



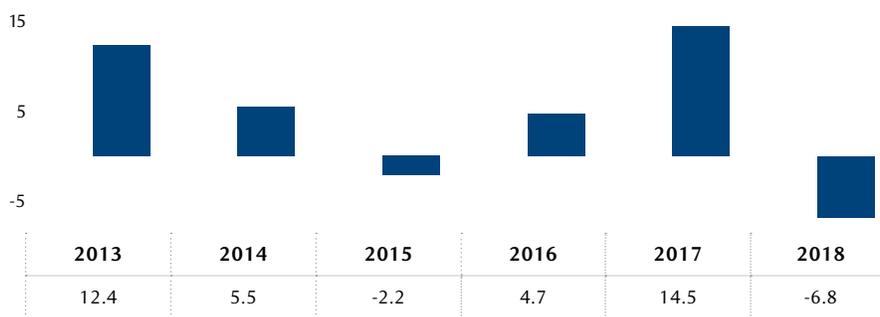
RBC Funds (Lux) – Balanced Portfolio

Quarterly update – June 30, 2019

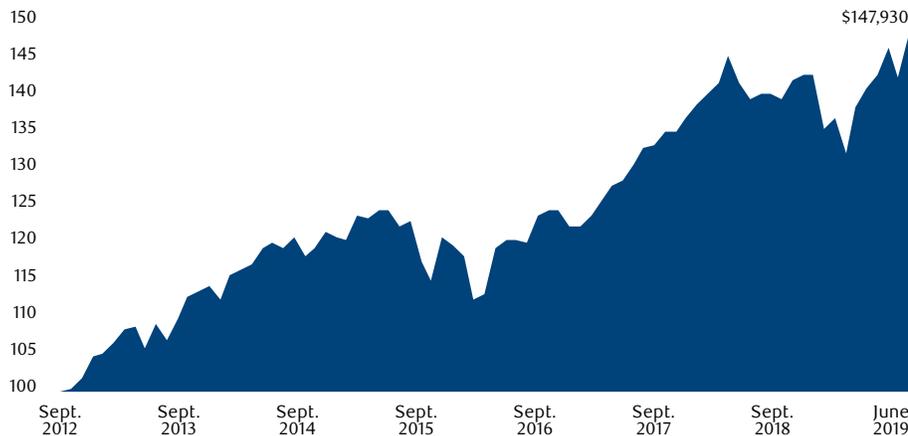
Performance analysis† (%) (total return*)

June 30, 2019						
1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	Since inception**
4.0	3.6	12.1	6.1	7.2	4.2	6.1

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	5.5%	Mar-16	8.2%	Mar-19	12.1%	Jul-16	15.7%	Jan-18	7.6%	Feb-19	6.8%	Dec-17
Worst return	-5.0%	Oct-18	-7.4%	Dec-18	-8.4%	Jan-16	-8.7%	Feb-16	2.4%	Jan-16	2.9%	Dec-18
Average return	0.5%		1.5%		2.8%		5.3%		4.6%		5.1%	
Total periods	81		79		76		70		46		22	
Positive periods	70.4%		73.4%		80.3%		78.6%		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 a balance of fixed income and equity securities.

Investment Manager – RBC Global Asset Management Inc.

Sector mix (% equities)

June 30, 2019

Financial Services	21.8
Technology	19.8
Consumer Discretionary	12.9
Health Care	11.4
Industrials	9.3
Consumer Staples	8.7
Energy	4.5
Materials	4.0
Telecommunication Services	2.8
Real Estate	2.7
Utilities	2.1

Profile holdings (% of net assets)

RBC Funds (Lux) - U.S. Investment Grade Corporate Bond Fund	16.8%
JP Morgan America Equity Fund	14.8%
RBC Funds (Lux) - European Equity Focus Fund	13.7%
RBC Funds (Lux) - Global Bond Fund	10.3%
iShares Core S&P 500 Index Fund	7.9%
RBC Funds (Lux) - Asia ex-Japan Equity Fund	6.2%
RBC Funds (Lux) - Emerging Markets Equity Fund	5.3%
iShares Barclays 1-3 Year Treasury Bond Index Fund	5.1%
PIMCO GIS Total Return Bond Institutional Fund	5.1%
BlueBay Global High Yield Bond Fund	4.7%
Wellington U.S. Research Equity Fund	4.0%
T. Rowe U.S. Smaller Companies Equity Fund	3.0%
RBC Funds (Lux) - Japan Ishin Fund	2.1%
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

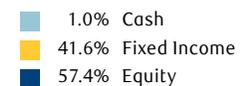
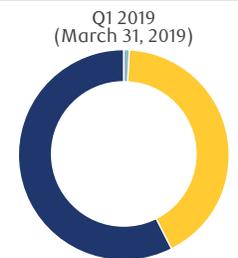
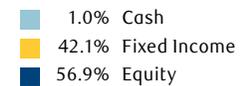
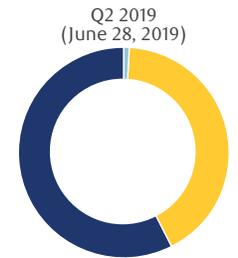
The rally in stocks that began after the low on December 24, 2018 faltered in May, coincident with the breakdown of trade negotiations between the United States and China. The imposition of higher tariffs and threats of additional tariffs by both sides dimmed the outlook for global growth and corporate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

Balanced

The Balanced 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



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