



INTERNATIONAL EQUITY FUND

**RBC INTERNATIONAL DIVIDEND
GROWTH FUND**

June 30, 2013

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

The Board of Directors of RBC Global Asset Management Inc. approved this semi-annual management report of fund performance on August 14, 2013.

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 semi-annual management report of fund performance ("MRFP") contains financial highlights but does not contain either the complete semi-annual 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/funds 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 seeks to provide long-term capital growth by investing primarily in equity securities of major companies domiciled in developed countries outside of North America.

The Fund invests in stocks that have undergone a selection process emphasizing companies with a leading market position or lucrative niche, consistent and predictable profit growth and strong management teams.

Results of Operations

The Fund's net asset value was \$61 million as of June 30, 2013.

Over the past six months, the Fund's Advisor Series units gained 9.3%. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of the other series, which may vary because of differences in management fees and expenses.

Developed markets in Europe and Asia made solid progress in the first half of the year. The Japanese market led the way, up more than 20% in Canadian-dollar terms. The top-performing sectors were Consumer Discretionary, Health Care and Telecommunication Services, while Materials, Energy and Utilities were the weakest. Investor preference for the consumer-oriented sectors reflects lower levels of unemployment and stabilizing house prices while materials, and mining stocks in particular, continued to be pressured by lower Chinese and global demand for base metals.

The portfolio manager increased the Fund's Japanese-market exposure to about 21% of the Fund's assets as of June 30, 2013, from 8% at the beginning of the year. This allowed unitholders to take advantage of strong Japanese equity performance in the first half of the year. New investments were made in Kuraray and Nitto Denko, the chemicals companies; Itochu, a trading company; Seven & I, the convenience-store business; Toyota Motor; and two major banks – Mitsubishi UFJ and Sumitomo Mitsui Financial Group. Komatsu and Kubota, companies in the Industrials sector, were also added. These two globally focused companies, whose business mix includes agricultural and construction equipment, should benefit from improving demand for commercial and housing construction and a weaker yen.

Strength in Financials sector companies such as KBC Group, Allianz and Sampo was offset by weakness in Materials and Telecommunication Services. Rio Tinto was negatively affected by concerns over the pace of growth in China, and Vodafone weakened on uncertainty surrounding its stake in Verizon wireless. The Vodafone stake was sold from the Fund during the first half.

Portfolio turnover is high for the Fund, as the portfolio manager attempts to generate better returns through active fund management.

Recent Developments

The global economy continues to heal, and increased risk appetite is appearing around the world. In the U.S., the housing crisis has passed and employment is improving. The portfolio manager expects Japan's new stimulus programs to result in relatively strong economic growth over the next few years. Europe is showing some progress and policymakers there have demonstrated a growing ability to steer the economy and financial markets through crisis. Falling bond yields in Europe indicate investors believe the Eurozone has become a safer place to invest, but risks remain in the region. Slowing Chinese credit growth is reducing the pace of growth in the country.

The major question remains how long central banks will continue with asset-buying programs, as the U.S. Federal Reserve contemplates scaling back monetary stimulus before the end of this year. In any event, the Fund remains positioned to benefit from companies with strong business and financial positions providing the ability to deliver sustainable dividend growth.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank and is the manager, trustee and portfolio advisor 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.

Affiliates of RBC GAM that provide services to the Fund in the course of their normal businesses are discussed below.

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 distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Advisor Series units.

Custodian

RBC IS is the custodian and holds the assets of the Fund.

Registrar

RBC IS is the registrar of the Fund and keeps records of who owns the units of the Fund.



Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$0 (2012 – \$3,000) or 0% (2012 – 1%) 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 Board of Governors ("BoG") in its capacity as 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 BoG 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, 2013), and for the past five years or for the periods since inception. This information is derived from the Fund's unaudited semi-annual financial statements and audited annual financial statements. "Net Assets" are calculated in accordance with Canadian generally accepted accounting principles, which are used to prepare the financial statements (see table below). "Net Asset Value" is derived from the valuation method disclosed in the RBC DS Focus Funds/Global Portfolios 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.

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		
Advisor Series												
June 30, 2013	7.18	0.14	(0.08)	0.66	(0.03)	0.69	–	(0.07)	–	–	(0.07)	7.79
Dec. 31, 2012	6.31	0.24	(0.15)	0.15	0.75	0.99	–	(0.10)	–	–	(0.10)	7.18
Dec. 31, 2011	7.22	0.28	(0.15)	(0.03)	(0.79)	(0.69)	–	(0.13)	–	–	(0.13)	6.31
Dec. 31, 2010	7.17	0.21	(0.14)	0.14	(0.18)	0.03	–	(0.08)	–	–	(0.08)	7.22
Dec. 31, 2009	6.25	0.23	(0.13)	(1.72)	2.65	1.03	–	(0.11)	–	–	(0.11)	7.17
Dec. 31, 2008	9.98	0.27	(0.17)	(1.99)	(1.86)	(3.75)	–	(0.09)	–	–	(0.09)	6.25
Series F												
June 30, 2013	7.22	0.14	(0.04)	0.66	(0.03)	0.73	–	(0.12)	–	–	(0.12)	7.82
Dec. 31, 2012	6.35	0.25	(0.07)	0.15	0.76	1.09	–	(0.19)	–	–	(0.19)	7.22
Dec. 31, 2011	7.27	0.28	(0.07)	(0.03)	(0.79)	(0.61)	–	(0.22)	–	–	(0.22)	6.35
Dec. 31, 2010	7.21	0.22	(0.06)	0.15	(0.18)	0.13	–	(0.16)	–	–	(0.16)	7.27
Dec. 31, 2009	6.28	0.23	(0.06)	(1.72)	2.64	1.09	–	(0.16)	–	–	(0.16)	7.21
Dec. 31, 2008	10.01	0.27	(0.08)	(1.99)	(1.86)	(3.66)	–	(0.17)	–	–	(0.17)	6.28
Series O												
June 30, 2013	7.19	0.14	–	0.66	(0.03)	0.77	–	(0.16)	–	–	(0.16)	7.79
Dec. 31, 2012	6.32	0.25	–	0.15	0.76	1.16	–	(0.24)	–	–	(0.24)	7.19
Dec. 31, 2011	7.25	0.28	–	(0.03)	(0.80)	(0.55)	–	(0.29)	–	–	(0.29)	6.32
Dec. 31, 2010	7.20	0.21	–	0.15	(0.18)	0.18	–	(0.22)	–	–	(0.22)	7.25
Dec. 31, 2009 ³	7.00 [†]	0.04	–	(0.33)	0.51	0.22	–	(0.03)	–	–	(0.03)	7.20

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 October 26, 2009.

[†] 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
Advisor Series							
June 30, 2013	7.79	12 324	1 583	2.22	2.22	108.10	0.56
Dec. 31, 2012	7.18	12 618	1 757	2.19	2.19	113.92	0.50
Dec. 31, 2011	6.31	15 975	2 531	2.18	2.18	130.47	0.63
Dec. 31, 2010	7.22	25 648	3 553	2.14	2.14	73.23	0.37
Dec. 31, 2009	7.17	35 796	4 995	2.10	2.10	102.10	0.29
Dec. 31, 2008	6.26	37 713	6 029	2.11	2.11	76.23	0.39
Series F							
June 30, 2013	7.82	4 408	564	1.01	1.01	108.10	0.56
Dec. 31, 2012	7.22	4 617	640	0.99	0.99	113.92	0.50
Dec. 31, 2011	6.35	7 500	1 181	0.99	0.99	130.47	0.63
Dec. 31, 2010	7.27	9 743	1 340	0.97	0.97	73.23	0.37
Dec. 31, 2009	7.21	12 059	1 671	0.95	0.95	102.10	0.29
Dec. 31, 2008	6.28	84 539	13 462	0.95	0.95	76.23	0.39
Series O							
June 30, 2013	7.79	44 010	5 653	0.03	0.03	108.10	0.56
Dec. 31, 2012	7.19	44 591	6 199	0.03	0.03	113.92	0.50
Dec. 31, 2011	6.32	45 352	7 179	0.02	0.02	130.47	0.63
Dec. 31, 2010	7.25	67 457	9 306	0.02	0.02	73.23	0.37
Dec. 31, 2009 ⁴	7.20	82 723	11 494	0.04	0.04	102.10	0.29

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.

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 October 26, 2009.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees paid by each series of the Fund are calculated at the applicable 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*
Advisor Series	1.85%	62%
Series F	0.75%	—
		100%

Series O – no management fees are paid by the Fund in respect of 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.

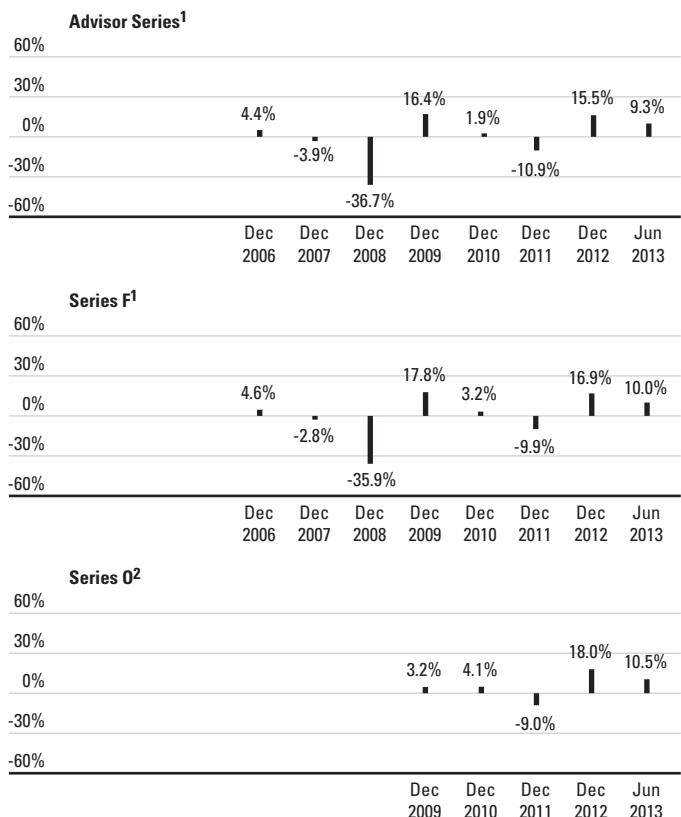


PAST PERFORMANCE

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.



¹ Inception date November 6, 2006.

² Inception date October 26, 2009.

For the 12-month periods ended December 31 and the six-month period ended June 30, 2013.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at June 30, 2013

Investment Mix

	% of Net Asset Value
United Kingdom	25.6
Japan	21.2
Other Countries	15.6
France	12.6
Germany	7.8
Sweden	6.8
Switzerland	6.4
Belgium	4.0

Top 25 Holdings

	% of Net Asset Value
Sumitomo Mitsui Financial Group Inc.	3.7
Vinci S.A.	3.6
European Aeronautic Defense and Space Co.	3.5
Mitsubishi UFJ Financial Group Inc.	3.4
Bayer AG	3.3
Roche Holdings AG Genusscheine	3.2
Sampo OYJ	3.2
Compass Group Plc.	3.1
WPP Plc.	3.1
Swedbank AB	3.1
Technip S.A.	3.1
Diageo Plc.	3.0
HSBC Holdings Plc. (U.K. Reg.)	3.0
Rio Tinto Plc.	3.0
InBev N.V.	3.0
Allianz SE	3.0
Accenture Plc., Class A	3.0
Svenska Cellulosa AB	2.6
Seadrill Ltd.	2.3
Bridgestone Corp.	2.1
Reckitt Benckiser Plc.	2.1
Itochu Corp.	2.1
Kuraray Co. Ltd.	2.1
Toyota Motor Corp.	2.1
Swatch Group AG	2.1
Top 25 Holdings	71.8

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available by contacting us at 1-800-662-0652.