sept. 30, 2018</b>	<b>17.69</b>	<b>7 798</b>	<b>441</b>	<b>2.24</b>	<b>2.24</b>	<b>1.44</b>	<b>0.13</b>
Mar. 31, 2018	18.99	7 722	407	2.33 <sup>4</sup>	2.33	1.13	0.11
Mar. 31, 2017	16.39	3 024	184	2.44	2.44	11.05	0.16
Mar. 31, 2016	14.22	1 601	113	2.43	2.44	18.71	0.17
Mar. 31, 2015	15.52	1 692	109	2.46	2.47	7.32	0.21
Mar. 31, 2014	12.61	528	42	2.50	2.51	7.91	0.25
<b>Series D</b>							
<b>Sept. 30, 2018</b>	<b>18.87</b>	<b>3 252</b>	<b>172</b>	<b>1.29</b>	<b>1.29</b>	<b>1.44</b>	<b>0.13</b>
Mar. 31, 2018	20.17	4 924	244	1.40 <sup>4</sup>	1.40	1.13	0.11
Mar. 31, 2017	17.24	2 279	132	1.50	1.50	11.05	0.16
Mar. 31, 2016	14.82	1 630	110	1.51	1.52	18.71	0.17
Mar. 31, 2015	16.03	1 703	106	1.50	1.51	7.32	0.21
Mar. 31, 2014	12.89	821	64	1.50	1.51	7.91	0.25
<b>Series F</b>							
<b>Sept. 30, 2018</b>	<b>19.20</b>	<b>164 631</b>	<b>8 574</b>	<b>1.04</b>	<b>1.04</b>	<b>1.44</b>	<b>0.13</b>
Mar. 31, 2018	20.49	151 045	7 372	1.15 <sup>4</sup>	1.15	1.13	0.11
Mar. 31, 2017	17.47	61 214	3 503	1.24	1.24	11.05	0.16
Mar. 31, 2016	14.98	24 094	1 608	1.23	1.24	18.71	0.17
Mar. 31, 2015	16.15	13 274	822	1.23	1.24	7.32	0.21
Mar. 31, 2014	12.96	5 446	420	1.22	1.23	7.91	0.25
<b>Series O</b>							
<b>Sept. 30, 2018</b>	<b>20.39</b>	<b>31 525</b>	<b>1 546</b>	<b>0.20</b>	<b>0.20</b>	<b>1.44</b>	<b>0.13</b>
Mar. 31, 2018	21.67	31 864	1 471	0.28	0.28	1.13	0.11
Mar. 31, 2017	18.32	28 470	1 554	0.31	0.31	11.05	0.16
Mar. 31, 2016	15.56	31 144	2 001	0.31	0.32	18.71	0.17
Mar. 31, 2015	16.63	33 929	2 041	0.31	0.32	7.32	0.21
Mar. 31, 2014	13.22	24 555	1 857	0.31	0.32	7.91	0.25

<sup>1</sup> 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 shareholders, 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.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> Effective October 2, 2017, the administration fees were changed in respect of Series A, Advisor Series, Series D and Series F mutual fund shares of the Fund. If the changes to the administration fees would have been in effect throughout the financial year, the adjusted MER for each series of the Fund would be: Series A – 2.33%, Advisor Series – 2.32%, Series D – 1.37% and Series F – 1.12%.



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**FINANCIAL HIGHLIGHTS (cont.)**

**Management Fees**

RBC GAM is the manager 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	1.85%	54%	46%
Advisor Series	1.85%	54%	46%
Series D	1.00%	25%	75%
Series F	0.75%	–	100%

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

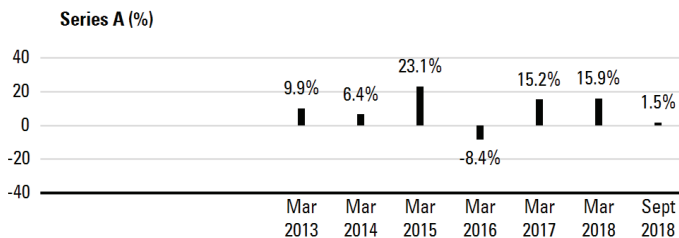
\* Includes all costs related to management, investment advisory services, general administration and profit.

**PAST PERFORMANCE**

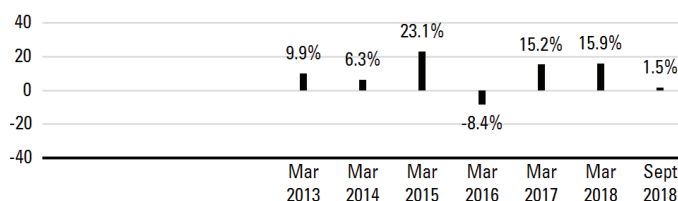
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional shares of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional 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 (%)**

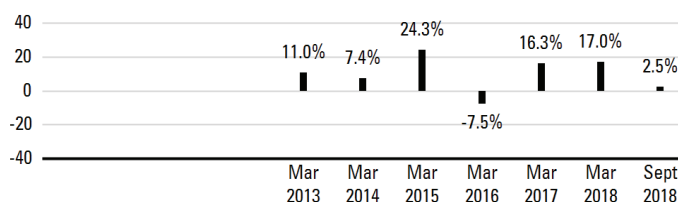
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



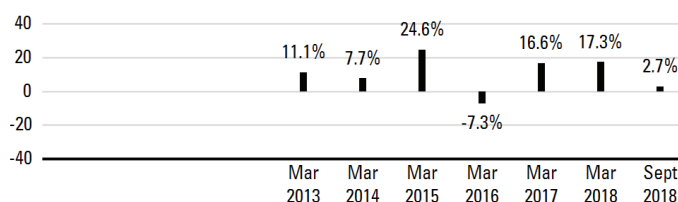
**Advisor Series (%)**



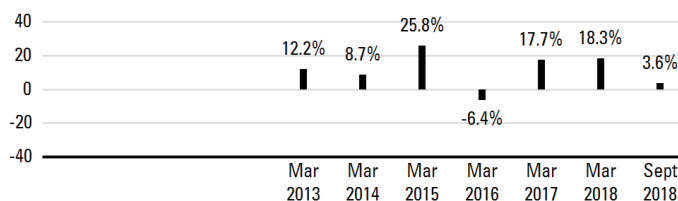
**Series D (%)**



**Series F (%)**



**Series O (%)**



Series A, Advisor Series, Series D, Series F and Series O mutual fund shares have been available for sale to shareholders since January 1, 2012.

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

For the 12-month periods ended March 31 and the six-month period ended September 30, 2018.



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**SUMMARY OF INVESTMENT PORTFOLIO**

*(after consideration of derivative products, if any)*

As at September 30, 2018

**Investment Mix**

	% of Net Asset Value
China	14.5
South Africa	12.4
Taiwan	11.9
India	11.3
South Korea	7.8
Hong Kong	6.1
Brazil	5.3
Indonesia	3.5
Thailand	2.8
Philippines	2.7
Peru	2.6
Mexico	2.3
Turkey	1.2
Malaysia	1.0
Other Countries	11.7
Cash/Other	2.9

**Top 25 Holdings\***

	% of Net Asset Value
Naspers Ltd.	5.6
Taiwan Semiconductor Manufacturing Co. Ltd.	5.4
Housing Development Finance Corp.	4.6
AIA Group Ltd.	4.6
Unilever Plc.	3.6
Tata Consultancy Services Ltd.	3.3
Antofagasta Plc.	2.9
Cash & Cash Equivalents	2.8
SM Investments Corp.	2.7
Ping An Insurance Group Company of China Ltd.	2.6
Credicorp Ltd.	2.6
Shinhan Financial Group Co. Ltd.	2.5
FirstRand Ltd.	2.5
China Mobile (Hong Kong) Ltd.	2.5
Uni-President Enterprises Corp.	2.4
SoftBank Group Corp.	2.2
Mondi Ltd.	2.1
Banco do Brasil S.A.	2.1
Dr. Reddy's Laboratories Ltd. ADR	2.1
Baidu.com Inc. ADR	2.0
Fuyao Glass Industry Group Co. Ltd.	2.0
Fomento Economico Mexicano S.A. ADR	1.8
PT Kalbe Farma Tbk	1.8
Samsung Fire & Marine Insurance Co. Ltd.	1.7
PT Bank Central Asia Tbk	1.7
<b>Top 25 Holdings</b>	<b>70.1</b>

\* The Fund invests substantially all of its assets directly in the RBC Emerging Markets Equity Fund. The above are the Top 25 holdings of the RBC Emerging Markets Equity Fund.

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](http://www.rbcgam.com/funds).

The Simplified Prospectus and other information about the underlying fund are available on SEDAR website at [www.sedar.com](http://www.sedar.com).