



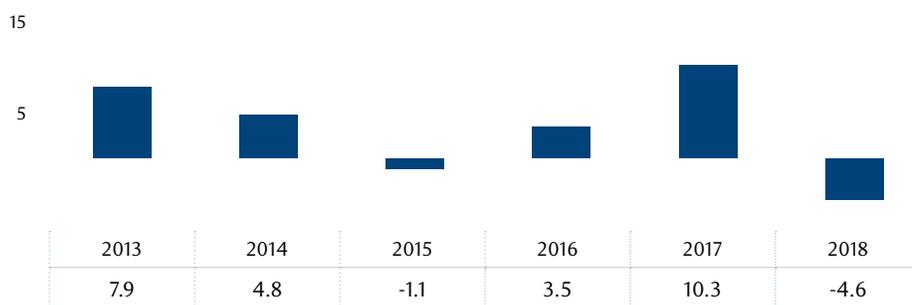
RBC Funds (Lux) – Conservative Portfolio

Quarterly update – June 30, 2019

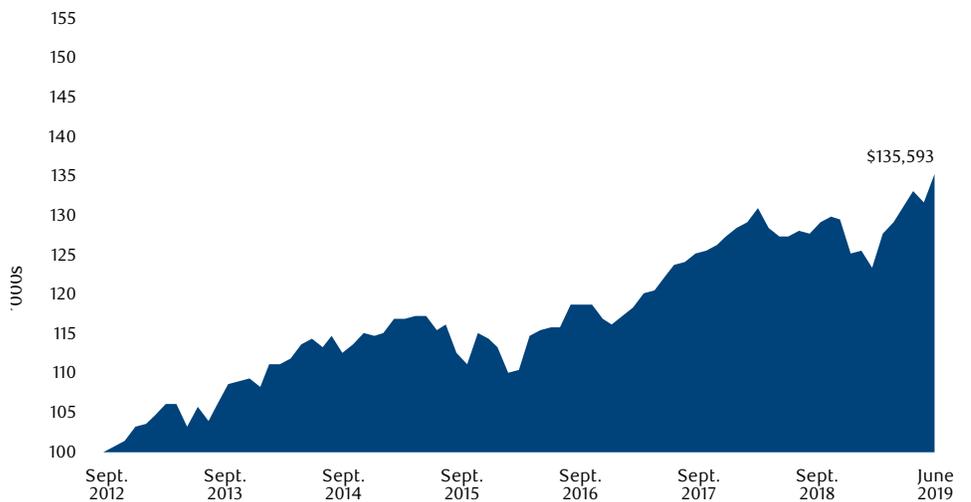
Performance analysis[†] (%) (total return*)

June 30, 2019						
1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	Since inception**
3.0	3.3	9.8	5.9	5.4	3.5	4.7

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	5 Yr	Ended
Best return	4.0%	Mar-16	6.3%	Mar-19	9.8%	Jul-16	10.6%	Jan-18	5.4%	Feb-19	5.0%	Nov-17
Worst return	-3.4%	Oct-18	-4.8%	Dec-18	-5.3%	Jan-16	-5.7%	Feb-16	2.1%	Feb-16	2.5%	Dec-18
Average return	0.4%		1.1%		2.1%		4.0%		3.6%		3.9%	
Total periods	81		79		76		70		46		22	
Positive periods	70.4%		72.2%		78.9%		81.4%		100.0%		100.0%	

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

Objective

To provide investors with the potential for moderate capital growth by investing primarily in a portfolio of Target Funds with an emphasis on fixed income securities.

Investment Manager – RBC Global Asset Management Inc.

Sector mix (% equities)

June 30, 2019

Financial Services	21.8
Technology	18.9
Consumer Discretionary	13.8
Health Care	11.5
Industrials	9.5
Consumer Staples	7.6
Energy	5.4
Materials	4.0
Telecommunication Services	2.6
Real Estate	3.0
Utilities	1.9

Profile holdings (% of net assets)

JP Morgan America Equity Fund	15.2
RBC Funds (Lux) - U.S. Investment Grade Corporate Bond Fund	13.3
Schroder ISF USD Bond Fund	13.3
RBC Funds (Lux) - Global Bond Fund	10.5
RBC Funds (Lux) - European Equity Focus Fund	10.4
PIMCO GIS Total Return Bond Institutional Fund	10.0
iShares Barclays 1-3 Year Treasury Bond Index Fund	10.0
RBC Funds (Lux) - Asia ex-Japan Equity Fund	4.8
BlueBay Global High Yield Bond Fund	4.8
iShares Core S&P 500 Index Fund	2.5
Wellington U.S. Research Equity Fund	2.5
RBC Funds (Lux) - Japan Ishin Fund	1.6
Cash and Equivalents	1.0
Grand Total	100.0

Commentary

Economy

The economic environment has become more mixed since earlier this year after being negatively impacted by the U.S. government shutdown and China's economic slowdown. These have been offset by supportive governments and central banks. On balance, the trajectory of global GDP does not look all that bad. As a result, we have raised our growth expectations slightly.

Fixed income

Global fixed-income markets experienced gains over the past three months. A combination of weak economic data and leading indicators, as well as escalating trade protectionism triggered further downgrades in expectations for global economic growth. In this environment, major central banks kept monetary policy on hold and the U.S. Federal Reserve (Fed) signaled it would be ready to cut rates should the economic expansion be threatened. We anticipate no change to policy rates in most major developed markets over the coming year. Should we be wrong in this regard, it will most likely be because rates go lower rather than higher. In fact, fixed-income markets are already largely pricing-in rate cuts.

Equity markets

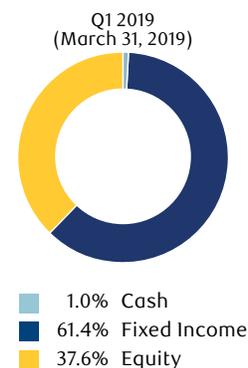
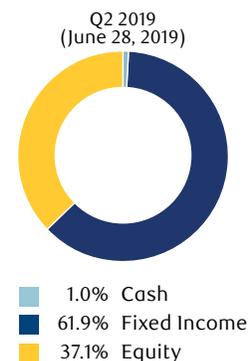
The rally in stocks that began after the low on December 24, 2018 faltered in May, coincident with the breakdown of trade negotiations between the United States and China. The imposition of higher tariffs and threats of additional tariffs by both sides dimmed the outlook for global growth and corporate earnings and shook investor confidence. Equities finished the quarter on a positive note.

Conservative

The Conservative portfolio gained during the quarter. Government bonds rallied as investors sought safe-haven assets in reaction to economic uncertainty. The yield on the U.S. 10-year bond slipped to its lowest level since 2017. Together with global markets, the S&P 500 Index stumbled in May, after trade negotiations between the United States and China broke down, but recovered in June.

Our asset mix reflects the current balance of risks and potential rewards, taking into account several factors, including: a mature business cycle, slowing economic activity and stalled profit growth. Nevertheless, we think it is too early to reduce equities below a "neutral" weighting because we believe we are in a secular bull market for stocks and anticipate continued economic growth over the forecast horizon.

Quarterly asset mix change



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. 2019