



Strategy for the Exercise of Voting Rights Applicable to RBC Funds (Lux)

As investment manager for RBC Funds (Lux) (the “Fund”), RBC Global Asset Management Inc. (“RBC GAM”) has responsibility for the investment management of the sub-funds, including the exercise of voting rights attaching to securities held by the sub-funds. In the case of sub-funds for which RBC GAM has appointed RBC Global Asset Management (U.S.) Inc. (“RBC GAM (US)”) as sub-investment manager to provide portfolio management services (the “RBC GAM (US) sub-advised sub-funds”), RBC GAM has delegated the investment management responsibility and the related obligation to exercise the sub-fund’s voting rights to RBC GAM (US). A summary of the strategy for the exercise of voting rights applicable to the sub-funds advised by RBC GAM (including sub-funds sub-advised by RBC Global Asset Management (UK) Limited) and the RBC GAM (US) sub-advised sub-funds is set out below.

All sub-funds except for the RBC GAM (US) sub-advised sub-funds

RBC GAM has established a proxy voting policy, procedures and guidelines (the “Proxy Voting Policy”) that apply to the securities of each sub-fund to which voting rights are attached. The Proxy Voting Policy provides that a sub-fund’s voting rights will be exercised in accordance with the best interests of the sub-fund and for the exclusive benefit of the sub-fund. In certain cases, RBC GAM may choose not to vote where voting may be detrimental to the best interests of the sub-fund, such as due to share blocking requirements that might limit liquidity by compromising the ability to sell the securities.

The Proxy Voting Policy sets out the guidelines and procedures that RBC GAM will follow to determine whether and how to vote on any matter for which a sub-fund receives proxy materials. Issuers’ proxies most frequently contain proposals to elect corporate directors, to appoint external auditors and set their compensation, to adopt or amend management compensation plans, and to amend the capitalization of the company.

Pursuant to the Proxy Voting Policy, RBC GAM will generally cause the sub-funds to vote on these matters as follows:

- a. **Boards of Directors** - RBC GAM supports resolutions that promote the effectiveness of boards in acting in the best interests of shareholders. RBC GAM will generally cause a sub-fund to vote in favour of the election of individual directors for boards having an independent chair and on which two-thirds of the directors are independent.
- b. **Auditors and Auditor Compensation** - Where all members of an issuer's audit committee are independent, and where two-thirds or more of total fees paid to the auditors are for audit or audit-related services, RBC GAM will generally cause a sub-fund to support the election of directors, the appointment of auditors and the approval of the recommended auditor compensation.

- c. Management Compensation - The goal of RBC GAM is to support compensation arrangements that are tied to long-term corporate performance and shareholder value. These arrangements should induce management to purchase and hold equity in the company to better align management's interests with those of shareholders. Equity-based compensation plans that are overly generous or excessively dilutive to other shareholders will not be supported.
- d. Changes in Capitalization - RBC GAM recognizes the need for management of an issuer to have flexibility in the issue or buyback of shares to meet changing financial conditions. Changes in capitalization will generally be supported where a reasonable need for the change is demonstrated; however, changes resulting in excessive dilution of existing shareholder value will not be supported.

Other issues, including those business issues specific to the issuer or those raised by shareholders of the issuer, are addressed on a case-by-case basis with a focus on the potential impact of the vote on shareholder value.

RBC GAM has retained Institutional Shareholder Services Inc. (“ISS”), a subsidiary of MSCI Inc., to provide administrative and proxy voting services to the sub-funds. The Proxy Voting Policy includes procedures to ensure that voting rights are exercised in accordance with the sub-funds’ instructions.

If the potential for a conflict of interest arises in connection with proxy voting, the Proxy Voting Policy provides for consideration and management of the conflict by the Corporate Governance Committee of RBC GAM.

RBC GAM (US) sub-advised sub-funds

As sub-investment manager for the RBC GAM (US) sub-advised sub-funds, RBC GAM (US) has adopted a proxy voting policy provided by a third-party vendor, Taft-Hartley Advisory Service of ISS (“T-HAS”), which acts as its primary resource for proxy research and voting recommendations. For certain strategies, RBC GAM (US) may engage a customized proxy research and voting service through ISS.

RBC GAM (US) has satisfied itself that the analysis of proxy issues provided by T-HAS is consistent with its view that proxies should be voted in a sub-fund’s long-term interests and for the exclusive benefit of the sub-fund. The engagement of T-HAS to assist RBC GAM (US) with its proxy voting procedures is not intended to be a delegation of its proxy voting responsibilities and does not relieve RBC GAM (US) of its fiduciary obligations with respect to the voting of proxies. Accordingly, RBC GAM (US) retains the right to vote proxies in a manner that is different from what T-HAS recommends, where it believes that to do so would be in a sub-fund’s best interests and is not contrary to the terms of the sub-investment management agreement between RBC GAM (US) and RBC GAM.

RBC GAM (US) has established a Proxy Committee, which is responsible for establishing, monitoring and reviewing RBC GAM (US)’s policies and guidelines with respect to proxy voting. It generally does not, however, consider the manner in which specific proxies are or have been voted. The Proxy Committee is also responsible for providing oversight of RBC GAM (US)’s relationship with T-HAS for its proxy voting policy and proxy research.

RBC GAM reviews the proxy voting policy applicable to the RBC GAM (US) sub-advised sub-funds on an annual basis.

Proxy Voting Record

The proxy voting record for each sub-fund, including the RBC GAM (US) sub-advised sub-funds, for the most recent 12-month period ended June 30 of each year will be available at no cost to any shareholder of the sub-fund upon request at any time after August 31 of that year, by writing to RBC Global Asset Management Inc., the Investment Manager of the Fund at: RBC Centre, 155 Wellington Street West, Suite 2300, Toronto, Ontario, M5V 3K7, Canada or to rbcam.lux@rbc.com.