



INTERNATIONAL EQUITY FUND

## RBC EUROPEAN MID-CAP EQUITY FUND

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June 30, 2023

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

Sub-Advisor: RBC Global Asset Management (UK) Limited, London, England

The Board of Directors of RBC Global Asset Management Inc. approved this interim management report of fund performance on August 9, 2023.

### **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/regulatorydocuments](http://www.rbcgam.com/regulatorydocuments) or SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). 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 seeks to provide long-term capital growth by investing primarily in equity securities of European mid-cap companies. The Fund provides exposure to growth opportunities in the European economy and diversification benefits beyond North America. The portfolio manager selects companies with above average growth rates, strong and sustained operational momentum and the potential for future growth in valuation, earnings and cash flows.

### Results of Operations

The Fund's net asset value was \$1.5 billion as of June 30, 2023.

Over the past six months, the Fund's Series F units gained 6.6%. 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.

European equities recorded gains during the first six months of 2023, as the global economy proved more resilient than expected and initial fears of a severe nationwide recession dissipated. However, inflation remained well above acceptable levels during the period, and the European Central Bank and the Bank of England (the "BOE") continued to raise interest rates in response.

Both central banks boosted rates to the highest levels since before the financial crisis of 2008, and both admitted that they had underestimated how "sticky" inflation would become, with tight labour markets and resilient economic data exacerbating the issue. U.K. inflation was among the highest in the developed world, and a resurgence in inflation prompted the BOE to raise its key rate by 0.50 percentage point in late June.

European equities outperformed most other regions early in the year, finding support from the reopening of the Chinese economy and falls in oil and gas prices. Measured declines in inflation amid signs of economic strength were taken by investors as evidence that interest rates were close to peaking. However, stocks pulled back in March after the collapse of several mid-sized U.S. banks, and related financial instability ultimately resulted in Credit Suisse, a 167-year-old financial institution, being forced to accept a government-arranged takeover by the rival Swiss bank UBS.

Companies with mid-cap stock capitalizations performed best in the U.K., Switzerland and Germany, while Finland had Europe's worst-performing mid-cap stocks, with Norway and Belgium also lagging. At the sector level, Information Technology and Industrials were the strongest performers, while Energy and Real Estate were the worst-performing.

The Fund's underweight position in the Information Technology sector held back portfolio returns the most, while an overweight position in Health Care was the largest contributor to relative returns.

Among individual stocks, BE Semiconductor Industries, the semiconductor-equipment business, was the biggest contributor to the Fund's performance, and VAT Group ranked second. Teleperformance, the business-services company, held back returns the most.

### Recent Developments

European equities had until recently outperformed most other global equity markets, especially as corporate earnings repeatedly surprised investors. Issues are emerging, however, to challenge this positive trend. Higher-than-expected inflation, especially in the U.K., means that European central banks are likely farther from ending policy tightening than other regions. Moreover, manufacturing has slowed considerably, and tighter access to loans is beginning to hurt companies. The war in Ukraine continues to demand much from the region.

Effective January 1, 2023, Suromitra Sanatani was appointed as Chair of the Independent Review Committee ("the IRC"). Effective February 1, 2023, Joanne Vézina was appointed as a member of the IRC. Effective March 1, 2023, Enrique Cuyegkeng was appointed as a member of the IRC.

### 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-Advisor***

RBC Global Asset Management (UK) Limited is the sub-advisor and provides investment advice for the Fund. The sub-advisor earns 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-advisor is 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. For the periods ended June 30, 2023 and 2022, the related-party commissions were \$2,000 (2022 – \$0) or 0% (2022 – 0%) 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 six months (noted by June 30, 2023), 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.

### Change in Net Assets Per Unit (\$)

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>June 30, 2023</b>	<b>11.48</b>	<b>0.25</b>	<b>(0.13)</b>	<b>(0.35)</b>	<b>0.89</b>	<b>0.66</b>	—	—	—	—	—	<b>12.17</b>
Dec. 31, 2022	17.29	0.54	(0.27)	(0.41)	(5.45)	(5.59)	—	(0.24)	—	—	(0.24)	11.48
Dec. 31, 2021	15.20	0.26	(0.35)	0.73	1.43	2.07	—	—	—	—	—	17.29
Dec. 31, 2020	13.28	0.24	(0.30)	0.77	2.91	3.62	—	—	(0.69)	—	(0.69)	15.20
Dec. 31, 2019	10.49	0.28	(0.25)	0.15	2.59	2.77	—	—	(0.09)	—	(0.09)	13.28
Dec. 31, 2018	11.64	1.36	(0.25)	(1.35)	(1.20)	(1.44)	—	—	—	—	—	10.49
<b>Series D</b>												
<b>June 30, 2023</b>	<b>11.85</b>	<b>0.24</b>	<b>(0.08)</b>	<b>(0.35)</b>	<b>0.94</b>	<b>0.75</b>	—	—	—	—	—	<b>12.61</b>
Dec. 31, 2022	17.85	0.58	(0.18)	(0.44)	(9.50)	(9.54)	—	(0.35)	—	—	(0.35)	11.85
Dec. 31, 2021	15.62	0.27	(0.22)	0.75	1.50	2.30	—	(0.08)	—	—	(0.08)	17.85
Dec. 31, 2020	13.55	0.27	(0.17)	0.86	1.71	2.67	—	(0.02)	(0.71)	—	(0.73)	15.62
Dec. 31, 2019	10.70	0.28	(0.15)	0.16	2.70	2.99	—	(0.10)	(0.10)	—	(0.20)	13.55
Dec. 31, 2018	11.77	1.46	(0.15)	(1.45)	(1.17)	(1.31)	—	—	—	—	—	10.70
<b>Series F</b>												
<b>June 30, 2023</b>	<b>11.94</b>	<b>0.25</b>	<b>(0.06)</b>	<b>(0.36)</b>	<b>0.99</b>	<b>0.82</b>	—	—	—	—	—	<b>12.72</b>
Dec. 31, 2022	17.99	0.57	(0.14)	(0.44)	(8.71)	(8.72)	—	(0.39)	—	—	(0.39)	11.94
Dec. 31, 2021	15.74	0.27	(0.17)	0.76	1.57	2.43	—	(0.13)	—	—	(0.13)	17.99
Dec. 31, 2020	13.65	0.24	(0.15)	0.77	5.05	5.91	—	(0.06)	(0.72)	—	(0.78)	15.74
Dec. 31, 2019	10.78	0.29	(0.12)	0.16	2.84	3.17	—	(0.14)	(0.10)	—	(0.24)	13.65
Dec. 31, 2018	11.82	1.28	(0.11)	(1.27)	(1.56)	(1.66)	—	—	—	—	—	10.78
<b>Series O</b>												
<b>June 30, 2023</b>	<b>11.26</b>	<b>0.24</b>	—	<b>(0.34)</b>	<b>0.92</b>	<b>0.82</b>	—	—	—	—	—	<b>12.06</b>
Dec. 31, 2022	16.97	0.53	—	(0.41)	(4.95)	(4.83)	—	(0.49)	—	—	(0.49)	11.26
Dec. 31, 2021	14.85	0.26	—	0.72	1.38	2.36	(0.01)	(0.28)	—	—	(0.29)	16.97
Dec. 31, 2020	12.89	0.24	—	0.77	2.97	3.98	(0.01)	(0.20)	(0.68)	—	(0.89)	14.85
Dec. 31, 2019	10.18	0.27	—	0.15	2.65	3.07	—	(0.27)	(0.09)	—	(0.36)	12.89
Dec. 31, 2018	11.12	0.17	—	(0.17)	(4.39)	(4.39)	—	(0.05)	—	—	(0.05)	10.18

<sup>1</sup> 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.

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



**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 (%) <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>June 30, 2023</b>	<b>12.17</b>	<b>6 340</b>	<b>521</b>	<b>2.13</b>	<b>2.13</b>	<b>18.11</b>	<b>0.12</b>
Dec. 31, 2022	11.48	5 790	504	2.13	2.13	8.52	0.07
Dec. 31, 2021	17.29	8 701	503	2.13	2.13	15.06	0.04
Dec. 31, 2020	15.20	6 012	395	2.11	2.11	19.98	0.19
Dec. 31, 2019	13.28	1 303	98	2.12	2.12	28.90	0.12
Dec. 31, 2018	10.49	929	89	2.15	2.15	3.64	1.13
<b>Series D</b>							
<b>June 30, 2023</b>	<b>12.61</b>	<b>451</b>	<b>36</b>	<b>1.23</b>	<b>1.23</b>	<b>18.11</b>	<b>0.12</b>
Dec. 31, 2022	11.85	406	34	1.27	1.27	8.52	0.07
Dec. 31, 2021	17.85	3 756	210	1.27	1.27	15.06	0.04
Dec. 31, 2020	15.62	2 037	130	1.25	1.25	19.98	0.19
Dec. 31, 2019	13.55	1 447	107	1.27	1.27	28.90	0.12
Dec. 31, 2018	10.70	688	64	1.26	1.26	3.64	1.13
<b>Series F</b>							
<b>June 30, 2023</b>	<b>12.72</b>	<b>7 340</b>	<b>577</b>	<b>1.01</b>	<b>1.01</b>	<b>18.11</b>	<b>0.12</b>
Dec. 31, 2022	11.94	7 385	619	1.01	1.01	8.52	0.07
Dec. 31, 2021	17.99	34 024	1 892	0.99	0.99	15.06	0.04
Dec. 31, 2020	15.74	17 039	1 082	1.00	1.00	19.98	0.19
Dec. 31, 2019	13.65	777	57	0.98	0.98	28.90	0.12
Dec. 31, 2018	10.78	994	92	0.96	0.96	3.64	1.13
<b>Series O</b>							
<b>June 30, 2023</b>	<b>12.06</b>	<b>1 480 343</b>	<b>122 793</b>	<b>0.02</b>	<b>0.02</b>	<b>18.11</b>	<b>0.12</b>
Dec. 31, 2022	11.26	1 421 089	126 249	0.02	0.02	8.52	0.07
Dec. 31, 2021	16.97	1 735 373	102 269	0.02	0.02	15.06	0.04
Dec. 31, 2020	14.85	1 692 089	113 880	0.02	0.02	19.98	0.19
Dec. 31, 2019	12.89	729 387	56 591	0.02	0.02	28.90	0.12
Dec. 31, 2018	10.18	556 794	54 673	0.02	0.02	3.64	1.13

<sup>1</sup> The management expense ratio ("MER") is based on the direct expenses charged to the Fund and the Fund's proportionate share of the expenses of underlying funds, if any, 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.

<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. The portfolio turnover rate is not applicable to money market funds.

<sup>3</sup> The trading expense ratio represents total commissions and other portfolio transaction costs of the Fund and the Fund's proportionate share of such costs of underlying funds 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.

**Management Fees and Administration Fees**

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

	Management Fees	Breakdown of Services		Administration Fees
		Distribution	Other*	
Series A	1.75%	57%	43%	0.15%
Series D	1.00%	25%	75%	0.15%
Series F	0.75%	—	100%	0.15%
Series O	n/a	n/a	n/a	0.02%

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.

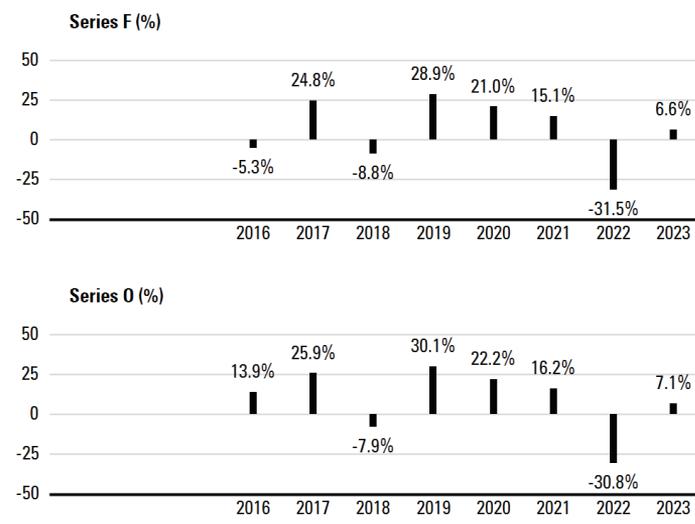
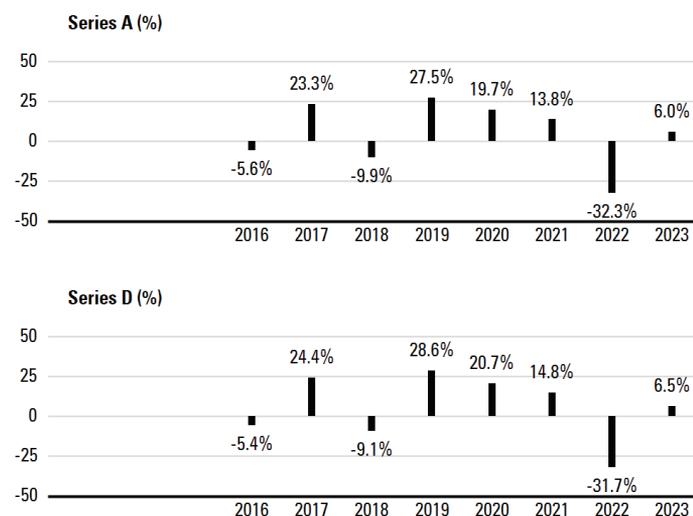


**PAST PERFORMANCE**

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 or interim period.



Series A, Series D and Series F units have been available for sale to unitholders since September 26, 2016. Although Series O units of the Fund were created in October 2012, units were not offered for sale under a simplified prospectus until June 30, 2016.

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

For the 12-month periods ended December 31 and the six-month period ended June 30, 2023.



## SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at June 30, 2023

### Investment Mix

	% of Net Asset Value
United Kingdom	34.3
Sweden	10.4
France	8.7
Netherlands	7.2
Norway	6.7
Ireland	6.3
Denmark	5.8
Italy	5.3
Germany	5.2
Spain	3.7
Switzerland	3.0
Iceland	0.5
Belgium	0.4
Cash/Other	2.5

### Top 25 Holdings

	% of Net Asset Value
Edenred	3.5
InterContinental Hotels Group Plc.	3.4
Moncler S.p.A.	3.3
Topdanmark A.S.	3.1
Cranswick Plc.	3.0
VAT Group AG	3.0
IMCD N.V.	2.9
OSB Group Plc.	2.8
Ashtead Group Plc.	2.8
Kerry Group Plc. - Class A	2.6
Lifco AB - Class B	2.6
DCC Plc.	2.5
Cash & Cash Equivalents	2.5
NN Group N.V.	2.5
Hexpol AB	2.4
Kingspan Group Plc.	2.4
SpareBank 1 SMN	2.3
Symrise AG	2.2
Barratt Developments Plc.	2.2
Remy Cointreau S.A.	2.1
Redeia Corp. S.A.	2.1
Abcam Plc. - ADR	2.0
Stabilus SE	2.0
Recordati Industria Chimica e Farmaceutica S.p.A.	1.9
BE Semiconductor Industries N.V.	1.9
Top 25 Holdings	64.0

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