



Global Asset
Management

RBC FUNDS

SIMPLIFIED PROSPECTUS

January 28, 2020

Series A, Series D, Series F and Series O units

RBC QUBE Low Volatility Emerging Markets Equity Fund
RBC China Equity Fund

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Introduction

In this document, *we*, *us* and *our* refer to RBC Global Asset Management Inc. (*RBC GAM*). We refer to the RBC Funds listed on the front cover of this simplified prospectus as the *funds* and each individual RBC Fund as a *fund*. Each fund is a mutual fund trust.

This simplified prospectus contains selected important information about the funds listed on the front cover, to help you make an informed investment decision and understand your rights as an investor.

This simplified prospectus is divided into two parts. Pages 2 to 24 of this simplified prospectus explain general information regarding mutual funds and their risks. Pages 25 to 28 tell you who manages the funds and contain specific information about each of the funds. Each fund is one of the RBC Funds. Other RBC Funds are sold under a separate simplified prospectus and annual information form. Ask your dealer for the simplified prospectus of the other RBC Funds if you would like information about them.

You will find more information about each fund in the following documents:

- › the fund's annual information form;
- › the fund's most recently filed fund facts;
- › the fund's most recently filed annual financial statements;
- › any interim financial statements filed after those annual financial statements;
- › the fund's most recently filed annual management report of fund performance; and
- › any interim management report of fund performance filed after that annual management report of fund performance.

These documents are incorporated by reference into this simplified prospectus. That means they legally form part of this simplified prospectus just as if they were printed in it. For a copy of these documents, at no cost, please call us at 1-800-463-FUND (3863) (English) or 1-800-668-FOND (3663) (French), email us at funds.investments@rbc.com (English) or fonds.investissements@rbc.com (French) or ask your dealer.

You can also get copies of this simplified prospectus, the fund facts, the annual information form, the management reports of fund performance and the financial statements from the RBC Funds website at www.rbcgam.com/en/ca.

These documents and other information about the funds are also available at www.sedar.com.

What is a mutual fund and what are the risks of investing in a mutual fund?

A mutual fund is a pool of investments made on behalf of people with a similar investment objective. When you invest in a mutual fund, your money is working together with that of many other investors. A professional investment manager invests this money on behalf of the whole group.

Investors share a mutual fund's income, expenses, gains and losses in proportion to their interest in the mutual fund. Mutual funds can give individuals the advantages of a simpler, more accessible, less expensive and less time-consuming method of investing in a portfolio of securities.

Mutual funds own different kinds of investments, depending on their objectives. These include equities like stocks, fixed-income securities like bonds and cash or cash equivalents like treasury bills. Unlike traditional mutual funds, certain funds may also invest in units of other mutual funds, called the *underlying funds*. The value of these investments will change from day to day, reflecting changes in interest rates, economic conditions, financial markets and company news.

When you invest in a mutual fund trust, you are buying a portion of that fund called a *unit*. Mutual funds keep track of all the individual investments by recording how many units each investor owns. The more money you put into a mutual fund, the more units you get. The price of a unit changes every day, depending on how the investments are performing. When the investments rise in value, the price of a unit goes up. When the investments drop in value, the price of the unit goes down.

Some mutual funds offer units in more than one series. A multi-series structure recognizes that different investors may seek the same investment objective, yet require different investment advice and/or service. Each series represents an investment in the same investment portfolio of each fund. However, each series may charge a different management fee and incur its own specific expenses. As a result, a separate net asset value per unit is calculated for each series on a daily basis. See *Purchases, switches and redemptions – How the units are valued* on page 9.

Your investment in any mutual fund is not guaranteed. Unlike bank accounts or guaranteed investment certificates (*GICs*), mutual fund units are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

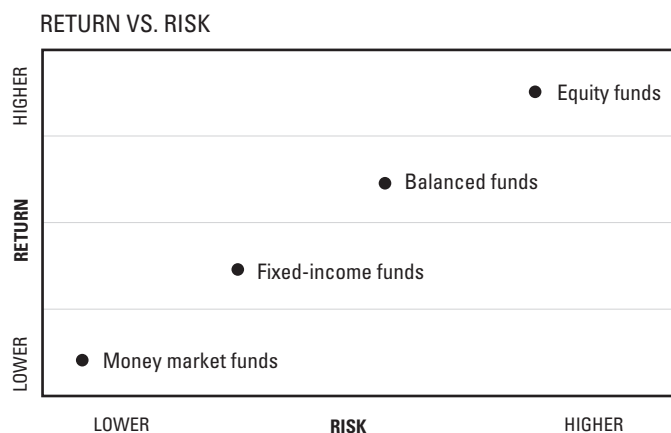
Under exceptional circumstances, you may not be able to redeem your units. See *Purchases, switches and redemptions – When you may not be allowed to redeem your units* on page 13 for more information.

Risk and return

As an investor, there is always a risk you could lose money. Mutual funds are no exception, but the degree of risk varies considerably from one mutual fund to the next. As a general rule, investments with the greatest risk have the greatest potential for gains, but also have the greatest potential for losses. The key is to recognize the risk involved with your investment, understand it, and decide whether it is a risk you are comfortable accepting.

Although the value of your investments may drop in the short term, a longer investment horizon will help to lessen the effects of short-term market volatility. A shorter investment horizon may result in you having to sell your investments in adverse conditions. Ideally, investors in equity funds should have a minimum five- to nine-year investment horizon, which generally provides enough time for the investments to overcome any short-term volatility and grow.

The following chart shows the relationship between risk and potential return. As you can see, money market funds are the least volatile and generally have the lowest returns. At the other end of the scale, equity funds are usually the most risky, but also tend to have the highest potential return.



At any given time, however, one mutual fund may outperform another. The key is to have a diversified portfolio of mutual funds to try to ensure that a decline in one mutual fund is offset by growth in another, helping to reduce risk and smooth out returns. Your advisor can help you build a portfolio that's right for you.

General investment risks

The value of mutual funds can change from day to day because the value of the securities in which they invest can be affected by changes in interest rates, the economy, financial markets or company news. As a result, when you redeem your mutual fund units, they may be worth more or less than when you bought them.

Here are some of the specific risks, listed in alphabetical order, that can affect the value of your investment in a fund. Turn to the fund descriptions starting on page 25 to find out which risks apply to each fund.

Currency risk

The funds are valued in Canadian dollars. However, funds that purchase foreign securities may be required to pay for such securities using a foreign currency and receive a foreign currency when they sell them. Such funds may also purchase foreign currencies as investments. As a result, changes in the value of the Canadian dollar compared to foreign currencies will affect the value, in Canadian dollars, of any foreign securities or foreign currencies in a fund. For example, if the Canadian dollar rises relative to the U.S. dollar, a fund's U.S. holdings will be worth fewer Canadian dollars. This decline in value may reduce, or even eliminate, any return the fund has earned. Currency exposure may increase the volatility of foreign investments relative to Canadian investments. Some funds may hedge (protect against) the risk of changes in foreign currency exchange rates of the underlying assets of the fund.

Cyber security risk

As the use of technology has become more prevalent in the course of business, mutual funds like the funds have become potentially more susceptible to operational risks through breaches in cyber security. A breach in cyber security refers to both intentional and unintentional events that may cause a fund to lose proprietary information or other information subject to privacy laws, suffer data corruption, or lose operational capacity. This in turn could cause a fund to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures and/or financial loss. Cyber security breaches may involve unauthorized access to a fund's digital information systems (e.g. through "hacking" or malicious software coding), but may also result from outside attacks such as denial-of-service attacks (i.e. efforts to make network services unavailable to intended users). In addition, cyber security breaches of a fund's third-party service providers (e.g. administrators, transfer agents, custodians and sub-advisors) or of issuers that a fund invests in can also subject a fund to many of the same risks associated with direct cyber security breaches. Like with operational risk in general, the funds have established risk management systems designed to reduce the risks associated with cyber security. However, there is no guarantee that such efforts will succeed, especially since the funds do not directly control the cyber security systems of issuers or third-party service providers.

Derivative risk

A derivative is a type of investment whose value is derived from the performance of other investments or from the movement of interest rates, exchange rates or market indices.

The funds may use derivatives as permitted by the Canadian Securities Administrators (*CSA*) as long as their use is consistent with the individual fund's investment objectives. **A fund cannot use derivatives for speculative trading or to create a portfolio with excess leverage.** If a fund uses derivatives, securities regulations require that the fund hold enough assets or cash to cover its commitments in the derivative contracts. This limits the amount of losses that could result from the use of derivatives.

There are many different types of derivatives – they usually take the form of a contract to buy or sell a specific commodity, currency, stock or market index. The most common types of derivatives are:

- › a futures or forward contract – these are agreements made today to buy or sell a particular currency, security or market index on a specific day in the future at a specified price;
- › an option contract – these are agreements that give the buyer the right, but not the obligation, to buy or sell certain securities within a certain time period, at a specified price; and
- › a swap agreement – these are negotiated contracts between parties agreeing to exchange payments based on returns of different investments. The most common type is an interest rate swap. Party A agrees to pay Party B a fixed amount based on a pre-set interest rate. In return, Party B agrees to pay Party A a floating amount based on a reference rate such as bankers acceptances or the London Inter-Bank Offered Rate (*LIBOR*).

Derivatives can help a mutual fund achieve its investment objectives and may be used in three different ways:

- › to protect against or limit the changes in the value of an investment that may result from changes in interest rates, foreign exchange rates, commodity prices and stock prices;
- › as a substitute to investing directly in a particular security or market. A mutual fund may use derivatives instead of buying the actual security because it may be cheaper or more efficient; or
- › as a substitute for investing directly in a foreign currency as part of the overall investment strategy of a mutual fund which invests in foreign securities. A portfolio manager may take the view that a currency will underperform or overperform another currency over a period of time and use currency forwards to take on currency exposure on a short- or long-term basis.

Derivatives have their own special risks. Here are some of the common ones:

- › Using derivatives for hedging may not always work and it could limit a mutual fund's potential to make a gain.
- › Using derivatives for non-hedging does not protect a mutual fund from a decline in the value of the underlying security, currency or market for which the derivative is a substitute.
- › The price of a derivative may not accurately reflect the value of the underlying currency or security.
- › There is no guarantee that a mutual fund can close out a derivative contract when it wants to. If, for example, a stock exchange imposes trading limits, it could affect the ability of a mutual fund to close out its position in derivatives. This type of event could prevent a mutual fund from making a profit or limiting its losses.
- › Derivatives traded on foreign markets may be harder to trade and may have higher credit risks than derivatives traded in North America.
- › The other party to a derivative contract may not be able to meet its obligation to complete the transaction.

Foreign investment risk

The funds may invest in companies that operate or are listed on stock exchanges in countries other than Canada. Investments in these companies may be affected by global economic and political factors, as well as the economic and political factors of the particular country or geographic region in which the issuer operates. Many countries have less stringent accounting, auditing and reporting standards than we do in Canada. Some foreign stock markets have less trading volume, which may make it more difficult to sell an investment or make prices more volatile. Certain countries may also have foreign investment or exchange laws that make it difficult to sell an investment or may impose withholding or other taxes that could reduce the return on the investment. Different financial, political and social factors could hurt the value of foreign investments, and companies operating in foreign markets may have limited product lines, markets or resources available to them. As a result, mutual funds that specialize by investing in securities of companies that are listed on stock exchanges in countries other than Canada, or in companies that operate in countries other than Canada, may experience larger and more frequent price changes in the short term.

The risks of foreign investments are generally higher in emerging markets.

Investing in China risk

Because the RBC China Equity Fund concentrates its investments in China, its performance is expected to be closely tied to social, political, and economic conditions within China and to be more volatile than the performance of more geographically diversified funds. Although the Chinese economy has grown rapidly during recent years and the Chinese government has implemented significant economic reforms to liberalize trade policy, promote foreign investment, and reduce government control of the economy, there can be no guarantee that economic growth or these reforms will continue. The Chinese economy may also experience slower growth if global or domestic demand for Chinese goods decreases significantly and/or key trading partners apply trade tariffs or implement other protectionist measures. The Chinese economy is also susceptible to rising rates of inflation, economic recession, market inefficiency, volatility, and pricing anomalies that may be connected to governmental influence, a lack of publicly available information and/or political and social instability. The government of China maintains strict currency controls in order to achieve economic trade and political objectives and regularly intervenes in the currency market. The Chinese government also plays a major role in the country's economic policies regarding foreign investments. Foreign investors are subject to the risk of loss from expropriation or nationalization of their investment assets and property, governmental restrictions on foreign investments and the repatriation of capital invested. The Chinese securities markets are subject to more frequent trading halts and low trading volume, resulting in substantially less liquidity and greater price volatility. These and other factors could have a negative impact on the RBC China Equity Fund's performance and increase the volatility of an investment in the fund.

Investing in Hong Kong risk

The RBC China Equity Fund may invest a portion of its assets in investments in Hong Kong. Investing in companies organized or traded in Hong Kong involves special considerations not typically associated with investing in countries with more democratic governments or more established economies or securities markets. China is Hong Kong's largest trading partner, both in terms of exports and imports. Any changes in the Chinese economy, trade regulations or currency exchange rates may have an adverse impact on Hong Kong's economy.

Large investor risk

The securities of a fund, including an underlying fund, may be held in significant percentages by an investor, including another mutual fund. In order to meet purchase and redemption requests by the investor, the fund may have to alter its holdings significantly and purchase or

sell investments at unfavourable prices. This can reduce the returns of the fund. The fund descriptions disclose if any investor held a significant percentage (more than 10%) of the units of a fund as at a date that is within 30 days of the date of this simplified prospectus.

If a fund experiences a "loss restriction event" (i) the fund will be deemed to have a taxation year-end for tax purposes, and (ii) the fund will become subject to the loss restriction rules generally applicable to corporations that experience an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on their ability to carry forward losses. Generally, a fund will be subject to a loss restriction event when a person becomes a "majority-interest beneficiary" of the fund, or a group of persons becomes a "majority-interest group of beneficiaries" of the fund, as those terms are defined in the affiliated persons rules contained in the *Income Tax Act* (Canada), with appropriate modifications. Generally, a majority-interest beneficiary of a fund will be a beneficiary who, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, owns interests in the fund with a fair market value that is greater than 50% of the fair market value of all the interests in the income or capital, respectively, in the fund. The *Income Tax Act* (Canada) will generally provide relief from the potential application of the loss restriction event rules to a fund that is an "investment fund" as defined therein.

Liquidity risk

Liquidity refers to the speed and ease with which an asset can be sold and converted into cash. Most securities owned by mutual funds can be sold easily and at a fair price. In highly volatile markets, such as in periods of sudden interest rate changes, certain securities may become less liquid, which means they cannot be sold as quickly or easily.

Some securities may be illiquid because of legal restrictions, the nature of the investment, certain features like guarantees or a lack of buyers interested in the particular security or market. Difficulty in selling securities may result in a loss or reduced return for a fund.

Market risk

Market risk is the risk of being invested in the equity and fixed-income markets. The market value of a fund's investments will rise and fall based on specific company developments and broader equity or fixed-income market conditions. Market value will also vary with changes in the general economic and financial conditions in countries where the investments are based.

Multiple series risk

The funds are available in more than one series of units. Each series has its own fees and expenses, which are tracked separately. Those expenses will be deducted in calculating the unit value for that series, thereby reducing its unit value. If one series is unable to pay its expenses or liabilities, the assets of the other series will be used to pay those expenses or liabilities. As a result, the unit price of the other series may also be reduced. Please see *Purchases, switches and redemptions* on page 9 and *Fees and expenses* on page 15 for more information regarding each series and how its unit value is calculated.

Quantitative investment strategy risk

The RBC QUBE Low Volatility Emerging Markets Equity Fund (the *RBC QUBE Fund*[®]) is managed using a quantitative investment process, which is an investment style in which mathematical or statistical models are used as inputs for investment decisions. Quantitative investment strategies use complex statistical models in an effort to control portfolio-level risk and to select individual stocks. Rigorous risk control and a disciplined approach to stock selection are defining characteristics of quantitative investment strategies. Although these are generally considered positive characteristics, they also introduce unique risks. The mathematical and statistical models that guide risk control and disciplined stock selection are reliant on historical data. When markets behave in an unpredictable manner, quantitative models can generate unanticipated results that may impact the performance of a fund.

Securities lending, repurchase and reverse repurchase transaction risks

The funds may enter into securities lending arrangements and repurchase and reverse repurchase transactions in accordance with the rules of the CSA. Securities lending, repurchase and reverse repurchase transactions may be entered into to generate additional income or as a short-term cash management tool to enhance the net asset value of a fund.

In a securities lending transaction, a fund lends its securities to a borrower in exchange for a fee. A repurchase agreement takes place when a fund sells a security at one price and agrees to buy it back later from the same party at a higher price. The difference between the higher price and the original price is like the interest payment on a loan. A reverse repurchase agreement is the opposite of a repurchase agreement and occurs when the fund buys a security at one price and agrees to sell it back to the same party at a higher price. The other party to a securities lending transaction, repurchase agreement or reverse repurchase agreement delivers collateral to the fund in order to secure the transaction.

Securities lending, repurchase and reverse repurchase transactions come with certain risks. If the other party to the transaction cannot complete the transaction, the fund may be left holding the collateral delivered by the other party to secure the transaction. In a securities lending or repurchase transaction, the fund could lose money if the value of collateral held and cash received does not increase as much as the securities loaned or agreed to be repurchased and the other party to the transaction cannot complete the transaction. In a reverse repurchase transaction, the fund could lose money if the value of the securities purchased drops relative to the cash and collateral delivered. To minimize these risks, the other party must provide collateral that is worth at least 102% of the value of the mutual fund's securities or cash and of the type permitted by the CSA. The value of the transactions and the collateral are monitored daily and the collateral adjusted appropriately by the securities lending agent of the funds.

The funds that enter into securities lending or repurchase transactions may not commit more than 50% of their net asset value to securities lending or repurchase transactions at any time. Securities lending transactions may be ended at any time, and all repurchase transactions and reverse repurchase transactions must be completed within 30 days.

Small-cap risk

Securities of small-cap companies tend to be traded less frequently and in smaller volumes than those of large-cap companies. As a result, the prices of shares of small-cap companies tend to be less stable than those of large-cap companies. Their value may rise and fall more sharply than other securities, and they may be more difficult to buy and sell.

Specialization risk

Some funds specialize by investing in a particular sector of the economy or part of the world or by using a specific investment style or approach, like growth, value or socially responsible investing. Specialization allows a fund to focus on a specific investment approach, which can boost returns if the particular sector, country or investment style is in favour. However, if the particular sector, country or investment style is out of favour, the value of the mutual fund may underperform relative to less specialized investments. Mutual funds that specialize tend to be less diversified, but may add diversification benefits to portfolios that do not otherwise have exposure to this specialization.

Stock connect risk

RBC China Equity Fund may invest in eligible China A-shares (*Stock Connect Securities*) listed and traded on the Shanghai Stock Exchange (SSE) and Shenzhen Stock Exchange (SZSE) through the Shanghai-Hong Kong Stock Connect program (*Stock Connect*). Stock Connect allows investors to trade and settle Stock Connect Securities via the Stock Exchange of Hong Kong Limited (HKEx) and is operated by SSE, SZSE, Hong Kong Securities Clearing Corporation Limited (HKSCC) and China Securities Depository and Clearing Corporation Limited, the central clearinghouse in the People's Republic of China. The RBC China Equity Fund may trade and settle selected securities listed on the SSE and SZSE, respectively through a HKEx and HKSCC trading link.

Stock Connect Securities generally may not be sold, purchased or transferred other than through Stock Connect in accordance with its rules and regulations. While Stock Connect is not subject to individual investment quotas, there are daily and aggregate investment quotas imposed by Chinese regulations which apply to all Stock Connect participants. These quotas may restrict or preclude a fund's ability to invest in Stock Connect Securities at the fund's preferred time.

Organization and management of the funds

This section tells you about the companies that are involved in managing or providing services to the funds. RBC GAM, Royal Mutual Funds Inc. (RMFI) and RBC Investor Services Trust (RBC IS) are wholly owned subsidiaries of Royal Bank of Canada (Royal Bank). We refer to Royal Bank and affiliated companies of Royal Bank as RBC.

<p>Manager, Principal Distributor (other than Series A units), Trustee and Portfolio Manager</p> <p>RBC Global Asset Management Inc. 155 Wellington Street West Suite 2200 Toronto, Ontario M5V 3K7</p>	<p>RBC GAM is the manager, trustee and portfolio manager of the funds. RBC GAM manages the day-to-day business of the funds, provides investment advice and portfolio management services to the funds and appoints distributors for the funds.</p> <p>RBC GAM is also the principal distributor of the funds (other than Series A units), which means that it markets, and in some circumstances, sells units of the funds.</p> <p>Each fund is a trust. When you invest in a fund, you are buying units in the trust. As trustee, RBC GAM holds title to each mutual fund’s property such as cash and securities.</p> <p>RBC GAM is the primary investment manager for the RBC® businesses serving the needs of private clients, including the RBC Funds, RBC Private Pools and PH&N Funds.</p> <p>RBC GAM does not participate in the investment management of underlying funds other than underlying RBC Funds, RBC Private Pools or PH&N Funds, as applicable.</p> <p>If a unitholder meeting is called for an underlying fund that is managed by us or an affiliate, you will have the voting rights that come with the units of the underlying fund and we will not vote the units of the underlying fund. If a unitholder meeting is called for an underlying fund that is not managed by us or an affiliate, we will exercise our discretion with regard to those voting rights in a manner consistent with the best interests of the unitholders of the fund.</p>
<p>Principal Distributor (Series A)</p> <p>Royal Mutual Funds Inc. Toronto, Ontario</p>	<p>RMFI is the principal distributor of Series A units of the funds. RMFI is an affiliate of RBC GAM.</p>
<p>Custodian</p> <p>RBC Investor Services Trust Toronto, Ontario</p>	<p>The custodian holds the assets of the funds.</p>
<p>Registrar</p> <p>Royal Bank of Canada, RBC Investor Services Trust and RBC GAM Montreal, Quebec, Toronto, Ontario and Vancouver, British Columbia</p>	<p>Royal Bank, RBC IS and RBC GAM keep a record of who owns all fund units. Royal Bank and RBC IS are affiliates of RBC GAM.</p>
<p>Auditor</p> <p>PricewaterhouseCoopers LLP, Chartered Professional Accountants Toronto, Ontario</p>	<p>As auditor, PricewaterhouseCoopers LLP, Chartered Professional Accountants, provides assurance that the funds’ annual financial statements present fairly, in all material respects, their financial position and results of operations in accordance with International Financial Reporting Standards, as applicable.</p>

<p>Securities Lending Agent RBC Investor Services Trust Toronto, Ontario</p>	<p>The securities lending agent acts on behalf of the funds in administering the securities lending transactions entered into by the funds.</p>
<p>Independent Review Committee</p>	<p>The Independent Review Committee (the <i>IRC</i>) acts as the independent review committee that the funds are required to have under Canadian securities laws. The IRC reviews and provides input on conflict of interest matters in respect of RBC GAM and the funds.</p> <p>The IRC is composed of five members and each is independent from RBC GAM, the funds and entities related to RBC GAM. The IRC prepares, at least annually, a report for unitholders that describes its activities as the independent review committee. This report is available, at no cost, on the RBC GAM website at www.rbcgam.com/en/ca or by contacting RBC GAM by email at funds.investments@rbc.com (English) or funds.investissements@rbc.com (French).</p> <p>Additional information about the IRC, including the names of the members, is available in the funds' annual information form.</p>

Purchases, switches and redemptions

How the units are valued

Each fund's units are divided into several series. Each series is divided into units of equal value. When you invest in a fund, you are actually purchasing units of a specific series of the fund.

All transactions are based on the series' net asset value per unit (*unit value*). We determine the unit value at the close of trading on each valuation day. A valuation day is defined as any day that the Toronto Stock Exchange (*TSX*) is open for business, and/or any day or days as we determine, subject to compliance with applicable securities laws. The unit values can change daily. A separate unit value is calculated for each series of units.

The unit value is the price used for all purchases and redemptions of units of that series (including purchases made on the reinvestment of distributions). The price at which units are issued or redeemed is based on the next applicable unit value determined after the receipt of the purchase, switch or redemption order.

Here is how we calculate the unit value of each series of a fund:

- › We take the fair value of all the investments and other assets allocated to the series.
- › We then subtract the liabilities allocated to that series. This gives us the net asset value for the series.
- › We divide this amount by the total number of units of the series that investors in the fund are holding. That gives us the unit value for the series.

To determine what your investment in a fund is worth, simply multiply the unit value of the series of units you own by the number of units you own.

Although the purchases and redemptions of units are recorded on a series basis, the assets attributable to all of the series of a fund are pooled to create one fund for investment purposes. Each series pays its proportionate share of fund costs in addition to its management fee and administration fee. The difference in fund costs, management fees and administration fees between each series means that each series has a different net asset value per unit.

You can get the net asset value of a fund or the net asset value per unit of a series of a fund, at no cost, on the RBC Funds website at www.rbcgam.com/en/ca or through our interactive voice response system by calling us toll-free at 1-800-463-FUND (3863) (English) or 1-800-668-FOND (3663) (French) or by sending an email to funds.investments@rbc.com (English) or funds.investissements@rbc.com (French) or by asking your dealer.

How to buy, redeem and switch

It is up to you or your investment professional, if applicable, to determine which series is appropriate for you. Different funds or series may have different minimum investment levels, may require you to pay different fees and expenses and may affect the compensation we pay to a dealer. See *Fees and expenses* on page 15 and *Dealer compensation* on page 17 for details.

Your dealer must send your order to us on the same day it is received. It is the responsibility of your dealer to transmit orders to us in a timely manner and assume all associated costs.

Series A units

Series A units are available:

- (i) through RMFI by:
 - › visiting an RBC Royal Bank* branch,
 - › calling 1-800-463-FUND (3863) (English) or 1-800-668-FOND (3663) (French) to speak to an RMFI licensed representative, or
 - › using RBC Royal Bank's Online Banking service at www.rbcroyalbank.com; or
- (ii) through other authorized dealers, including RBC Dominion Securities Inc. (*RBC DS*) and RBC Direct Investing Inc. (*RBC DI*).

Series D units

Series D units may be available to investors who have accounts with RBC DI or other discount brokers. We pay a reduced trailing commission with respect to Series D units, which means we can charge a lower management fee. RBC DI and other discount brokers do not provide investment recommendations or advice to their clients. **If you wish to transfer your holdings of units of a fund to RBC DI or another discount brokerage account, you must contact RBC DI or the other discount broker. If you hold units of a fund, other than Series D units, in an RBC DI or other discount brokerage account and become eligible to hold Series D units, you may instruct RBC DI or your discount broker to reclassify your units but it will not be done automatically.**

Series D units may also be available to investors who have accounts with Phillips, Hager & North Investment Funds Ltd. (*PH&N IF*), where the account minimums established by PH&N IF from time to time are satisfied.

Series F Units

Series F units are available to investors who have fee-based accounts with their dealers. These investors pay their dealer a fee directly for investment advice or other services. We do not pay any sales charges or trailing commissions to dealers who sell Series F units, which means that we can charge a lower management fee.

Series O units

Series O units are for individuals, institutional clients or dealers who have entered into an agreement directly with RBC GAM to purchase Series O units and who make the required minimum investment

and minimum additional investment, as determined by RBC GAM from time to time. No management fees are payable by the fund in respect of Series O units. Holders of Series O units pay a negotiated fee directly or indirectly to RBC GAM, which will not exceed 2%.

Minimum balance

For Series A, Series D and Series F units, you must invest and maintain a minimum balance for a fund. The table below outlines these minimums along with the minimum requirements for additional investments, pre-authorized purchase plans and redemptions. See *Optional services* on page 13 for more information regarding pre-authorized purchase plans.

	Minimum balance	Minimum additional investments/ pre-authorized purchase plans/ redemptions ^{1,2}
All series except for Series O units	\$500	\$25
Series O units	As determined by RBC GAM	As determined by RBC GAM

¹ Investors purchasing through dealers may be subject to higher minimum initial or additional investment/redemption amounts.

² Minimums are per transaction.

All series

If your balance falls below the minimum required balance for a particular fund or series, or you otherwise become ineligible to hold a particular fund or series, we may redeem or reclassify your units, as applicable. Where a unitholder is or becomes a citizen or resident of the United States or a resident of any other foreign country, we may require such unitholder to redeem their units if their participation has the potential to cause adverse regulatory or tax consequences for a fund or other unitholders of a fund. If we redeem, reclassify or switch your units, the effect will be the same as if you initiated the transaction. For redemptions in non-registered accounts, we may transfer the proceeds to you, and for redemptions in registered plans, we may transfer the proceeds to a registered savings deposit within the plan. We will not give you or your dealer notice prior to taking any action.

For us to act on an order to buy, redeem, reclassify or switch units, the branch, telephone salesperson or your dealer must send the order to us on the same day it is received and assume all associated costs.

If we receive your order before 4:00 p.m. Eastern Time on a valuation date (and before 1:00 p.m. Eastern Time on December 24, if that day is a valuation date), your order will be processed using that day's unit value. A separate unit value is calculated for each series of units. If we receive your order after 4:00 p.m. Eastern Time on a

* RBC Royal Bank is the brand name for personal and commercial banking in Canada, serving small and medium-sized business and mid-market commercial clients in Canada.

valuation date (and after 1:00 p.m. Eastern Time on December 24, if that day is a valuation date), your order will be processed using the next valuation date's unit value. If we determine that the unit value will be calculated at a time other than after the usual closing time of the TSX, the unit value paid or received will be determined relative to that time. All orders are processed within two business days. If you are placing your order through a dealer other than RMFI or RBC DS, the dealer may establish earlier cut-off times. Check with your dealer for details.

RBC Royal Bank customers with RMFI non-registered accounts are able to view, buy, redeem and switch units of the funds using RBC Royal Bank's Online Banking service at www.rbcroyalbank.com. Customers with RBC Royal Bank RRSP accounts are able to view, buy or switch a fund for another RBC Fund within these accounts online. For Online Banking transactions, if RMFI receives your order before 3:00 p.m. Eastern Time, you will pay or receive that day's unit price, unless a different cut-off time is established by the trustee. If RMFI receives your order after 3:00 p.m. Eastern Time, you will pay or receive the unit value on the next business day.

You have to pay for your units when you buy them. If we do not receive payment in full, we will cancel your order and redeem the units, including any units you bought through a switch. If we redeem the units for more than the value for which they were issued, the difference will go to the fund. If we redeem the units for less than the value for which they were issued, we will pay the difference to the fund and collect this amount, plus the cost of doing so, from your dealer. Your dealer may require you to reimburse the amount paid if it suffers a loss as a result.

We have the right to refuse any order to buy or switch units. We must do so within one business day from the time we receive the order. If we refuse your order to buy or switch, we will immediately return any monies we received with your order.

Short-term trading

Most mutual funds are considered long-term investments, so we discourage investors from buying, redeeming or switching units frequently.

Some investors may seek to trade fund units frequently in an effort to benefit from differences between the value of a fund's units and the value of the underlying securities (*market timing*). These activities, if undertaken by unitholders, can negatively impact the value of the fund to the detriment of other unitholders. Excessive short-term trading can also reduce a fund's return because the fund may be forced to hold additional cash to pay redemption proceeds or, alternatively, to sell portfolio holdings, thereby incurring additional trading costs.

Depending on the fund and the particular circumstances, RBC GAM will employ a combination of preventative and detective measures to discourage and identify excessive short-term trading in RBC Funds, including:

- › fair value pricing of securities held by a fund;
- › imposition of short-term trading fees; and
- › monitoring of trading activity and refusal of trades.

See *Purchases, switches and redemptions – Short-term trading fees* below.

Fair value pricing

The TSX closes at 4:00 p.m. Eastern Time. We use the market value for securities as of 4:00 p.m. Eastern Time to price the North American securities held in the funds' portfolios. However, the trading hours for most foreign (i.e. non-North American) securities end prior to the 4:00 p.m. Eastern Time close of the TSX. For example, the most recent closing price for a security which trades primarily in Asian markets may be as much as 15 hours old at 4:00 p.m. Eastern Time. Therefore, we have procedures in place to fair value foreign securities traded in countries outside North America daily, to avoid stale prices and to take into account, among other things, any significant events occurring after the close of a foreign market. Accordingly, the value calculated on fair valued securities for purposes of calculating a fund's net asset value may differ from that security's most recent closing market price. As a means of evaluating our fair value process, we will routinely compare closing market prices, the next day's opening prices in the same markets, and adjusted fair value prices. These procedures are designed to minimize the potential for market timing strategies, which are largely focused on funds with significant holdings of foreign securities. They may also be used in respect of foreign securities held by an underlying fund in which a fund may invest, indirectly affecting the net asset value of the fund.

See *Valuation of securities held by a fund* in the funds' annual information form for information about other circumstances in which we may fair value securities held by a fund.

Short-term trading fees

A fee of 2% of the amount redeemed or switched will be charged if you invest in units of a fund for a seven-day period or less.

Fees charged will be paid directly to the fund, and are designed to deter excessive trading and offset its associated costs. For the purposes of determining whether the fee applies, we will consider the units that were held the longest to be the units which are redeemed first. The fee will not apply in certain circumstances, including:

- › pre-authorized, auto switch or systematic withdrawal plans;
- › redemptions of units purchased by the reinvestment of distributions;
- › reclassification of units from one series to another series of the same fund; or
- › redemptions initiated by RBC GAM, another RBC Fund or a mutual fund where redemption notice requirements have been established by RBC GAM.

Monitoring of trading activity

We regularly monitor transactions through individual and omnibus accounts in all of the RBC Funds. We have established criteria for each fund that we apply fairly and consistently in an effort to eliminate trading activity that we deem potentially detrimental to long-term unitholders. We have the right to restrict or reject any purchase or switch order without any prior notice, including transactions accepted by your dealer.

Generally speaking, your trading may be considered excessive if you sell or switch your units of an RBC Fund within 90 days of buying them on more than one occasion.

We have the right to consider trading activity in multiple accounts under common ownership, control or influence as trading in a single account when exercising our right to reject a purchase or switch. **Whether your trading is considered excessive will be determined by RBC GAM in its sole discretion.**

Purchases

The units of the funds are no load, which means you can buy, redeem or switch units of a fund through certain dealers without paying a sales charge. See *Fees and expenses* on page 15 and *Dealer compensation* on page 17 for more information.

We may limit or “cap” the size of a fund by restricting new purchases, including units bought through switches. We will continue to permit redemptions and the calculation of the fund’s unit value for each series. We may subsequently decide to start accepting new purchases or switches to that fund at any time.

What else you need to know

We will not accept orders to buy units during a period when we have suspended the right of unitholders to redeem units. See *Purchases, switches and redemptions – When you may not be allowed to redeem your units* below for details.

Switches

You can switch units from one RBC Fund to another RBC Fund as long as you maintain the relevant minimum balance in each fund. You can only switch between units of RBC Funds denominated in the same currency.

Once we receive your order to switch, we will redeem your units in the fund from which you are switching and use the proceeds to buy units of the other RBC Fund to which you are switching.

Switching to or from a mutual fund trust is considered a disposition and may result in a capital gain or loss for tax purposes in a non-registered account. **You are responsible for tracking and reporting to the Canada Revenue Agency (CRA) any capital gain or loss that you realize.**

Reclassifications

You can reclassify from one series of units of a fund to another series of units of the same fund, as long as you are eligible to hold that series of units. This is called a reclassification.

You may have to pay a fee to your dealer to effect such a reclassification. You negotiate the fee with your investment professional. See *Fees and expenses* on page 15 for details.

The value of your investment, less any fees, will be the same immediately after the reclassification. You may, however, own a different number of units because each series may have a different unit value. Reclassifying units from one series to another series of the same fund is not a disposition for tax purposes.

Redemptions

You can instruct your dealer to sell some or all of your units at any time. This is called a redemption. Redemptions will only be permitted in certain minimum amounts. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 9 for details. Your dealer must send your redemption request on the same day it is received. The dealer must assume all associated costs. Redemption requests for a fund are processed in the order in which they are received. We will not process redemption requests specifying a forward date or specific price.

Your redemption or switch transaction will not be processed until your dealer has received all documentation. Your dealer will inform you of the documentation it requires. Your dealer must provide all required documents within 10 business days of the date your redemption order is processed. If not, we will repurchase the units

for your account. If the cost of repurchasing the units is less than the redemption proceeds, the fund will keep the difference. If the cost of repurchasing the units is more than the redemption proceeds, your dealer must pay the difference and any related costs. Your dealer may require you to reimburse the amount paid if the dealer suffers a loss.

If you redeem units of a fund, you can tell us to mail you a cheque or transfer the proceeds to your bank account with any financial institution. **For non-registered accounts, you are responsible for tracking and reporting to the CRA any capital gains or losses that you realize from redeeming or switching units of a fund.** If you hold your funds in a registered plan, withholding tax may apply if you withdraw money from the plan.

When you may not be allowed to redeem your units

Under extraordinary circumstances, you may not be allowed to redeem your units. We may suspend your right to redeem if:

- › normal trading is suspended on any stock exchange or market where more than 50% of the assets of a fund are listed or traded; or
- › we get permission from the CSA to allow us to temporarily suspend the redemption of units.

Optional services

This section tells you about the optional services we offer to investors.

Pre-authorized purchase plan

If you want to invest in a fund on a regular basis, you can use our pre-authorized purchase plan.

Here is how the plan works:

- › See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 9 for the minimum initial investment and the minimum additional investments required for each fund or series.
- › If you do not invest the minimum balance amount, you must build up to the minimum balance within one year.
- › You can invest weekly, bi-weekly, semi-monthly, monthly, quarterly, semi-annually or annually, depending on the kind of account you have. For more information, please ask your dealer.
- › We will automatically transfer money from your bank account with any financial institution to purchase units in the fund you choose.
- › We will cancel your plan if your payment is returned because there are not sufficient funds in your bank account.

Auto switch investment plan

If you want to switch from one fund to other RBC Funds on a regular basis, you can use our auto switch investment plan.

Here is how the plan works:

- › You can switch from one fund to another RBC Fund or you can switch from one fund to multiple RBC Funds.
- › You must meet the minimum balance requirements of the RBC Fund or RBC Funds into which you are switching. See *Purchases, switches and redemptions – How to buy, redeem and switch* for the minimum balance requirements for each fund.
- › You can switch weekly, bi-weekly, semi-monthly, monthly, quarterly, semi-annually or annually, depending on the kind of account you have. For more information, please ask your dealer.

Remember, switching to or from a mutual fund trust is considered a disposition and may result in a capital gain or loss for tax purposes in a non-registered account. You are responsible for tracking and reporting to the CRA any capital gain or loss that you realize.

Automatic reinvestment of distributions

If you hold units of a fund in a registered plan or a tax-free savings account (TFSA) offered through RBC Royal Bank or RBC DS, distributions will automatically be reinvested in additional units of the fund.

For non-registered accounts held with RMFI or RBC DS, all distributions will be reinvested in additional units of the fund unless you tell RMFI or RBC DS that you want to receive them in cash.

If you hold your account with another dealer, please contact your dealer to find out how the reinvestment of distributions is managed.

Systematic withdrawal plan

If you would like to make regular withdrawals from your non-registered investment in a fund, you can open a systematic withdrawal plan.

Here is how the plan works:

- › You must have at least \$10,000 in your non-registered account to set up a systematic withdrawal plan.
- › You can choose to withdraw a minimum of \$100 weekly, bi-weekly, semi-monthly, monthly, quarterly, semi-annually or annually, depending on the kind of account you have. For more information, please ask your dealer.
- › We will deposit the money directly to your bank account.

- › If you decide to discontinue your systematic withdrawal plan and your investment is below the minimum balance for a fund, we may ask you to increase your investment to the minimum amount or to redeem your remaining investment in the fund.

It is important to remember that if you withdraw more than your investment is earning, you will reduce and eventually use up your original investment. Remember, a systematic withdrawal plan is like a redemption. You are responsible for tracking and reporting to the CRA any capital gains or losses you realize on units disposed of.

Registered plans and tax-free savings accounts

Units of the funds may be purchased within all registered plans and TFSA's. See *Income tax considerations for investors – For fund units held in a registered plan or TFSA* on page 19.

Registered plans include Registered Retirement Savings Plans (*RRSPs*), Group Registered Retirement Savings Plans (*GRSPs*), Registered Retirement Income Funds (*RRIFs*), Registered Education Savings Plans (*RESPs*), Registered Disability Savings Plans (*RDSPs*) and Deferred Profit Sharing Plans (*DPSPs*).

Registered plans receive special treatment under the *Income Tax Act* (Canada). A key benefit is that you do not pay tax on the money you earn in these plans until you withdraw it. TFSA's receive generally similar treatment under the *Income Tax Act* (Canada); however, withdrawals from a TFSA are not taxable. In addition, contributions to an RRSP are deductible from your taxable earnings up to your allowable limit. You should consult your tax advisor for more information about the tax implications of registered plans and TFSA's.

Fees and expenses

This section outlines the fees and expenses you may pay directly or indirectly when you invest in the funds. The funds pay some fees and expenses which you pay indirectly because they reduce the value of your investment.

FEES AND EXPENSES PAYABLE BY THE FUNDS

<p>Management fees</p>	<p>RBC GAM, as manager of the funds, is entitled to a management fee payable by each fund. The management fee is calculated and accrued daily on the net asset value of each series of units of a fund and varies for each series of units of a fund. See the <i>Fees and expenses</i> information in the <i>Fund details</i> table for each of the funds in this simplified prospectus.</p> <p>RBC GAM, in its capacity as manager of each fund, manages the day-to-day business of each fund. This includes, but is not limited to, negotiating contractual agreements with and oversight of service providers, preparing reports to unitholders and securities regulatory authorities, arranging for distribution and appointment of distributors for the funds, paying trailing commissions and conducting certain marketing activities. RBC GAM acts as principal portfolio manager of each fund, managing the investment portfolios and executing portfolio transactions for each fund.</p> <p>Investment in underlying funds</p> <p>Fees and expenses are payable by the underlying funds in which each fund may invest, in addition to the fees and expenses payable by the fund. The management fees disclosed in the <i>Fund details</i> table of each fund are the total management fees paid by the fund whether they are charged at the level of the fund or at the level of the underlying fund, as applicable. However, no management fees or incentive fees are payable by a fund that, to a reasonable person, would duplicate a fee payable by the underlying funds of that fund for the same service. In addition, a fund will not pay any sales fees or redemption fees upon a purchase or redemption of securities of any underlying fund which is an RBC Fund or a fund managed by an affiliate of RBC GAM. In respect of underlying funds which are not RBC Funds, a fund will not pay any sales fees or redemption fees to the underlying fund which, to a reasonable person, would duplicate a fee payable by an investor in the fund.</p>
<p>Operating expenses</p>	<p>Administration fee and other fund costs</p> <p>RBC GAM pays certain operating expenses of the funds. These expenses include regulatory filing fees and other day-to-day operating expenses including, but not limited to, annual fees, meeting fees and reimbursement for expenses to members of the IRC, recordkeeping, accounting and fund valuation costs, custody fees, audit and legal fees and the costs of preparing and distributing annual and interim reports, prospectuses, fund facts and statements and investor communications.</p> <p>In return, each fund pays a fixed administration fee to RBC GAM. The administration fee is calculated and accrued daily on the net asset value of each series of units of a fund and may vary by series of units and by fund. The administration fee paid to RBC GAM by a fund in respect of a series may, in any particular period, exceed or be lower than the operating expenses paid by RBC GAM for that series of the fund. See the <i>Fees and expenses</i> information in the <i>Fund details</i> table for each fund in this simplified prospectus.</p>

	<p>Each fund also pays certain operating expenses directly, including any IRC costs and expenses that are not related to annual fees, meeting fees and reimbursement for expenses to members of the IRC, the cost of any new government or regulatory requirements and any borrowing costs (collectively, <i>other fund costs</i>), and taxes (including, but not limited to, federal goods and services tax (<i>GST</i>) or the harmonized sales tax (<i>HST</i>), as applicable). Other fund costs will be allocated among funds and among each series of units of a fund in a fair and equitable manner in accordance with the services used.</p> <p>RBC GAM may, in some years and in certain cases, pay a portion of a series' administration fee or other fund costs. The decision to absorb the administration fee or other fund costs is determined at the discretion of RBC GAM, without notice to unitholders.</p> <p>The administration fee and other fund costs and any fees and expenses of the relevant underlying fund, if any, are included in the management expense ratio (<i>MER</i>) of a fund.</p> <p>Effect of GST/HST on MERs A fund is required to pay GST/HST on management fees and administration fees charged to the fund. In general, the GST/HST rate depends on the residence of a fund's unitholders at a certain point in time. Changes in existing GST/HST rates, changes to which provinces impose GST/HST and changes in the breakdown of the residence of a fund's unitholders will have an impact on the MER of a fund year over year.</p> <p>Independent Review Committee The IRC acts as the independent review committee of the funds and other RBC Funds. Each IRC member is entitled to receive an annual fee of \$55,000 (\$65,000 for the Chair), a meeting fee of \$5,000 for each regularly scheduled IRC meeting and \$1,500 for additional meetings by conference call. Each member of the IRC is also reimbursed for expenses in connection with performing his or her duties in this regard. These fees and expenses are operating expenses paid by RBC GAM, and in return, each fund pays a fixed administration fee to RBC GAM.</p>
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FEES AND EXPENSES PAYABLE DIRECTLY BY YOU

Sales charges	The units of the funds are no load, which means you can buy, redeem or switch units through certain dealers without paying a sales charge.
Fees for switches and reclassifications	There is no fee payable to RBC GAM for reclassifying your units from one series to another series of the same RBC Fund. The RBC Funds will charge a short-term trading fee if you switch your units within seven days of buying them. Please see <i>Short-term trading fees</i> on page 11 of this simplified prospectus.
Redemption fees	You pay no sales charge when you redeem units of a fund. The funds will charge a short-term trading fee if you redeem your units within seven days of buying them. Please see <i>Short-term trading fees</i> on page 11 of this simplified prospectus.

Short-term trading fees	Please see <i>Short-term trading fees</i> on page 11 of this simplified prospectus.
Registered tax plan and TFSA fees	Fees may be payable to your dealer if you transfer an investment within a registered plan to another financial institution. None of these fees is paid to RBC GAM.
Other fees and expenses	You may have to reimburse your dealer if it suffers a loss as a result of our having to redeem your units for insufficient payment. See <i>Purchases, switches and redemptions – How to buy, redeem and switch</i> on page 9 of this simplified prospectus.

Impact of sales charges

The following table shows the fees that you would pay:

- › if you invested \$1,000 in Series A, Series D, Series F or Series O units of a fund; and
- › if you held that investment for one, three, five or 10 years and you redeemed the entire investment immediately before the end of that period.

	Fee at time of purchase	Redemption fee before end of:			
		1 year	3 years	5 years	10 years
Series A	Nil	Nil	Nil	Nil	Nil
Series D	Nil	Nil	Nil	Nil	Nil
Series F	Nil	Nil	Nil	Nil	Nil
Series O	Nil	Nil	Nil	Nil	Nil

You do not pay a sales charge when you buy, redeem, switch or reclassify units of a fund.

Because no sales charges and no redemption fees apply to units of the funds, a meeting of unitholders is not required to be held to approve the introduction of a fee or expense that could result in an increase in charges to a series of a fund or unitholders of a fund, or any changes in the basis of calculation of a fee or expense that is charged to a series of the fund in a way that could result in an increase in charges to a series of a fund or unitholders of a fund. Any such changes will only be made if notice is mailed to the applicable unitholders at least 60 days prior to the valuation date on which the increase is to take effect.

Dealer compensation

How your investment professional and dealer are paid

Your investment professional usually is the person through whom you purchase the funds. Your investment professional could be a broker, financial planner or advisor who is registered to sell mutual funds. Your dealer is the firm for which your investment professional works.

For Series A units

Series A units are no load. That means you pay no sales charges if you buy, redeem or switch your units. The funds will charge a short-term trading fee if you redeem your units within seven days of buying them. Please see *Short-term trading fees* on page 11 of this simplified prospectus.

For Series D units

Series D units are no load. That means you pay no sales charges if you buy, redeem or switch your units. The funds will charge a short-term trading fee if you redeem your units within seven days of buying them. Please see *Short-term trading fees* on page 11 of this simplified prospectus.

For Series F units

You do not pay sales charges on Series F units, nor do we pay trailing commissions to your dealer in respect of Series F units. Your advisor or dealer negotiates a fee directly with you for the services they provide. The funds will charge a short-term trading fee if you redeem your units within seven days of buying them. Please see *Short-term trading fees* on page 11 of this simplified prospectus.

For Series O units

You do not pay sales charges on Series O units. The funds will charge a short-term trading fee if you redeem your units within seven days of buying them. Please see *Short-term trading fees* on page 11 of this simplified prospectus.

Trailing commissions

We pay dealers an ongoing annual service fee, known as a “trailing commission,” as long as you hold your investment, based on the total value of Series A or Series D units their clients hold in a fund according to the following table:

RBC Fund	Annual trailing commission for Series A units	Annual trailing commission for Series D units
RBC QUBE Low Volatility Emerging Markets Equity Fund	1.00%	0.25%
RBC China Equity Fund	1.00%	0.25%

We do not pay trailing commissions on Series F or Series O units.

These service fees paid to your dealer depend on the fund you choose. We may change the terms of the service fee paid to your dealer without informing you. Dealers typically pay a portion of the service fee they receive to their investment professionals for the services they provide to their clients.

We also pay trailing commissions to the discount broker for all series of securities you purchase through your discount brokerage account.

Other forms of dealer support

We may participate in co-operative advertising programs with dealers to help them market the funds. We may use part of the management fee to pay up to 50% of the cost of these advertising programs in accordance with rules set out in National Instrument 81-105 – *Mutual Fund Sales Practices*.

Royal Bank owns, directly or indirectly, 100% of RMFI, RBC GAM, RBC DS, RBC DI and PH&N IF, which are principal distributors and/or participating dealers in respect of certain series of units of the funds.

Dealer compensation from management fees

We cannot provide information regarding the use of management fees to pay for dealer commissions or other marketing, promotional or educational activities in respect of the funds because the funds were created on January 28, 2020.

Income tax considerations for investors

This section describes how your investment in a fund will be subject to Canadian income tax. This description assumes that:

- › you are a Canadian resident individual (other than a trust) for Canadian tax purposes; and
- › you deal with the funds at arm’s length;
- › you hold your units as capital property.

Everyone’s tax situation is different. You should consult your tax advisor about your individual situation.

A fund generally pays no income tax as long as it distributes its net investment income and net realized capital gains, if any, to its unitholders every year. Each series of the funds intends to distribute sufficient income and capital gains each year so it will not have to pay income tax and may also make an additional distribution at the end of each taxation year to achieve this result. The funds can make other distributions, including distributions out of capital.

If a fund is not a mutual fund trust under the *Income Tax Act* (Canada) throughout a taxation year, the fund (i) may become liable for alternative minimum tax under the *Income Tax Act* (Canada) in such year, (ii) will not be eligible for capital gains refunds under the *Income Tax Act* (Canada), (iii) may be subject to the “mark-to-market” rules contained in the *Income Tax Act* (Canada) and (iv) may be subject to a special tax under Part XII.2 of the *Income Tax Act* (Canada) in such year. Any fund that is a “registered investment” under the *Income Tax Act* (Canada) does not intend to make any investment which would result in the fund becoming subject to tax under Part X.2 of the *Income Tax Act* (Canada). See *For fund units held in a registered plan or TFSA – Eligibility* on page 19.

How you can earn money from your investment

Your investment in a fund can earn money from:

- › distributions of any income the fund earns or capital gains it realizes; and
- › any capital gains you realize when you redeem or switch your units of a fund.

Income includes dividends and interest the fund earns from its investments as well as gains from its investments in certain derivatives. Income distributions may vary as a result of the timing of recognition of gains and losses from investments in derivatives. The fund may realize capital gains or losses when it sells its investments. Where applicable, a fund can earn income through distributions on units from underlying funds and can receive capital gains through distributions of capital gains from underlying funds. A fund can also realize capital gains or losses when it sells units of underlying funds, or other investments it holds directly.

How your investment is taxed

The tax you pay on your investment depends on whether or not you hold your units in a registered plan, such as an RRSP, RRIF, DPSP, RDSP and RESP, or TFSA.

For fund units held in a registered plan or TFSA

Eligibility

Units of the funds will at all relevant times be qualified investments for trusts governed by registered plans and TFSAs.

In the case of a TFSA, RRSP, RESP, RDSP and RRIF, provided that you do not hold a significant interest in a fund, and provided that you deal at arm's length with the fund for purposes of the *Income Tax Act* (Canada), the units of the fund will not be a prohibited investment for your TFSA, RRSP, RESP, RDSP or RRIF. Generally, you will not be considered to have a significant interest in a fund unless you own 10% or more of the value of the fund's outstanding units, either alone or together with persons and partnerships with which you do not deal at arm's length. Under a safe harbour rule for newly established mutual funds, the units of each of the funds are not expected to be a prohibited investment for your TFSA, RRSP, RESP, RDSP and RRIF at any time during the first 24 months of the fund's existence. Unitholders should consult with their tax advisors regarding whether an investment in a fund may be a prohibited investment for a TFSA, RRSP, RESP, RDSP and RRIF in their particular circumstances.

Distributions and capital gains

If you hold your units of a fund through a registered plan or TFSA, you will not pay tax on distributions or gains so long as they remain within the plan. However, any withdrawals or distributions from your registered plan may be subject to tax (other than a return of contributions from an RESP or certain withdrawals from an RDSP). Withdrawals from a TFSA are not taxable.

About RESPs

RESPs are designed to help families save for their children's education. Contributions to an RESP are not tax deductible, but any income and capital gains earned in the RESP are tax-free until payments are made from the plan. The beneficiary must pay tax on amounts he or she receives from the RESP. The original contributions can be withdrawn by the contributor tax-free at any time.

Contributions are limited to a lifetime limit of \$50,000 for each beneficiary. This limit includes all contributions made by all contributors to RESPs for a particular beneficiary. You will have to pay a penalty tax of 1% a month on any contributions above this limit.

Contributions to an RESP may qualify for Canada Education Savings Grants. These grants are payable directly to the RESP, within certain

limits. They must be repaid in some circumstances, for example, when contributions are withdrawn in certain circumstances. In addition, beneficiaries may also be eligible for the Canada Learning Bond.

Under certain circumstances, including if the beneficiary of the RESP does not pursue a higher education by age 21 and the RESP has been established for at least 10 years, a contributor can transfer up to \$50,000 of the RESP's accumulated income and capital gains to the contributor's RRSP or spousal RRSP without having to include the transferred amount in the contributor's personal income. This assumes the contributor has enough unused RRSP contribution room. The contributor can also receive all or part of the payout of the RESP's accumulated income and capital gains as personal income. A 20% penalty tax applies to these payments in addition to any regular income tax payable.

For fund units held in a non-registered account

Distributions

- › If you hold your units of a fund outside a registered plan, in calculating your income each year you must take into account the amount of any distributions paid or payable by the fund, whether you receive the distributions in cash or you reinvest them in units of the fund. Any amount reinvested in additional units of a fund will be added to the adjusted cost base of your units.
- › Distributions from a fund are treated as ordinary income, capital gains, foreign income, dividends (including eligible dividends) from Canadian companies or non-taxable amounts (including a return of capital). Each type of distribution is taxed differently, with distributions that are treated as dividend income, capital gains or a return of capital being treated more favourably than other distributions.
- › You will be informed each year of the type of distributions paid to you and what amounts are treated as taxable capital gains, taxable dividends (including eligible dividends) on shares of Canadian companies, foreign income and non-taxable amounts (including a return of capital), and the amount of any foreign taxes paid by the fund for which you may be able to claim a credit for tax purposes to the extent permitted by the *Income Tax Act* (Canada), where those items are applicable.
- › The net asset value of the units of a fund may include income and/or capital gains that have been earned but not yet distributed. If you buy units of a fund just before it makes a distribution, such as just before a year-end distribution, and you become entitled to receive that distribution, you will be taxed on that distribution payment even though it may have been reflected in the price you paid for your units.

- › If you redeem your units partway through a distribution period, you will not receive a distribution for those units as entitlement to distributions depends on holding units at the time of the distribution. However, a portion or all of the distribution amount will be reflected in the price you received for selling your units.
- › Distributions reduce a fund's unit value.
- › Distributions made by a fund from gains on certain derivatives are considered ordinary income, not capital gains.

If you pay management fees directly in respect of units of a fund held outside a registered plan, you should consult your own tax advisor with respect to the deductibility of such management fees in your own particular circumstances.

Calculating your capital gains or losses when you redeem your units

You are responsible for tracking and reporting to the CRA in Canadian dollars any capital gains or losses that you realize in respect of a non-registered account. Your capital gain or loss for tax purposes on a redemption or switch of units, generally including a redemption on termination of the fund (including where the unitholder receives units of another fund), is the difference between the amount you receive for the redemption or switch (less any costs of a disposition such as fees) and the adjusted cost base of those units. One half of a capital gain or a capital loss is taken into account in determining taxable capital gains and allowable capital losses, respectively. The amount of a taxable capital gain is included in your income. Allowable capital losses are only deductible against taxable capital gains subject to and in accordance with detailed tax rules. You may also realize capital gains or losses on units redeemed to pay any fees in connection with switches or short-term trading fees.

If you have purchased units at various times, you will likely have paid various prices. This includes units you received through reinvested distributions, switches or reclassifications. Your adjusted cost base of a unit of a series is the weighted average price paid per unit calculated in Canadian dollars. Below is an example of how to calculate the adjusted cost base of your units of a series of a fund:

For units denominated in Canadian dollars:

- › Suppose you own 1,000 units of a series of a fund for which you paid \$10 each. That is \$10,000.
- › Now suppose you bought another 100 units of the same series of the same fund at \$12 each. That is \$1,200.
- › You have spent \$11,200 for 1,100 units of the fund.
- › Your new adjusted cost base is \$11,200 divided by 1,100 units or \$10.18 per unit.

A reclassification of units from one series to another series of the same fund is not considered to be a disposition of the former units. As such, you can reclassify units from one series to another series of the same fund without triggering a capital gain or capital loss. While your adjusted cost base per unit will change, the total adjusted cost base of your units will not.

If you switch your units of one RBC Fund to units of another RBC Fund, the transaction will be treated as a disposition of the switched units and an acquisition of the new units. Therefore, on such a switch, you may realize a capital gain or loss and the adjusted cost base of your investment may change.

Generally, a distribution in excess of a fund's income and capital gains, such as a return of capital, will be treated as a non-taxable amount. Return of capital represents a return to the unitholder of a portion of their own invested capital. This amount will not be included in your income but will reduce the adjusted cost base of your units in the fund, unless the fund elects to treat such amounts as a distribution of income. Upon reinvestment in additional units, such amounts will increase the total adjusted cost base of your units. If reductions to your adjusted cost base of units for the year result in your adjusted cost base becoming a negative amount, that amount will be treated as a capital gain realized by you in that year and your adjusted cost base of the units will become zero.

If you sell your units of a fund for a capital loss and you, your spouse or a person affiliated with you (including a corporation that you own) has bought units of the fund within 30 days before or after you sell your units, such loss may not be deductible by you against your capital gains. In such case, the amount of such loss is added to the adjusted cost base of the newly acquired units.

You should keep a detailed record of the purchase cost of your units and distributions you receive on those units so you can calculate their adjusted cost base. Appropriate adjustments will have to be made in the event of a consolidation or split of units. You may want to consult a tax advisor about your own circumstances.

Portfolio turnover rate

In general, the higher the portfolio turnover rate in a year, the greater the chance that a unitholder may receive a distribution that must be included in income for the year. If reinvested, this amount will be added to the adjusted cost base of the unitholder's units for tax purposes. There is not necessarily a relationship between a high turnover rate and the performance of a mutual fund. However, a high turnover rate will increase trading costs, which are expenses payable by the fund.

International information reporting

Pursuant to the Intergovernmental Agreement for the Enhanced Exchange of Tax Information under the Canada-U.S. Tax Convention entered into between Canada and the United States (the *IGA*), and related Canadian legislation, the funds and their intermediaries are required to report to the CRA certain information, including certain financial information (e.g. account balances), with respect to unitholders (excluding registered plans such as RRSPs) who are, or whose controlling persons are, U.S. residents, U.S. citizens (including U.S. citizens who are residents or citizens of Canada), or certain other "U.S. Persons" as defined under the IGA. Intermediaries and/or entities that hold units directly or indirectly may have different disclosure requirements under the IGA. The CRA will then exchange the information with the U.S. Internal Revenue Service pursuant to the provisions and safeguards of the Canada-U.S. Tax Convention.

In addition, pursuant to rules in the *Income Tax Act* (Canada) implementing the Organisation for Economic Co-operation and Development Common Reporting Standard (the *CRS Rules*) a fund and its intermediaries are required under Canadian legislation to identify and report to the CRA certain information, including financial information (e.g. account balances), relating to the funds' unitholders (other than registered plans and TFSAs) who are, or whose controlling persons are, resident in a country outside Canada (other than the United States). Intermediaries and/or entities that hold units directly or indirectly may have different disclosure requirements under the CRS Rules. Such information would then be available for sharing by the CRA with the countries where such unitholders are resident under the provisions and safeguards of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters or the relevant bilateral tax treaty.

What are your legal rights?

Securities legislation in some provinces gives you the right to withdraw from an agreement to buy mutual funds within two business days of receiving the simplified prospectus or fund facts, or to cancel your purchase within 48 hours of receiving confirmation of your order.

Securities legislation in some provinces and territories also allows you to cancel an agreement to buy mutual fund units and get your money back, or to make a claim for damages if the simplified prospectus, annual information form, fund facts or financial statements misrepresent any facts about the fund. These rights must usually be exercised within certain time limits.

For more information, refer to the securities legislation of your province or territory or consult your lawyer.

Specific information about each of the mutual funds described in this document

How to read these fund descriptions

Fund details

This table gives you a brief summary of each fund. It describes what type of mutual fund it is, when it was established and the series of units that the fund offers. The table also highlights that units of the fund are a qualified investment for registered plans (such as RRSPs, GRSPs, RESPs, RRIFs, RDSPs or DPSPs and TFSAs). You will find more information about registered plans and TFSAs on page 14. It also tells you the name of the portfolio sub-advisor, if there is one, and the management fee and administration fee for each series of the fund.

What does the fund invest in?

Investment objectives

This section outlines the investment objectives of each fund and the type of securities in which the fund may invest to achieve those investment objectives. A fund's objectives may include capital preservation, generating income, capital growth or a combination of the three. Some funds focus on tax efficiency or diversification across asset classes, while others take a focused investment theme, investing in a particular country or sector as their objective.

Investment strategies

This section describes the principal investment strategies that the portfolio manager uses to achieve the fund's investment objectives. It gives you a better understanding of how your money is being managed. The format also allows you to compare more easily how different mutual funds are managed.

This section also highlights:

- › any significant investment restrictions adopted by the fund; and
- › the potential use of derivatives and a description of how they will be used.

Regulatory relief from investment restrictions

RBC GAM has received relief from applicable securities legislation to engage in certain transactions as described below. Such transactions must be consistent with the investment objectives of a fund and related issuer and related dealer transactions must be carried out in accordance with any instructions of the IRC of the fund.

Additional information about the relief described below, as well as certain other relief, is contained in the annual information form.

Use of derivatives

A fund is permitted to:

- › use additional portfolio assets to those contemplated under National Instrument 81-102 – *Investment Funds* as cash cover in respect of derivative transactions; and
- › use a right or obligation in respect of the underlying interest as cover in respect of derivative transactions, in addition to cash cover.

A fund which invests in foreign securities may use derivatives for non-hedging purposes in order to gain exposure to foreign currencies. The fund's exposure to non-hedging currency transactions will not exceed 7.5% of the assets of the fund, unless otherwise indicated under the *Investment strategies* section of a fund. See *What is a mutual fund and what are the risks of investing in a mutual fund? – Derivative risk* on page 4 for more information about derivative risk.

Purchase of debt securities

A fund is permitted to:

- › purchase debt securities of a related issuer which are not traded on an exchange if the purchase is made in the secondary market;
- › purchase debt securities from and sell debt securities to related dealers that are principal dealers in the Canadian or international debt securities market; and
- › purchase and hold debt securities issued by a related party in a primary offering (other than asset-backed commercial paper securities) with a term to maturity of 365 days or more.

Related party underwritings

A fund is permitted to purchase (i) equity securities (both on an exchange and on a private placement basis) in specified jurisdictions and (ii) debt securities that do not have a "designated rating," for which a related dealer has acted as underwriter, subject to IRC approval and certain other conditions, during the distribution and for 60 days thereafter.

Purchase of German exchange traded funds

A fund whose investment objectives and strategies contemplate exposure to European equities is permitted pursuant to exemptive relief to invest in the securities of certain investment funds that are qualified as Undertakings for Collective Investment in Transferable Securities pursuant to the UCITS IV Directive (2009/65/EC), listed on the Frankfurt Stock Exchange and managed by BlackRock Asset Management Deutschland AG (*German ETFs*).

Purchase of United Kingdom listed exchange traded funds

A fund is permitted pursuant to exemptive relief to invest in the securities of certain investment funds that are qualified as Undertakings for Collective Investment in Transferable Securities

pursuant to the UCITS IV Directive (2009/65/EC), listed on the London Stock Exchange and managed by BlackRock Asset Management Ireland Limited (*UK Listed ETFs*).

Purchase of RBC exchange traded funds

Subject to certain conditions, a fund is permitted pursuant to exemptive relief to:

- › purchase a security of an underlying exchange traded fund (*ETF*) or enter into a specified derivatives transaction with respect to an underlying ETF even though, immediately after the transaction, more than 10% of the net asset value of the fund would be invested, directly or indirectly, in the securities of the underlying ETF;
- › purchase securities of an underlying ETF such that, after the purchase, the fund would hold securities representing more than 10% of: (i) the votes attaching to the outstanding voting securities of the underlying ETF; or (ii) the outstanding equity securities of the underlying ETF;
- › invest in exchange-traded mutual funds that are not subject to National Instrument 81-101 – *Mutual Fund Prospectus Disclosure*; and
- › pay brokerage commissions in relation to its purchase and sale on a recognized exchange of exchange-traded mutual funds that are managed by RBC GAM or an affiliate of RBC GAM.

What are the risks of investing in the fund?

Understanding risk and your comfort with risk is an important part of investing. This section highlights the specific risks of each fund. We have also listed the risks in the order of relevance for each fund. You will find general information about the risks of investing and descriptions of each specific risk in *What is a mutual fund and what are the risks of investing in a mutual fund?* on page 2.

Who should invest in this fund?

This section explains the type of investor for whom the fund may be suitable. As an investor, the most important part of your financial plan is understanding:

- › your objectives – what are you expecting from your investments – income, growth or a balance of the two;
- › your investment time horizon – how long are you planning to invest; and
- › your risk tolerance – how much volatility in your investment are you able to accept.

When looking at each fund, you should also consider how the fund will work with your other investment holdings. For instance, if you are considering an aggressive growth fund, it may be too risky if it

is your only investment. If you plan on holding it as a portion of your overall portfolio, it may be a good way to increase your potential portfolio returns while limiting the overall risk of the portfolio – benefiting from diversification.

Investment risk classification methodology

The fund risk rating referred to in the section entitled *Who should invest in this fund?* in each fund's profile will help you decide, along with your financial advisor, whether a fund is right for you. This information is only a guide. We determine the risk rating for each RBC Fund in accordance with National Instrument 81-102 – *Investment Funds*. The investment risk level of a fund is required to be determined in accordance with a standardized risk classification methodology that is based on the historical volatility of the fund as measured by the 10-year standard deviation of the returns of the fund. Just as historical performance may not be indicative of future returns, a fund's historical volatility may not be indicative of its future volatility. You should be aware that other types of risk, both measurable and non-measurable, also exist.

Standard deviation is a statistical measure used to estimate the dispersion of a set of data around the average value of the data. In the context of investment returns, it measures the amount of variability of returns that has historically occurred relative to the average return. The higher the standard deviation, the greater the variability of returns it has experienced in the past.

Using this methodology, we assign a risk rating to each RBC Fund as either low, low to medium, medium, medium to high, or high risk.

- › Low – funds that are rated with a low risk rating are commonly associated with money market funds and Canadian fixed-income funds.
- › Low to medium – funds that are rated with a low to medium risk rating are commonly associated with balanced, higher yielding fixed-income and asset allocation funds.
- › Medium – funds that are rated with a medium risk rating are commonly associated with equity funds investing in large-capitalization companies in developed markets.
- › Medium to high – funds that are rated with a medium to high risk rating are commonly associated with equity funds investing in small-capitalization companies or specific regions or sectors.
- › High – funds that are rated with a high risk rating are commonly associated with equity funds investing in narrow sectors or emerging market countries where there may be substantial risk of loss over short to medium periods.

A fund's risk rating is determined by calculating its standard deviation for the most recent 10 years using monthly returns and assuming the reinvestment of all income and capital gains distributions in additional units of the fund. For those funds that do not have at least 10 years of performance history, we use a reference index that reasonably approximates or, for a newly established fund, that is reasonably expected to approximate, the standard deviation of the fund (or in certain cases a highly similar mutual fund managed by us) as a proxy. There may be times when we believe this methodology produces a result that does not reflect a fund's risk based on other qualitative factors. As a result, we may place the fund in a higher risk rating category, as appropriate. We review the risk rating for each fund on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies.

A copy of the methodology used by RBC GAM to identify the investment risk levels of the funds is available on request, at no cost, by calling 1-800-463-FUND (3863) (English) or 1-800-668-FOND (3663) (French) or by writing to RBC GAM at the address on the back cover of this simplified prospectus.

Distribution policy

This section explains when the funds will make distributions. You earn money from the funds when they distribute amounts to you out of interest, dividend and other income earned and capital gains realized on their underlying investments or, in the case of funds that invest in other funds, such income that has been distributed to each fund by the underlying funds in which it invests. The funds may also make additional distributions, including distributions treated as a return of capital. Return of capital represents a return to the investor of a portion of their own invested capital. Distributions of each of the funds that invest in underlying funds may vary depending on the distribution policies of each underlying fund and the activity within each fund. Mutual fund trusts may make distributions that are treated as ordinary income, dividend income, capital gains, foreign source income or non-taxable amounts (including returns of capital). For registered plans (like RRSPs, GRSPs, RRIFs, RESPs, RDSPs and DPSPs) and TFSA's offered through RBC Royal Bank, distributions are automatically reinvested in additional units of the same fund. **For non-registered accounts, distributions are reinvested in additional units of the same fund unless you tell your dealer to inform us that you want them in cash.** You will find more information about distributions in *Income tax considerations for investors* on page 18.

Fund expenses indirectly borne by investors

We cannot provide information regarding fund expenses indirectly borne by investors since the funds were created on January 28, 2020, and therefore have not completed a financial year.

Additional information

Policies and procedures regarding proxy voting

As portfolio manager for the funds, RBC GAM has responsibility for the investment management of the funds, including the exercise of voting rights attaching to securities held by the funds. Each fund has proxy voting policies and procedures that require the fund's voting rights to be exercised in accordance with the best interests of the fund. Additional information about the policies and procedures regarding proxy voting, including how to obtain a copy of such policies, is available in the annual information form of the funds.

Responsible investment

Responsible investment includes integrating environmental, social and governance (*ESG*) factors into the investment decision-making process for the funds.

We believe that the proper disclosure and consideration of ESG risks and opportunities by the companies and countries in which the funds are invested may enhance the risk-adjusted long-term performance of those investments. Accordingly, we seek to integrate ESG factors into the investment process when doing so may have a material impact on the investment risk or return. RBC GAM considers a company's ESG factors where material to the investment decision, but ESG factors are not necessarily a part of the fundamental investment objectives of the fund.

For more information, please see Our Approach to Responsible Investment, available on the RBC GAM website at www.rbcgam.com/en/ca, which sets out our overall approach to responsible investment, including how we integrate ESG factors throughout our investment process across all asset classes and how we work as an active, engaged investor.

RBC QUBE Low Volatility Emerging Markets Equity Fund

FUND DETAILS			
Type of fund	Emerging markets equity fund		
Date started	Series A – January 28, 2020 Series D – January 28, 2020	Series F – January 28, 2020 Series O – January 28, 2020	
Securities offered	Trust units – Series A, Series D, Series F and Series O units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIFFs, RESPs, DPSPs, RDSPs and GRSPs and TFSA's.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 15 for details.		
	Series	Management fee	Administration fee
	Series A	1.85%	0.15%
	Series D	1.10%	0.15%
	Series F	0.85%	0.15%
	Series O	negotiable and paid directly to RBC GAM ¹	0.15%

¹ Series O units are for individuals, institutional clients or dealers who have entered into an agreement directly with RBC GAM to purchase Series O units. No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly or indirectly to RBC GAM, which will not exceed 2%. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

What does the fund invest in?

Investment objectives

- › To provide long-term capital growth.

The fund invests primarily in equity securities of companies located or active in emerging markets using a quantitative investment approach. The fund seeks to achieve a reduced level of volatility of returns as compared to the broader emerging markets equity market.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

Investment strategies

The fund is managed using a quantitative investment model designed to select individual stocks while controlling portfolio-level risk. This involves building a portfolio that maximizes exposure to factors associated with outperformance, while controlling for exposure to risk factors.

To achieve the fund's objectives, the portfolio manager:

- › invests primarily in equity securities of companies located or active in emerging markets;
- › diversifies the fund across industries within the emerging markets;
- › uses a quantitative investment process that:
 - seeks to exploit both informational and behavioural opportunities in the emerging markets;
 - evaluates companies across multiple factors on securities selection; and

- maximizes exposure to factors that our research shows are associated with outperformance, such as quality and growth, while controlling for exposure to risk factors, such as company-specific risks or risks associated with being included in a particular sector. Our quantitative investment process assesses these factors by considering both traditional measures derived from financial statements, as well as historical security performance data;

- › seeks to achieve a reduced level of volatility as compared to the broader emerging markets equity market through both security selection (i.e., selecting securities that are expected to be less volatile than the average volatility of such markets) and portfolio construction (i.e., building a portfolio with security and sector weights designed to minimize the absolute volatility of the total portfolio). This will be accomplished through a quantitative investment process, which uses fundamental financial data about a company as well as measures of historical volatility;
- › will monitor and review the fund on an ongoing basis;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates;
- › may also use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment or to generate income;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 21; and

INTERNATIONAL EQUITY FUNDS

RBC QUBE Low Volatility Emerging Markets Equity Fund

- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

The fund's portfolio turnover rate may be greater than 70%. The higher a fund's portfolio turnover rate, the greater the chance that a taxable investor may receive a distribution that must be included in income for tax purposes and the higher the trading costs for the fund.

What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 2 of this simplified prospectus:

- › quantitative investment strategy risk;
- › market risk;
- › foreign investment risk;
- › currency risk;
- › liquidity risk;
- › specialization risk;
- › small-cap risk;
- › derivative risk;
- › multiple series risk;
- › securities lending, repurchase and reverse repurchase transaction risks;
- › large investor risk; and
- › cyber security risk.

Who should invest in this fund?

This fund may be right for you if:

- › you want potential for long-term growth from your investment;
- › you are seeking to diversify your portfolio to include growth opportunities in emerging markets; or
- › you are planning to hold your investment for the long term and can tolerate medium investment risk (i.e. you can accept fluctuations in the value of your investment).

The fund's risk classification is based on the return of the MSCI Emerging Markets Minimum Volatility Index (Net). The MSCI Emerging Markets Minimum Volatility Index (Net) tracks the after-tax performance of a minimum variance strategy applied to large- and mid-capitalization equities of emerging markets countries in the MSCI Emerging Markets Index. This strategy has historically shown to exhibit lower volatility relative to the MSCI Emerging Markets Index. Index returns are shown in Canadian dollars. For more information see *Specific information about each of the mutual funds described in this document – Investment risk classification methodology* on page 23.

Distribution policy

This fund intends to distribute any net income and net capital gains annually in December. **We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash.** Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

Fund expenses indirectly borne by investors

Information regarding fund expenses indirectly borne by investors is not available because this fund was created on January 28, 2020.

INTERNATIONAL EQUITY FUNDS

RBC China Equity Fund

FUND DETAILS			
Type of fund	Greater China equity fund		
Date started	Series A – January 28, 2020 Series D – January 28, 2020	Series F – January 28, 2020 Series O – January 28, 2020	
Securities offered	Trust units – Series A, Series D, Series F and Series O units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIFFs, RESPs, DPSPs, RDSPs and GRSPs and TFSA's.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 15 for details.		
	Series	Management fee	Administration fee
	Series A	1.85%	0.20%
	Series D	1.10%	0.20%
	Series F	0.85%	0.20%
	Series O	negotiable and paid directly to RBC GAM ¹	0.20%
Portfolio Sub-Advisor	RBC Global Asset Management (Asia) Limited		
¹ Series O units are for individuals, institutional clients or dealers who have entered into an agreement directly with RBC GAM to purchase Series O units. No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly or indirectly to RBC GAM, which will not exceed 2%. See <i>Purchases, switches and redemptions – How to buy, redeem and switch – Series O units</i> .			

What does the fund invest in?

Investment objectives

› To provide long-term capital growth.

The fund invests primarily in equity securities of companies located in or with significant business interests in China.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

Investment strategies

The fund's investment process is primarily based on fundamental research, although the portfolio manager will also consider quantitative and technical factors. Stock selection decisions are ultimately based on an understanding of the company, its business and its outlook.

The fund invests in a more concentrated number of securities.

To achieve the fund's objectives, the portfolio manager:

- › assesses the economic outlook for China and relevant markets, including expected growth, market valuations and economic trends;
- › invests in equity securities listed in onshore China as well as in other jurisdictions where Chinese companies are listed, including, but not limited to, Hong Kong, the U.S., the U.K. and Germany;
- › may invest in A-Shares (through Shanghai-Hong Kong Stock Connect), B-Shares, H-Shares (listed in the Hong Kong market) and American Depository Receipts;

- › focuses on the outlook for different sectors and themes;
- › diversifies the fund by sector to help reduce risk;
- › monitors and reviews companies on an ongoing basis to ensure that the best relative values are identified;
- › has regular contact with companies in order to understand the competitive environment in which each operates;
- › may invest in large-, mid- and small-capitalization companies;
- › may invest up to 10% of the fund's assets in units of other mutual funds managed by RBC GAM or an affiliate that are consistent with the investment objectives of the fund. Investments in money market funds managed by RBC GAM or an affiliate are not subject to the 10% limit, as permitted under NI 81-102;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates and to reduce the fund's exposure to changes in the value of foreign currencies relative to the Canadian dollar. The portfolio manager will determine the level of currency exposure based on its current view of currency markets;
- › may also use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Regulatory relief from investment restrictions* on page 21; and

RBC China Equity Fund

- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

The fund may invest up to 10% of its net asset value in securities issued by a single German ETF and up to 20% of its net asset value in securities issued by German ETFs in aggregate, and up to 10% of its net asset value in securities issued by a single UK Listed ETF and up to 20% of its net asset value in securities issued by UK Listed ETFs in aggregate, pursuant to the exemptive relief set out in *Regulatory relief from investment restrictions* on page 21.

The fund's portfolio turnover rate may be greater than 70%. The higher a fund's portfolio turnover rate, the greater the chance that a taxable investor may receive a distribution that must be included in income for tax purposes and the higher the trading costs for the fund.

What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 2 of this simplified prospectus:

- › market risk;
- › foreign investment risk;
- › investing in China risk;
- › investing in Hong Kong risk;
- › currency risk;
- › liquidity risk;
- › stock connect risk;
- › specialization risk;
- › small-cap risk;
- › derivative risk;
- › multiple series risk;
- › securities lending, repurchase and reverse repurchase transaction risks;
- › large investor risk; and
- › cyber security risk.

Who should invest in this fund?

This fund may be right for you if:

- › you want potential for long-term growth from your investment;
- › you are seeking economic, geographic and currency diversification outside of North America; or

- › you are planning to hold your investment for the long term and can tolerate high investment risk (i.e. you can accept significant fluctuations in the value of your investment).

The fund's risk classification is based on the return of the MSCI China Index (Net). The MSCI China Index (Net) tracks the after-tax performance of large- and mid-capitalization equities across China H shares, B shares, Red chips, P chips and foreign listings such as American Depositary Receipts. Index returns are shown in Canadian dollars. For more information see *Specific information about each of the mutual funds described in this document – Investment risk classification methodology* on page 23.

Distribution policy

This fund intends to distribute any net income and net capital gains annually in December. **We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash.** Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

Fund expenses indirectly borne by investors

Information regarding fund expenses indirectly borne by investors is not available because this fund was created on January 28, 2020.

Words and phrases used in this simplified prospectus

We have written this simplified prospectus in plain language to help you understand how our mutual funds work. Financial terms can be complex, so we have provided a more complete definition of some of them here. If you have any questions after reading this section, please call the number on page 2 of this simplified prospectus or your dealer.

Adjusted cost base

In general terms, it is the total price you paid for all the units of a series of a fund in your account, including reinvested distributions. The adjusted cost base per unit of a series is the weighted average price paid per unit.

Annual information form

A document filed by the funds with Canadian securities regulators. It provides supplementary information about the funds.

Asset-backed commercial paper

A short-term debt security issued by a trust or a special purpose vehicle which in turn buys various assets that produce income streams such as trade receivables, auto loans, home equity loans and mortgages. The trust (otherwise known as a conduit) funds the purchase of these various assets by issuing commercial paper.

Bond

A long-term debt security issued or guaranteed by a government or business entity. The issuer promises to pay the holder a specified amount of interest and return the principal amount when the bond matures. Bonds can be transferred from one owner to another. They should not be confused with Canada Savings Bonds which, generally, can be owned and cashed only by the original buyer.

Commercial paper

A short-term debt security issued by banks, corporations and other borrowers. The issuer promises to pay the holder a specific amount, with interest, on a specified day in the future. It is generally not secured by assets and is usually offered at varying interest rates, depending on its term.

Debenture

A bond that is not secured by any pledge of property. Debentures are backed only by the general credit of the issuer.

Debt securities

Obligations to repay borrowed money within a certain time, with or without interest. Bonds, debentures, commercial paper, asset-backed commercial paper, notes and treasury bills (*T-bills*) are debt securities.

Derivatives

A financial instrument that “derives” its value from the performance of an underlying asset, index or other investment.

Equity

When you buy shares in a corporation, you are buying “equity,” or ownership rights, in that corporation. Shares are often referred to as “equities.”

Forward contract

A commitment made today to buy or sell a currency or commodity on a specific day in the future at a specified price. The terms of the contract are agreed upon when the commitment is made. Forward contracts are traded through an over-the-counter telephone or computer network. See also “Over-the-counter trading.”

Futures contract

Similar to a forward contract, except that it has standardized terms and conditions and is traded only on a futures exchange, not over-the-counter.

Hedge

A strategy used to offset or reduce the risk associated with an investment or a group of investments. For example, if a fund buys investments valued in U.S. dollars, it can sign an agreement to protect or “hedge” the value of the investment against a change in the value of the Canadian dollar relative to the U.S. dollar.

Index

A means of measurement. There are indices that measure the rise and fall of key consumer goods and services and others that track fluctuations in the value of stocks and bonds.

Large-cap

Refers to market capitalization. Large-capitalization companies are those companies whose total market value is in excess of a certain value on a particular stock market. In Canada, large-cap stocks generally have a market capitalization in excess of \$6 billion. In the U.S., large-cap stocks have a market capitalization in excess of US\$10 billion.

Leverage

Using borrowed funds to help pay for an investment. Leveraging magnifies the amount you make or lose, because the gain or loss is measured against the portion of the investment you have not borrowed – not against the total investment. For example, if you borrow \$500 to make a \$1,000 investment, and the value of the investment increases by \$100, your gain is 20% (\$100 gain on the \$500 you have not borrowed), not 10%. Similarly, if the value of the investment decreases by \$100, your loss will be 20%.

Liquidity

An investment is “liquid” if it can be bought and sold on a public market. Liquidity also refers to how easy it is to convert an investment to cash at a reasonable price.

London Inter-Bank Offered Rate (LIBOR)

The rate of interest on U.S. dollar-denominated deposits traded between banks in London, widely monitored as an international interest rate indicator. It may be quoted as a one-month, three-month, six-month, or one-year rate. The LIBOR allows investors to match their cost of lending to their cost of funds, and is often used as a base index for setting rates of some adjustable rate financial instruments, including Adjustable Rate Mortgages (*ARMs*).

Management expense ratio

The total fees and expenses a fund paid during a year divided by its average assets for that year.

Market capitalization

Number of outstanding shares of a corporation, multiplied by the price per share.

Moving average

From an investment perspective, a statistical tool to analyze data points to identify the trend direction and to determine support and resistance levels of stock prices.

Note

A debt security committing the issuer to pay a specific sum of money, either on demand or on a fixed date in the future, with or without interest.

Option or options on futures

Gives the owner the right, but not the obligation, to buy or sell a security or futures contract within a certain time period, at a specified price. A call option is the right to buy; a put option is the right to sell. The buyer of the option pays the seller a premium. Options can be traded on an exchange or over-the-counter.

Over-the-counter trading (OTC)

This term refers to trading in stocks or options through a computer or telephone network rather than through a public stock exchange. The term originates from the time share certificates were purchased over a bank or a store counter.

Portfolio turnover rate

Portfolio turnover rate is calculated based on the lesser of securities purchased or sales proceeds divided by the average market value of portfolio securities for the period, excluding short-term securities.

Repurchase agreements (repo)

This agreement is like a short-term loan and takes place when one party buys a security at one price and agrees to sell it back later to the same party at a higher price. The difference between the higher price and the original price is like the interest rate payment on a loan.

Return of capital

Return of capital typically occurs when a fund’s objective is to pay unitholders a fixed regular monthly distribution. If the interest, dividends and capital gains which have been earned by the fund are less than the amount of the regular distributions, return of capital is added to make up the remainder of the payment. This helps to maintain a consistent payout rate each month. Return of capital represents a return to the investor of a portion of their own invested capital. The main benefit of return of capital distributions is that they are not immediately taxable when received. This makes it different from other types of distributions such as interest, dividends and taxable capital gains, which must be included as income in the year received. Amounts that have been paid to you as return of capital are identified on your T3 slip (Relevé 16 in Quebec).

Securities

Investments or financial instruments such as shares, debt securities and derivatives.

Shares

Units of ownership in a corporation that give the owner certain stated rights. Holders of preferred shares generally have preference over holders of common shares when a corporation pays dividends or liquidates its assets.

Small-cap company

A company whose market capitalization is small relative to other companies. Market capitalization is determined by multiplying the price of a stock by the number of shares outstanding. In Canada, small-cap stocks generally have a market capitalization of less than \$1 billion.

Swaps

These are negotiated contracts between parties agreeing to exchange payments based on returns of different investments. The most common type is an interest rate swap. Party A agrees to pay Party B a fixed amount based on a pre-set interest rate. In return, Party B agrees to pay Party A a floating amount based on a reference rate such as bankers acceptances or LIBOR.

Treasury bills (*T-bills*)

Short-term debt securities issued or guaranteed by federal, provincial or other governments. T-bills are issued at a discount and do not pay any interest. The return on a T-bill is the difference between the price you pay and its “face” or par value.

Units

Units are issued by a mutual fund trust and represent your investment in the fund. When you invest in a mutual fund trust, you buy units or fractions of units of the mutual fund.

Unit value

The total value of a fund’s assets allocable to a series, minus the liabilities allocable to that series, divided by the number of outstanding units of that series.

Volatility

A statistical measure of the dispersion of returns for a given security or market index which can be measured by using the standard deviation or variance between returns from such security or market index.

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