RBC Funds (Lux) – Growth Portfolio
Quarterly update

SEPTEMBER 30, 2017

Objective

To provide investors with the potential for long-term capital growth by investing primarily in a portfolio of Target Funds with an emphasis on equity securities.

Investment Manager – RBC Global Asset Management Inc.

Sector mix (% equities) September 30, 2017

Financials	20.0
Information Technology	16.1
Consumer Discretionary	13.6
Industrials	10.6
Energy	9.9
Consumer Staples	10.8
Health Care	6.7
Materials	4.6
Utilities	3.4
Telecommunication Services	2.4
Others	1.9

Profile holdings (% of net assets)

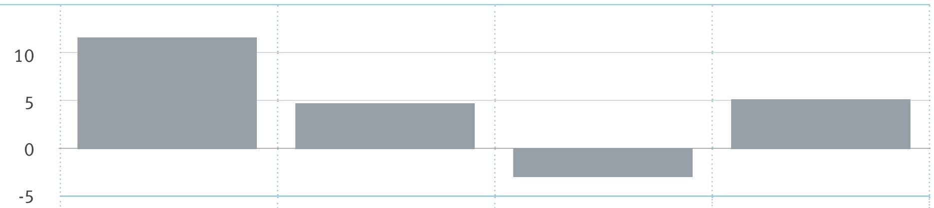
iShares Core S&P 500 Index Fund	13.2
Robeco U.S. Large-Cap Equity Fund	13.2
Threadneedle European Select Fund	12.3
RBC Funds (Lux) US Investment Grade Corporate Bond Fund	11.6
RBC Funds (Lux) - Emerging Markets Equity Fund	8.0
RBC Funds (Lux) US Mid Cap Value Equity Fund	7.1
Investec UK Alpha Strategy Fund	6.4
RBC Funds (LUX) - Asia ex-Japan Equity Fund	6.4
RBC Funds (Lux) Global Bond Fund	5.3
iShares Barclays 1-3 Year Treasury Bond Index Fund	5.3
BlueBay Global High Yield Bond Fund	4.4
RBC Funds (Lux) US Small Cap Equity Fund	3.6
Aberdeen Global Japanese Equity Fund	2.2
Cash and Equivalents	1.0
Grand Total	**100.0**

Performance analysis† (%) (total return*)

September 30, 2017

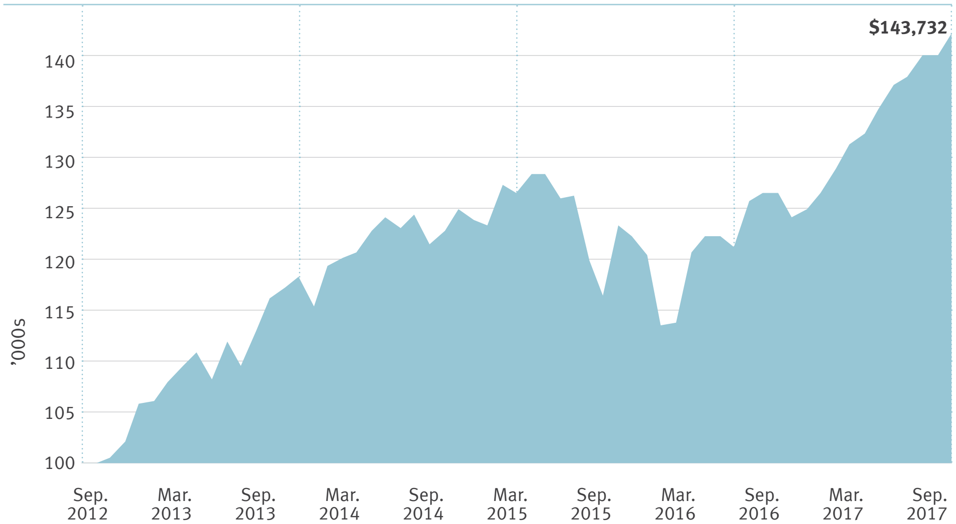
1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	Since inception**
1.7	3.3	7.6	12.7	5.6	7.7

Calendar returns† (%) (total return)



2013	2014	2015	2016
16.4	4.9	-3.0	5.3

Growth of $100,000



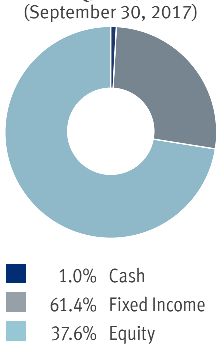
Best/worst periods

	1 Mth	Ended	3 Mth	Ended	6 Mth	Ended	1 Yr	Ended	3 Yr	Ended
Best return	6.3%	Mar-16	7.9%	Apr-16	11.5%	Aug-16	17.0%	Nov-13	7.5%	Oct-15
Worst return	-5.9%	Jan-16	-8.2%	Jan-16	-10.5%	Jan-16	-10.9%	Feb-16	2.2%	Nov-16
Average return	0.6%		1.9%		3.6%		6.2%		4.1%	
Total periods	60		58		55		49		25	
Positive periods	71.7%		75.9%		83.6%		77.6%		100.0%	

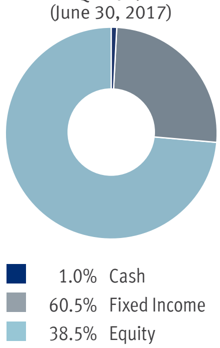
*Returns more than one year are annualized. Since inception performance is calculated from the Class O (acc) USD inception date.
**September 5, 2012
†Class O (acc) USD

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 Growth 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. We see a continued robust business backdrop in Europe, but acknowledge several potential short-term red flags such as a strengthening euro and muted reaction to earnings results that exceed expectations.

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.

SEPTEMBER 30, 2017

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Global Asset Management