



SEPTEMBER 30, 2017

Objective

To provide investors with the potential for moderate capital growth by investing primarily in a portfolio of Target Funds with a balance of fixed income and equity securities.

Investment Manager – RBC Global Asset Management Inc.

Sector mix (% equities) September 30, 2017

Financials	20.0
Information Technology	16.3
Consumer Discretionary	13.4
Industrials	11.4
Energy	9.7
Consumer Staples	10.2
Health Care	6.5
Materials	5.0
Utilities	3.6
Telecommunication Services	2.2
Others	1.7

Profile holdings (% of net assets)

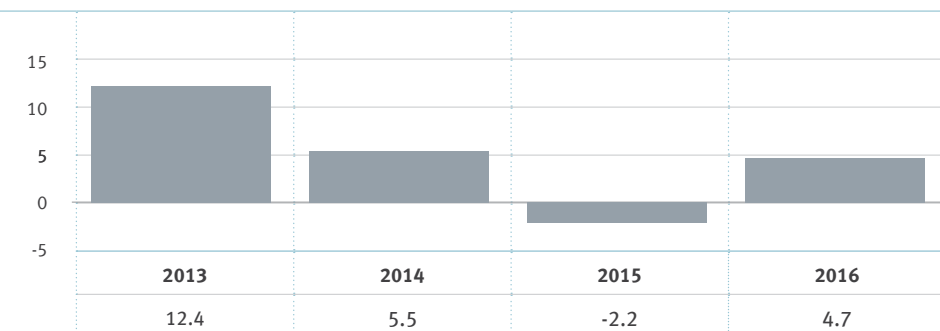
RBC Funds (Lux) US Investment Grade Corporate Bond Fund	16.6
iShares Core S&P 500 Index Fund	11.7
Robeco U.S. Large-Cap Equity Fund	11.7
RBC Funds (Lux) Global Bond Fund	10.2
Threadneedle European Select Fund	9.4
RBC Funds (Lux) US Mid Cap Value Equity Fund	7.1
RBC Funds (Lux) - Emerging Markets Equity Fund	5.5
Investec UK Alpha Strategy Fund	5.2
PIMCO GIS Total Return Bond Institutional Fund	5.1
iShares Barclays 1-3 Year Treasury Bond Index Fund	5.1
RBC Funds (LUX) - Asia ex-Japan Equity Fund	5.0
BlueBay Global High Yield Bond Fund	4.6
Aberdeen Global Japanese Equity Fund	1.8
Cash and Equivalents	1.0
Grand Total	100.0

Performance analysis† (%) (total return*)

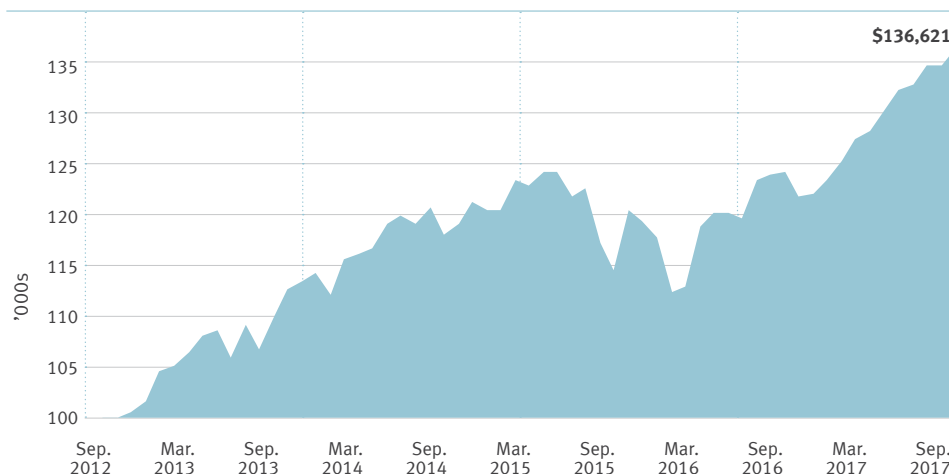
September 30, 2017

1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	Since inception**
1.1	2.6	6.3	9.9	4.9	6.6

Calendar returns† (%) (total return)



Growth of \$100,000



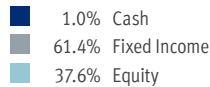
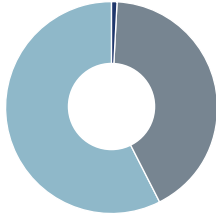
Best/worst periods

	1 Mth	Ended	3 Mth	Ended	6 Mth	Ended	1 Yr	Ended	3 Yr	Ended
Best return	5.5%	Mar-16	7.1%	Apr-16	10.0%	Jul-16	13.3%	Jun-14	6.4%	Oct-15
Worst return	-4.7%	Jan-16	-6.7%	Jan-16	-8.4%	Jan-16	-8.7%	Feb-16	2.4%	Jan-16
Average return	0.5%		1.6%		3.1%		5.4%		3.9%	
Total periods	60		58		55		49		25	
Positive periods	73.3%		74.1%		85.5%		79.6%		100.0%	

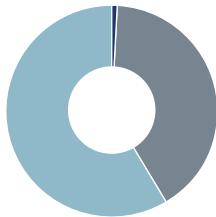
*Returns more than one year are annualized. Since inception performance is calculated from the Class O (acc) USD inception date.
 **September 5, 2012
 †Class O (acc) USD

Quarterly asset mix change

Q3 2017
(September 30, 2017)



Q2 2017
(June 30, 2017)



Commentary

Economy

The global economy continues to glide forward on the wings of stimulative financial conditions, soaring confidence and the lessening friction of secular stagnation. The current pace may not be sustainable due to a number of factors, including adverse demographics and an altered, less dynamic economic structure. Despite those constraints, we have moderately upgraded our growth forecasts for both this year and next in response to recent economic strength, as well as the persistence of several factors underpinning that trend.

Equities

Stocks continue to be supported by a global synchronized expansion and renewed corporate profit growth around the world and while equities are not as cheap as they were when the cycle began, they remain somewhat attractive according to our models. Earnings rather than valuations may now be the force required to propel the market higher. Fortunately, corporate profits have been recovering nicely following their two-year slump and stocks can still deliver decent gains if earnings come through as analysts expect.

Fixed Income

In the third quarter, U.S. 10-year bond yields drifted to the middle of the range in which they have been stuck for the past six years, while inflation continued to be lacklustre. Overall, we expect yields to rise from current levels over the next 12 months. This is consistent with gradual policy tightening from the Fed and other global central banks and a continued global economic expansion. The need for significant adjustment in the near term, however, is not evident and the path to higher levels could span many years.

Portfolio results

Performance of the Balanced Portfolio was positive in the third quarter as the global acceleration in economic growth that began in the middle of 2016 has largely been sustained. The U.S. stock market posted modest gains over the three-month period. Asia and emerging markets continued to deliver strong returns with the latter largely outperforming developed markets over the same time frame. Fixed income also contributed positively to portfolio returns although were slightly diminished by U.S. short term treasuries.

While corporate fundamentals remain strong and supportive, we have taken steps to scale back our risk-taking by reducing our allocation to equities. This is motivated by the ongoing maturation of the business cycle and by equity valuations that are becoming slightly less compelling. As a result, we have reduced our equity position, allocating the proceeds to fixed income.

Important Information: This information is intended for Professional Investors and shareholders of the retail investor share class only. This document may only be distributed in countries where RBC Funds (Lux) is registered, with the exception of Belgium. The Financial Services and Markets Authority (“FSMA”) in Belgium has not approved this document.

RBC Funds (Lux) is an open-ended investment company incorporated under the laws of the Grand Duchy of Luxembourg (société d’investissement à capital variable or the “SICAV”) and qualifies as an Undertaking for Collective Investment in Transferable Securities (“UCITS”) under Article 1, paragraph 2, points a) and b) of the Directive 2009/65/EC of July 13, 2009, as amended.

This is a marketing document and as such any information contained herein including investment and economic outlook information, opinions and estimates (collectively, the “Materials”) is provided for information purposes only and does not constitute advice or an offer, solicitation, recommendation or invitation to buy or sell any securities or related financial instruments. The Materials are not directed at or intended for use by any person resident or located in any jurisdiction where (1) the distribution of such information or functionality is contrary to the laws of such jurisdiction or (2) such distribution is prohibited without obtaining the necessary licenses and such authorizations have not been obtained. The SICAV’s Sub-Funds mentioned in the Materials (“Sub-Funds”) may not be eligible for sale or available to residents of certain countries or to certain categories of investors.

Prospective investors should review the Prospectus and the Key Investor Information Documents (“KIIDs”) of the SICAV carefully and in their entirety, and consult with their legal, tax and financial advisors in relation to (i) the legal and regulatory requirements within their own countries for the subscribing, purchasing, holding, converting, redeeming or disposing of the SICAV’s Shares (the “Shares”); (ii) any foreign exchange restrictions to which they are subject in their own countries in relation to the subscribing, purchasing, holding, converting, redeeming or disposing of Shares; (iii) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, converting, redeeming or disposing of Shares; and (iv) any other consequences of such activities.

Past performance is not a reliable guide to future performance. The value of investments and any income from them is not guaranteed and may fall or rise and the investor may not get back the original investment. Exchange rate movement could increase or decrease the value of underlying investments/ holdings. The Sub-Fund may be invested in securities denominated in a number of different currencies other than the Reference Currency. As a result, changes in the value of the Reference Currency compared to other currencies will affect the value, in the Reference Currency, of any securities denominated in another currency. While it is the intention of the Sub-Fund to achieve its investment objective, there can be no assurance that it will.

Index returns are for illustrative purposes only, do not represent actual fund performance and do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index.

The value of the Sub-Fund can change from day to day because the value of the securities in which it invests can be affected by changes in interest rates, the general financial market and economic conditions or individual company news. As a result, at the time of redemption, Sub-Fund Shares may be worth more or less than the original purchase price. There can be a number of risk factors that impact the value of an investment in a Sub-Fund. Investors should refer to the section called “Risk Factors” in the Prospectus before investing.

None of the Shares of the Sub-Funds has been or will be registered for sale or distribution in Canada or in the United States.

Copies of the Articles of Incorporation of the SICAV, the current Prospectus, the KIIDs and the latest financial reports may be obtained free of charge during normal office hours at the registered office of the SICAV in Luxembourg: 14, Porte de France, L- 4360 Esch-sur-Alzette, Grand Duchy of Luxembourg, or at rbcgam.lu. The Prospectus is available in the English and German languages. The KIIDs are available in the local language(s) of the jurisdictions in which the Sub-Fund(s) are registered.

The Materials are provided on an “as is, where is” basis and the SICAV, RBC Global Asset Management Inc. and its affiliates and subsidiaries (“RBC Companies”) do not make any express or implied warranties, representations, or endorsements with respect to the Materials, including without limitation, warranties as to merchantability, operation, non -infringement, usefulness, completeness, accuracy, currency, reliability, correctness and fitness for a particular purpose. All opinions and estimates contained in the Materials constitute our judgment as of the indicated date of the information and are subject to change without notice. Interest rates and market conditions are subject to change.

None of the RBC Companies are responsible, and will not be liable to you or anyone else, for any damages whatsoever and howsoever caused (including direct, indirect, incidental, special, consequential, exemplary or punitive damages) arising out of or in connection with the Materials or any action or decision made by you in reliance on the Materials, or any errors in or omissions or any unauthorized use or reproduction of the Materials, even if an RBC Company has been advised of the possibility of these damages.

The full list of sources of data is available upon request. Please go to www.rbcgam.lu for contact information.

® / ™ Trademark(s) of Royal Bank of Canada. Used under licence.
© RBC Global Asset Management Inc. 2017