PH&N FUNDS

Phillips, Hager & North
Investment Management®

SIMPLIFIED PROSPECTUS

October 4, 2018

Managed by Phillips, Hager & North Investment Management®*
Offering Series D, Series F and Series O units of the:

Phillips, Hager & North LifeTime 2055 Fund

No securities regulatory authority has expressed an opinion about these units and it is an offence to claim otherwise.

* Phillips, Hager & North Investment Management is a division of RBC Global Asset Management Inc., the manager of the Fund and an indirect wholly-owned subsidiary of Royal Bank of Canada.

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Introduction

RBC Global Asset Management Inc. ("RBC GAM"), an indirect wholly-owned subsidiary of Royal Bank of Canada ("Royal Bank"), is the manager of the Phillips, Hager & North LifeTime 2055 Fund (the "Fund"). Phillips, Hager & North Investment Management is a division of RBC GAM principally responsible for carrying out RBC GAM's responsibilities as manager and principal portfolio manager of the Fund. Phillips, Hager & North has its main operating office in Vancouver, British Columbia.

This document (the "Simplified Prospectus") contains selected important information to help you make an informed investment decision and understand your rights as an investor. This Simplified Prospectus contains information about the Fund and the risks of investing in mutual funds generally, as well as the names of the firms responsible for the management of the Fund.

Additional information about the Fund is available in the annual information form for the Fund (the "Annual Information Form"), the most recently filed Fund Facts, the most recently filed annual financial statements of the Fund, any interim financial report of the Fund filed after those annual financial statements, the 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, which means that they are legally part of this document just as if they were printed as part of it. You can get a copy of these documents (once available) at no cost by:

› calling us toll-free at 1-800-661-6141;

› faxing us toll-free at 1-800-666-9899;

› emailing us at *info@phn.com*; or

› contacting another dealer who sells the Fund.

These documents and other information about the Fund are also available:

› on our website at *www.rbcgam.com*; or

› at *www.sedar.com.*

In this Simplified Prospectus, "you" and "your" mean the investor; "PH&N," "we," "us," "our" and "Phillips, Hager & North" mean Phillips, Hager & North Investment Management, a division of RBC GAM; the "Fund" refers to the Phillips, Hager & North LifeTime 2055 Fund; and "Underlying Funds" means the mutual funds held as part of the Fund's portfolio.

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

What is a mutual fund?

A mutual fund is a pool of investments made on behalf of people with similar investment objectives. When you invest in the Fund, you are combining your money with that of many other investors. We use this pool of money to buy a wide variety of investments on behalf of the entire group of investors. We follow a set of guidelines outlined in the investment objectives and investment strategies of the Fund. You can find these later in this Simplified Prospectus. You and all the other investors share in any profits or losses the mutual fund makes.

The Fund is organized as a trust and sold in units, which are issued in series. Each unit of a series represents an undivided share of the Fund's net assets, equal to the share of every other unit of the series. There is no limit to the number of units the Fund can issue. However, the Fund may be closed to new investors from time to time.

What are the risks of investing in a mutual fund?

There is no such thing as risk-free investing. For investors, risk is the possibility of losing money or not making any money. The same is true with mutual funds. The value of a mutual fund may change every day, reflecting changes in interest rates, economic conditions, and market and company news. Therefore, when you redeem your units in a mutual fund, you may receive less than the full amount you originally invested. The full amount of your investment in a mutual fund is not guaranteed and the Fund does not guarantee your principal or any level of income at any point including before or after the "target date" for the Fund. 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.

One risk of a mutual fund is that, in exceptional circumstances, the fund manager may not accept requests to redeem units of the fund, or the delivery of your redemption proceeds may be delayed. These circumstances in the context of the Fund are explained under the heading *Purchases, switches and redemptions* on page 15.

Mutual funds own different types of investments, depending on their investment objectives. The principal risks associated with a mutual fund are the same risks that affect the value of the investments held by that fund.

The total effect of the different types of risk is measured by volatility. Volatility measures how variable the value of a fund is relative to its average return. The value of some funds will change very little over time while others will change substantially.

The value of mutual funds, like the Fund, 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.

It is very important that you be aware of the risks associated with the different funds you invest in, their relative return over time and their volatility.

Specific information about the Phillips, Hager & North LifeTime 2055 Fund

Organization and management of the Fund

Manager RBC Global Asset Management Inc. Head Office 155 Wellington St. W., Suite 2200 Toronto, Ontario M5V 3K7 Phillips, Hager & North Investment Management* Main Operating Office 20th Floor, 200 Burrard Street Vancouver, British Columbia V6C 3N5	RBC GAM is the manager and principal portfolio manager of the Fund. Phillips, Hager & North Investment Management is a division of RBC GAM principally responsible for carrying out RBC GAM's responsibilities as manager and principal portfolio manager of the Fund. Phillips, Hager & North has its main operating office in Vancouver, British Columbia. RBC GAM is an indirect wholly-owned subsidiary of Royal Bank. As manager, RBC GAM manages the overall business and operations of the Fund. The Fund may invest in units of other investment funds managed by RBC GAM or its affiliates or associates. We provide investment counselling services to company pension and multi-employer pension plans, foundations, endowments, corporations, private clients and our own investment funds. We will not vote units of other investment funds managed by RBC GAM or its affiliates or associates held by the Fund. However, we may pass on the right to vote units of other investment funds managed by RBC GAM or its affiliates or associates to unitholders of the Fund that hold such units.
Portfolio Manager RBC Global Asset Management Inc. Head Office 155 Wellington St. W., Suite 2200 Toronto, Ontario M5V 3K7 Phillips, Hager & North Investment Management* Main Operating Office Vancouver, British Columbia	As principal portfolio manager, RBC GAM manages the investment portfolio of the Fund.
Principal Distributors Phillips, Hager & North Investment Funds Ltd. Vancouver, British Columbia RBC Global Asset Management Inc. Toronto, Ontario Phillips, Hager & North Investment Management* Main Operating Office Vancouver, British Columbia	Phillips, Hager & North Investment Funds Ltd., a wholly-owned subsidiary of RBC GAM, acts as the principal distributor of Series D units of the Fund. RBC GAM acts as principal distributor for all series of the Fund except for Series D. As principal distributors, Phillips, Hager & North Investment Funds Ltd. and RBC GAM are responsible for marketing and distributing units of the Fund where permitted under applicable securities laws. You can buy Series D units of the Fund through Phillips, Hager & North Investment Funds Ltd., in all Canadian provinces and territories. In addition, you can buy units of the Fund directly through RBC GAM where permitted under applicable securities laws. Series D and Series F units of the Fund are also available for purchase through other authorized dealers in all Canadian provinces and territories.

Trustee and Custodian RBC Investor Services Trust Toronto, Ontario	As trustee, RBC Investor Services Trust ("RBC IS") holds title to securities owned by the Fund on behalf of its unitholders with responsibility to act in the best interest of unitholders. As custodian, RBC IS holds the Fund's cash and investments in safekeeping on behalf of the Fund. RBC IS is a wholly-owned subsidiary of Royal Bank and an affiliate of RBC GAM.
Registrars RBC Global Asset Management Inc. Vancouver, British Columbia RBC Investor Services Trust Toronto, Ontario Royal Bank of Canada, Montréal, Québec	The registrars process all the purchases and redemptions of units of the Fund, keep a register of all investors, and issue investor statements and annual tax slips for investors.
Auditor Pricewaterhouse Coopers LLP Toronto, Ontario	As auditor, Pricewaterhouse Coopers LLP provides assurance that the Fund's annual financial statements present fairly, in all material respects, its financial position and results of operations in accordance with International Financial Reporting Standards.
Securities Lending Agent RBC Investor Services Trust Toronto, Ontario	The securities lending agent acts on behalf of the Fund in administering the securities lending transactions entered into by the Fund.
Independent Review Committee	The Independent Review Committee ("IRC") acts as the independent review committee that the Fund is 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 Fund. The IRC is composed of six members and each is independent from RBC GAM, the Fund and entities related to RBC GAM. The IRC prepares, at least annually, a report of its activities for you, which is available on our website at *www.rbcgam.com* or at your request and at no cost by calling us toll-free at 1-800-661-6141 or by emailing us at *info@phn.com*. Additional information about fund governance and the IRC, including the names of its members, is available in the Fund's Annual Information Form. In certain circumstances, the IRC has been permitted under securities legislation to approve a fund merger or a change of auditor instead of obtaining unitholder approval. In these circumstances, you will receive written notice of any proposed fund merger or change of auditor at least 60 days prior to the effective date of any such merger or change of auditor.

* Phillips, Hager & North Investment Management is a division of RBC GAM that is principally responsible for carrying out RBC GAM's responsibilities as manager and principal portfolio manager of the Fund.

Phillips, Hager & North LifeTime 2055 Fund

FUND DETAILS			
Type of fund	Target date		
Date started	Series D – October 4, 2018 Series F – October 4, 2018	Series O – October 4, 2018	
Type of securities	Series D, Series F and Series O trust units		
Eligibility	The LifeTime 2055 Fund is expected to be a qualified investment for RRSPs, RRIFs, DPSPs, RESPs, RDSPs and TFSAs.		
Fees and expenses	See *Fees and expenses* on page 20 for more details.		
	Series	**Management fee[1]**	**Administration fee**
	Series D	1.15%	0.05%
	Series F	0.90%	0.05%
	Series O	–	0.05%
	As the Fund approaches its target retirement date, management fees will decrease by 5 basis points on January 1st for every five years until the target retirement date of the Fund in the year 2055 as follows:		
	Effective date	**Series**	**Management fee**
	January 1, 2020	Series D	1.10%
		Series F	0.85%
	January 1, 2025	Series D	1.05%
		Series F	0.80%
	January 1, 2030	Series D	1.00%
		Series F	0.75%
	January 1, 2035	Series D	0.95%
		Series F	0.70%
	January 1, 2040	Series D	0.90%
		Series F	0.65%
	January 1, 2045	Series D	0.85%
		Series F	0.60%
	January 1, 2050	Series D	0.80%
		Series F	0.55%
	January 1, 2055	Series D	0.75%
		Series F	0.50%

1 No management fees are charged to the Fund with respect to Series O units. Investors who are eligible to purchase Series O units pay a negotiated fee directly or indirectly to us which will not exceed 2%. Only certain investors qualify to purchase Series O units. See *Purchases, switches and redemptions* on page 15.

What does the Fund invest in?

Investment objectives

The fundamental investment objectives of the Fund are to achieve a balance of income and long-term capital growth relative to its target retirement date of 2055 by investing primarily in investment funds that invest in equity, fixed-income, income trust and money market securities and exchange traded funds ("ETFs"), or by investing directly in such securities.

The fundamental investment objectives may only be changed with the approval of a majority of unitholders at a meeting called for that purpose. However, we may change the Fund's investment strategies described below, at our discretion.

Investment strategies

The Fund intends to invest primarily in Underlying Funds. The Fund seeks to achieve its investment strategies by investing in two broad asset classes: equities and fixed-income, either directly or indirectly through Underlying Funds and ETFs. ETFs purchased by the Fund will initially be limited to ETFs that track the investment performance of broad based real estate investment trust indices but may include other ETFs where permitted by applicable securities laws.

At all times, the Fund will use a dynamic asset mix or glidepath that adjusts the asset mix of the Fund relative to its target date of 2055. For more information, please see the section *About the glidepath strategy* below.

The Fund's portfolio manager, among other things:

- determines the target weightings for each asset class;
- allocates assets among the Underlying Funds and the ETFs within the target weightings determined by the asset allocation strategy for the Fund (excluding cash and cash equivalents);
- rebalances the Fund's assets to the glidepath on a quarterly basis at a minimum to maintain the then current target allocation and subject to keeping the Fund within permitted tolerances;
- may hold a portion of its assets in cash or cash equivalent securities;
- may, in conjunction with an Underlying Fund's other strategies, use derivatives as permitted by National Instrument 81-102 – *Investment Funds* ("NI 81-102") and/or as permitted under the terms of exemptive relief from applicable securities legislation that may have been obtained by the Underlying Fund (see *Regulatory relief from investment restrictions* on page 13 and *Derivatives risk* below):
  (i) for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates and market indices; and
  (ii) for non-hedging purposes as a substitute for direct investment, to generate income or extend or reduce the duration of fixed-income investments;
- may, in conjunction with an Underlying Fund's other strategies, enter into securities lending, repurchase and reverse repurchase transactions, as permitted by applicable securities laws, to generate additional income and/or as a short-term management tool (the Fund does not currently enter into these types of transactions, but for more information on how the Fund could engage in these types of transactions, see *How the Fund engages in securities lending transactions, repurchase transactions and reverse repurchase transactions* below).

The Fund may directly invest a portion of its net asset value in foreign securities where such an investment is compatible with the investment objectives of the Fund. Although there is no specific limitation on the percentage of the net asset value of the Fund that may be invested in foreign securities, as of the date of this Simplified Prospectus we do not expect that the Fund will directly invest more than 20% of its net asset value in foreign securities.

We may invest up to 100% of the Fund's net asset value in units of other funds managed by RBC GAM or its affiliates. We will only invest in units of other funds where the investment is compatible with the investment objectives and strategies of the Fund and otherwise complies with applicable securities laws.

Certain of the Underlying Funds may from time to time invest up to 10% of their net asset value in (i) assets of other investment funds managed by RBC GAM or its affiliates; or (ii) in Canada Mortgage and Housing Corporation insured mortgages as permitted by NI 81-102.

How the Fund engages in securities lending transactions, repurchase transactions and reverse repurchase transactions

The Fund may enter into securities lending transactions, repurchase transactions and reverse repurchase transactions in accordance with applicable securities legislation.

A securities lending transaction occurs when the Fund lends portfolio securities that it owns to a creditworthy institutional borrower. The borrower promises to return to the Fund, at a later date, an equal number or amount of the same securities and to pay a fee to the Fund for borrowing the securities. The Fund may recall the securities at any time. The borrower provides the Fund with collateral consisting of cash and/or securities or non-cash collateral equal to no less than 102% of the market value of the loaned securities measured each business day. Therefore, the Fund retains exposure to changes in the value of the securities loaned while earning additional income.

A repurchase transaction occurs when the Fund sells portfolio securities that it owns to a creditworthy institution for cash and simultaneously agrees to buy back the securities at a later date not to exceed 30 days. The amount of cash maintained by the Fund for the transaction is at least 102% of the market value of the sold securities measured each business day. The Fund retains its exposure to changes in the value of the sold securities, but also earns additional income for participation in the repurchase transaction.

In securities lending and repurchase transactions, the Fund receives any interest or dividends paid by the issuer of the securities while those securities are held by the other party to the transaction.

A reverse repurchase transaction occurs when the Fund purchases portfolio securities from a creditworthy institution and simultaneously agrees to sell the securities back to the institution at a later date not to exceed 30 days. The difference between the Fund's purchase price for the securities and the resale price may provide the Fund with additional income. The basic purpose is to provide the Fund with short-term investment income for cash held by the Fund.

The Fund will not enter into a securities lending transaction or a repurchase transaction if, immediately thereafter, the aggregate market value of all securities loaned by the Fund and not yet returned to it, or sold by the Fund in repurchase transactions and not yet repurchased, would exceed 50% of the total assets of the Fund (exclusive of collateral held by the Fund for securities lending transactions and cash held by the Fund for repurchase transactions).

RBC IS or another custodian or sub-custodian of the Fund will act as the agent for the Fund in administering the securities lending, repurchase and reverse repurchase transactions of the Fund in accordance with an agency agreement. The risks associated with these transactions will be managed by requiring that the Fund's agent enter into such transactions, including negotiating agreements, with reputable and well-established Canadian and foreign brokers, dealers and institutions ("counterparties"). The agent will maintain internal controls, procedures and records, including a list of approved counterparties based on generally accepted creditworthiness standards, transaction and credit limits for each counterparty, and collateral diversification standards. For further information, see the Fund's Annual Information Form.

About the glidepath strategy

The target date is intended to reflect the proposed retirement year of a "model" investor. When the investment horizon for the Fund is long (i.e. the target date is well into the future), the Fund invests in securities with the aim of earning a higher return. This is generally referred to as the "accumulation phase" because investors are typically in the process of accumulating assets at this point in their investment horizon. When the investment horizon is short for the Fund (i.e. the target date is nearing or has passed), asset protection takes precedence over returns and the asset mix of the Fund becomes more conservative. The retirement period following the target date is referred to as the "decumulation phase" because it is expected that investors start drawing on their assets or the income produced by their assets during this phase.

The glidepath and investment portfolio of the Fund has been designed using liability-driven investment concepts that take into consideration both the accumulation of assets (investor contributions) and the typical liability stream associated with an investor's retirement (i.e. an investor's retirement income needs). The glidepath is designed to reduce the expected volatility of the real (after inflation) spending power that income from the Fund will generate in the investor's retirement period, consisting of the 25-year period following the applicable target date.

The glidepath was developed using a number of randomly generated variable economic scenarios for a model investor (the parameters of which are set out below), which included inflation, real interest rates and equity returns. The points on the glidepath were then adjusted to maximize, on a risk-adjusted basis, a model investor's wealth at the time of death, while targeting a required inflation-adjusted retirement drawdown.

In an effort to design a glidepath that is appropriate for a wide range of investors, it was necessary to make certain assumptions about the model investor. These assumptions influence the structure of the glidepath. Actual investors will have different characteristics when compared to the model investor. Some of the key assumptions we made about the model investor include the following:

- the model investor begins investing at age 21 and no longer draws on retirement savings after age 86;
- the model investor is employed for 40 years, beginning at age 21;
- annual contributions are made to the Fund which are equal to 10% of the model investor's before tax salary; and
- the model investor seeks a reasonable inflation adjusted level of income replacement, based on the model investor's final pay level, less certain assumed government benefits.

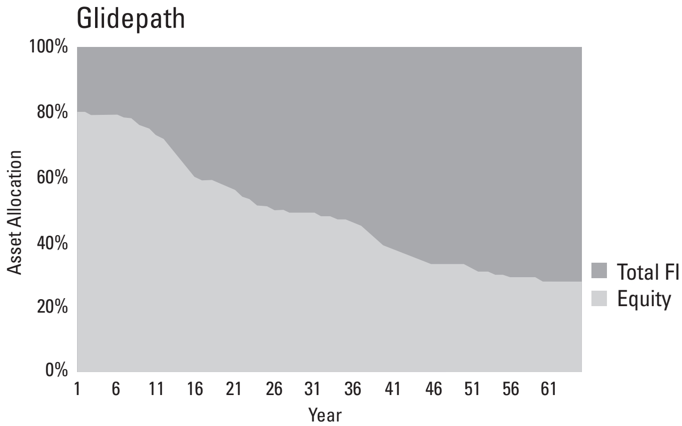
Various other assumptions, including assumed salary changes, are factored into glidepath design as well.

The Fund will become more conservative over time with the fixed-income allocations increasing as the Fund reaches its target date and the period following its target date. Throughout the life of the Fund, the fixed-income allocations for the Fund are constructed using traditional asset liability matching principles, with the goal of more closely matching the real duration of the fixed-income allocation with liabilities of the model investor at different stages in the model investor's lifetime, relative to the applicable target date. The fixed-income allocation is achieved through the use of the following fixed-income portfolios or funds, blended to match the term structure and duration of the investor's liabilities (or future real income streams) over the course of the glidepath:

- The "accumulation phase" where the asset mix has a higher equity weighting and the fixed-income portfolio has a high allocation to long real return bonds, with a longer duration, to match long duration of investor liabilities.
- The "transition phase" where the asset mix has a more moderate equity weighting and the fixed-income portfolio has a high allocation to real return bonds, with a medium duration, to match shorter real duration of investor liabilities in the later part of the accumulation phase and early part of the decumulation phase.
- The "decumulation phase" where the asset mix has a lower equity weighting and the fixed-income portfolio has a high allocation to nominal bonds, with a shorter duration, to match shorter duration of investor liabilities in the later part of the decumulation phase.

The following graph illustrates the Fund's approximate allocation among equity funds, fixed-income funds and Canadian or U.S. ETFs and how the asset glidepath adjusts the asset mix of the Fund relative to a target date, which approximates the retirement date of an investor.

Phillips, Hager & North LifeTime 2055 Fund



About the asset allocation strategy

The Fund will be exposed to two broad asset classes: equities and fixed-income, in the weightings set out in the table below. We may, at our sole discretion, modify the asset mix, or the percentage of the Fund's assets invested in any particular asset at any time.

The Fund's current target allocation is approximately as given below and such allocations may vary based on changes in the market, the portfolio manager's assessment of the market outlook and the Underlying Fund's ability to help the portfolio meet its stated investment objectives.

	2018	2055	2079
Fixed-income	21%	62%	72%
Equity	79%	38%	28%
Canadian equity	19.24%	12.50%	11.00%
U.S. equity	30.70%	14.75%	10.00%
International equity	29.06%	10.75%	7.00%

What are the risks of investing in the Fund?

The principal risks associated with investing in the Fund are described below.

Any reference to a fund in this section is intended to also refer to the securities of the Underlying Funds that the Fund may invest in.

Interest rate risk

If a mutual fund invests primarily in bonds and other fixed-income securities, a significant influence on the mutual fund's value will be changes in the general level of interest rates. If interest rates fall, the value of the mutual fund's units will tend to rise. If interest rates rise, the value of the mutual fund's units will tend to fall. Depending on a mutual fund's holdings, short-term interest rates can have a different influence on a mutual fund's value than long-term interest rates. If a mutual fund invests primarily in bonds and other fixed-income securities with longer-term maturities, the biggest influence on the mutual fund's value will be changes in the general level of long-term interest rates. If a mutual fund invests primarily in bonds and other fixed-income securities with shorter-term maturities, the biggest influence on the mutual fund's value will be changes in the general level of shorter-term interest rates. If you are seeking current income, you should be aware that the level of interest income from a money market fund will fluctuate as short-term interest rates vary.

Credit risk

Credit risk is the possibility that a borrower or issuer, or the counterparty to a derivatives contract, repurchase agreement or reverse repurchase agreement, is unable or unwilling to repay the loan, obligation or interest payment, either on time or at all. A mutual fund like the Fund can lose money if the borrower or the issuer of a bond or other fixed-income security can't pay interest or repay principal when it's due.

The debt securities issued by companies, governments and special purpose vehicles (such as vehicles that issue asset-backed securities or mortgage-backed securities) that act as a counterparty or borrow money are often rated by specialized rating agencies. Debt securities issued by companies or governments in emerging markets often have higher credit risk (lower rated debt), while debt securities issued by well-established companies or by governments of developed countries tend to have lower credit risk (higher rated debt). A downgrade in an issuer's credit rating or other adverse news regarding an issuer can influence a debt security's market value. There is no guarantee that third-party credit ratings represent an accurate assessment of the risk of owning a particular issuer's securities. If a rating agency has given a higher rating to an issuer's securities than those securities inherently deserve, the value of the securities may decrease substantially as the market becomes aware of the issuer's true risk. Other factors can also influence a debt security's market value or the ability of an issuer to pay interest or repay principal when due, such as a change in the market perception of the creditworthiness of the security, the parties involved in structuring the security, and the underlying assets or collateral, if any. Lower rated and unrated debt instruments generally offer a better return than higher grade debt instruments but have the potential for substantial loss. Funds that invest in companies or markets with higher credit risk tend to be more volatile in the short term. However, they may offer the potential of higher returns over the long term.

A credit spread is the difference between interest rates payable on an issuer's fixed-income security and a government-issued fixed-income security that are as identical as possible except for the credit rating. If the market determines that a higher return is necessary to compensate for the higher risk of a lower rated fixed-income security, the credit spread will increase. If a credit spread increases after the purchase of a fixed-income security, the value of that security will decrease.

Market risk

Market risk is the risk of being invested in the equity and fixed-income markets. The market value of a mutual fund's investments will rise and fall based on specific issuer 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 or sectors in which the investments are based.

Concentration risk

There are risks associated with any mutual fund like the Fund that concentrates its investments in a particular issuer or issuers. Concentrating investments allows a mutual fund to focus on a particular issuer's potential, but it also means that the value of the mutual fund tends to be more volatile than the value of a more diversified fund because the concentrated fund's value is affected more by the performance of that particular issuer.

Currency risk

Most Canadian mutual funds are valued in Canadian dollars. However, mutual funds, like the Fund, 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 mutual 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 mutual 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 mutual fund has earned. Currency exposure may increase the volatility of foreign investments relative to Canadian investments. Some mutual funds may hedge (protect against) the risk of changes in foreign currency exchange rates of the underlying assets of the mutual fund.

Foreign investment risk

Foreign investments are affected by global economic factors. There is often less information available about foreign companies and many countries have less stringent accounting, auditing and reporting standards than we do in Canada, or lower standards of government supervision and regulation. Some foreign stock markets have less trading volume, which may make it more difficult to sell an investment or may 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. Investments in foreign markets may be subject to change in currency exchange rates, the imposition of taxes or the expropriation of assets. A mutual fund like the Fund that specializes in foreign investments may experience larger or more frequent price changes in the short term. The risks of foreign investments are generally higher in emerging markets.

Income trust risk

Income trusts generally hold debt and/or equity securities of an underlying active business or are entitled to receive a royalty on revenues generated by such a business. To the extent that an underlying business is susceptible to industry risks, interest rate fluctuations, commodity prices and other economic factors, investment returns from an income trust may be similarly affected. Although distributions and returns are neither fixed nor guaranteed, income trusts are structured in part to provide a constant stream of income to investors. As a result, an investment in an income trust may be subject to interest rate risk. There is also a remote risk that where claims against an income trust are not satisfied by that trust, investors in that trust could be held liable for any outstanding obligations.

Small capitalization risk

Securities of small capitalization companies tend to be traded less frequently and in smaller volumes than those of large capitalization 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 mutual 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 mutual fund like the 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.

Target date fund risk

The Fund is not intended to be a complete solution for an investor's retirement income needs. Investors must weigh several factors when considering investing in the Fund, including how much an investor will need, how long the investor will need it for, and what other sources of income the investor will have.

While the Fund adjusts its asset mix relative to its target date, diversification and strategic asset allocation do not guarantee profit or protect against loss in declining markets. All investments, including an investment in the Fund, carry some level of risk, including the potential loss of principal invested. Further, the investments of the Fund do not typically grow at an even rate of return and may experience negative growth. As with any type of portfolio structuring, attempting to reduce risk and increase return could, at certain times, unintentionally reduce returns.

Please see *Investment strategies* on page 5 for a full explanation of the investment strategy followed by the Fund.

Transaction cost risk

The asset allocation process used by the Underlying Funds may result in additional transaction costs. This process can have an adverse effect on the performance of an Underlying Fund during periods of increased equity market volatility. In addition, the investment strategy used by an Underlying Fund may result in the Underlying Fund having a higher portfolio turnover rate. Portfolio turnover refers to the frequency of portfolio transactions and the percentage of portfolio assets being bought and sold during the year, which may increase overall costs.

Derivatives 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 Fund may use derivatives as permitted by the Canadian Securities Administrators as long as their use is compatible with the Fund's investment objectives. **The Fund cannot use derivatives for speculative trading or to create a portfolio with excess leverage.** If the 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. Interest rate swaps are a common type of swap agreement. Interest rate swaps are often structured so that 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 Interbank Offered Rate.

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.

› Costs relating to entering into, maintaining and unwinding derivatives contracts may reduce the returns of a mutual fund.

› 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 have higher credit risks than derivatives traded in North America.

› The other party to a derivative contract, known as the counterparty, may not be able to meet its obligation to complete the transaction. In general, credit ratings are relied on as indications of the ability of the other party to live up to its agreement. In the event of the bankruptcy or insolvency of the counterparty, collateral posted by the mutual fund to secure obligations of the fund pursuant to derivatives contracts may be difficult to recover. During the recovery process, the collateral posted may fluctuate in value.

Multiple series risk

The Fund is available for purchase 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 15 and *Fees and expenses* on page 20 for more information regarding each series and how its unit value is calculated.

Securities lending, repurchase and reverse repurchase risk

There are risks associated with securities lending transactions, repurchase transactions and reverse repurchase transactions. The value of securities loaned under a securities lending transaction or sold under a repurchase transaction may exceed the value of the collateral held by a mutual fund like the Fund. If there is a default on an obligation to repay or resell the securities to the mutual fund, the collateral may be insufficient to enable the mutual fund to purchase replacement securities and the mutual fund may suffer a loss for the difference and/or experience delays in receiving payment. Similarly, the value of securities purchased by a mutual fund under a reverse repurchase transaction may decline below the amount of cash paid by the mutual fund. If there is a default on an obligation to repurchase the securities from the mutual fund, the mutual fund may need to sell the securities for a lower price and suffer a loss for the difference.

For more information about how the Fund may engage in these transactions, please see the section called *How the Fund engages in securities lending transactions, repurchase transactions and reverse repurchase transactions* on page 6.

Large investor risk

The securities of a mutual fund like the 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 mutual fund may have to alter its holdings significantly and purchase or sell investments at unfavourable prices and incur capital gains and transaction costs. This can reduce the returns of the mutual fund. As at the date of this Simplified Prospectus, Royal Bank beneficially owned, directly or indirectly, 100% of the net asset value of the Fund.

If the Fund experiences a “loss restriction event”: (i) the Fund will be deemed to have a 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, the 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) (the “Tax Act”), with appropriate modifications. Generally, a majority-interest beneficiary of the Fund will be a beneficiary who, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, has 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. Generally, a person is deemed not to become a majority-interest beneficiary, and a group of persons is deemed not to become a majority-interest group of beneficiaries, of the Fund if the Fund meets certain investment requirements and qualifies as an “investment fund” under the rules.

Cyber security risk

As the use of technology has become more prevalent in the course of business, mutual funds, like the Fund, 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 the Fund to lose proprietary information or other information subject to privacy laws, suffer data corruption, or lose operational capacity. This in turn could cause the 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 the 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 the Fund’s third-party service providers (e.g. administrators, transfer agents and custodians) or of issuers that the Fund invests in can also subject the Fund to many of the same risks associated with direct cyber security breaches. Like with operational risk in general, the Fund has 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 Fund does not directly control the cyber security systems of issuers or third-party service providers.

Limited operating history risk

The Fund was recently formed and has no, or a limited, operating history. There can be no assurance that we will be successful in achieving the Fund’s investment objectives.

Investment risk classification methodology

We determine the risk rating for the Fund in accordance with NI 81-102. The investment risk level of the 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, the 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 the 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.

The 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. As the Fund is new, we use a reference index that is reasonably expected to approximate the standard deviation of the Fund as a proxy. There may be times when we believe this methodology produces a result that does not reflect the 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 the Fund on an annual basis or if there has been a material change to the Fund's investment objectives or investment strategies.

The methodology that we use to identify the investment risk level of the Fund is available on request, at no cost by calling us toll-free at 1-877-408-6019 or by writing to us at 155 Wellington St. W., Suite 2200, Toronto, Ontario, M5V 3K7.

Who should invest in this Fund?

This Fund may be right for you if:

- you are saving to support an income stream in retirement that begins on or around the target date of the Fund (2055);
- you want a Fund that will maintain a diversified asset mix which is appropriate for the target date of the Fund (2055); or
- you are planning to hold this investment for the medium-to-long term and can tolerate low to medium investment risk.

The Fund's risk classification is based on the return of a blended index composed of the FTSE TMX Canada 30 Day T-Bill Index (1.00%), Long Canadian Government Real Return Bond Custom Index (15.00%), FTSE TMX Canada Universe Bond Index (5.00%), S&P/TSX Capped Composite Total Return Index (19.24%), Russell 3000 Total Return Index (7.75%), MSCI US IMI Real Estate 25/50 Index (5.00%), MSCI World Net Index (35.91%) and MSCI Emerging Markets Net Index (11.10%). The Fund's asset mix will change gradually over time.

The FTSE TMX Canada 30 Day T-Bill Index tracks the performance of Government of Canada one month Treasury Bills. The Long Canadian Government Real Return Bond Custom Index tracks the performance of long-term Government of Canada real return bonds. The FTSE TMX Canada Universe Bond Index tracks the performance of the Canadian investment grade, fixed-income market, including Government of Canada, provincial and corporate bonds. The S&P/TSX Capped Composite Total Return Index tracks the performance of the Canadian equity market. The index imposes capped weights of 10% on all of the constituents in the S&P/TSX Composite Index. The Russell 3000 Total Return Index tracks the performance of the 3,000 largest U.S.-traded stocks, in which the underlying companies are all incorporated in the U.S. The MSCI US IMI Real Estate 25/50 Index is the successor to the MSCI U.S. REIT Index. It tracks the performance of large-, mid- and small-cap U.S. equity securities that are classified in the Real Estate sector as per the Global Industry Classification Standard. The MSCI World Net Index is a free float-adjusted market capitalization index that tracks the equity market performance of developed markets, which currently consists of 23 countries. The MSCI Emerging Markets Net Index is a free float-adjusted market capitalization index that tracks the equity market performance of emerging markets, which currently consists of 23 emerging market countries. Index returns are shown in Canadian dollars.

Distribution policy

A distribution of net income and net realized capital gains, if any, is made annually in December. Net income and net realized capital gains may also be distributed periodically as management fee distributions.

Distributions from the Fund are automatically reinvested in units of the Fund unless you tell us in advance that you want to receive your distributions in cash. For more information about distributions, please see the section called *Distributions from the Fund* on page 24.

Fund expenses indirectly borne by investors

We cannot provide information regarding the fees and expenses that would be indirectly borne by investors for Series D, Series F and Series O units because the Fund has not previously completed a financial year.

Other information about the Fund

Regulatory relief from investment restrictions

Subject to the exceptions described below, RBC GAM manages the Fund in accordance with the standard mutual fund investment restrictions and practices (the "restrictions") contained in securities legislation, including NI 81-102 and National Instrument 81-107 – *Independent Review Committee for Investment Funds*. The restrictions are designed in part to ensure that the investments of the Fund are diversified and relatively liquid and to ensure the proper administration of the Fund. The exceptions described below may only be relied upon by the Fund where compatible with the investment objectives of the Fund. Additional information about the exemptive relief described below, and other types of transactions with related parties that the Fund is permitted to engage in, is contained in the Fund's Annual Information Form under the heading *Investment restrictions*.

The Fund is permitted to:

- use additional portfolio assets to those contemplated under NI 81-102 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.

See *What are the risks of investing in the Fund? – Derivatives risk* on page 10 for more information about derivatives risk.

Purchase of debt securities

The 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 debt securities market and/or the 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) with a term to maturity of 365 days or more.

For example, this relief would permit the Fund to purchase debt securities issued by our parent company, Royal Bank, or to purchase debt securities from or sell debt securities to our affiliate, RBC Dominion Securities Inc., acting as principal. Please also refer to the Fund's Annual Information Form for additional information on the exemptions from the restrictions that RBC GAM has obtained.

Related party underwritings

A mutual fund is generally prohibited from investing in a class of securities for which a related dealer has acted as underwriter during the period in which the distribution of those securities is carried out and for 60 days after that distribution (the "Restriction"). However, RBC GAM has obtained relief from the Restriction pursuant to which: (i) the Fund is permitted to purchase equity securities (both on an exchange and on a private placement basis) of issuers in specified jurisdictions; and (ii) the Fund is permitted to purchase debt securities that do not have a "designated rating." The relief orders are subject to conditions, including the approval of the IRC.

For information on the relief obtained by any Underlying Fund, please refer to the simplified prospectus of the Underlying Fund, which is available at *www.rbcgam.com*. Please also refer to the Fund's Annual Information Form for additional information on the exemptions from the restrictions that RBC GAM has obtained.

Purchase of RBC exchange traded funds

Subject to certain conditions, the Fund is permitted pursuant to exemptive relief to:

- purchase a security of an underlying 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* ("NI 81-101"); 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.

Please also refer to the Fund's Annual Information Form for additional information on the exemptions from the restrictions that RBC GAM has obtained.

Proxy voting

The proxies associated with securities held by the Fund will be voted in accordance with guidelines which seek to enhance long-term shareholder value and which are consistent with leading corporate governance practices. The guidelines are available on our website, *www.rbcgam.com*, or by contacting us at the numbers on the back cover of this Simplified Prospectus.

We may use a third-party firm to assist in evaluating how specific proxies should be voted. We may also delegate the actual voting of proxies to a third-party firm, under strict guidance provided by us.

Portfolio turnover rate

The portfolio turnover rate indicates how actively the Fund's portfolio manager manages the Fund's investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. In any year, the higher the Fund's portfolio turnover rate, the greater the trading costs payable by the Fund and the larger the capital gains distributions may be. There is not necessarily a relationship between a high portfolio turnover rate and the performance of the Fund. For information about the potential tax consequences that a high portfolio turnover rate may have on the Fund and on investors, see the section called *Units held in non-registered accounts* on page 24.

Purchases, switches and redemptions

How the units are valued

The Fund's units are divided into several series. Each series is divided into units of equal value. When you invest in the 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 (the "TSX") is open for business, and/or any day or days as we determine, subject to compliance with applicable securities laws.

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 or redemption order.

Here is how we calculate the unit value of each series of the 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 the 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 the 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 the Fund or the net asset value per unit for a series of the Fund, at no cost, on the Phillips, Hager & North investment funds website at *www.rbcgam.com* or by calling us at 1-800-661-6141, or by sending an email to *info@phn.com* or by asking your dealer.

How to buy, redeem and switch

The Fund is permitted to have an unlimited number of series of units and may issue an unlimited number of units of each series. Not all dealers make all series available to investors. Your dealer is responsible for recommending the series most suitable for you.

Series D units

Series D units may be purchased, switched or redeemed through Phillips, Hager & North Investment Funds Ltd., or certain other authorized dealers (primarily discount brokers) and, in some cases, us. The Fund pays us a management fee with respect to Series D units. There are no sales charges or commissions paid for Series D units when purchased directly through Phillips, Hager & North Investment Funds Ltd. A portion of the management fee that is charged to the Fund may be paid by us to selected authorized dealers (including Phillips, Hager & North Investment Funds Ltd.) as a trailing commission.

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. Series F units may only be purchased, switched or redeemed through authorized dealers, and not directly through us. The Fund pays us a management fee with respect to Series F units. We do not pay any sales charge or commission to dealers who sell Series F units, which means we can charge a lower management fee.

Minimum balances

For Series D and Series F units, you must maintain a minimum balance for the Fund. The table below outlines these minimums along with the minimum requirements for additional investments. We may change or waive these minimums at any time, at our sole discretion. For more information about automatic purchase plans, please refer to that section on page 19.

Applicable series	Minimum balance	Minimum additional investments/ pre-authorized purchase plans
Series D	$500	$25
Series F	$500	$25

Generally, if you purchase Series D units of the Fund directly through Phillips, Hager & North Investment Funds Ltd., you must make an initial investment of at least $25,000. This $25,000 may be spread across different accounts. Subsequent purchases must be at least $1,000 unless you buy units through an automatic purchase plan. We may change or waive these minimum amounts at any time, at our discretion.

If you buy units through an automatic purchase plan, you must have at least $10,000 in your accounts with Phillips, Hager & North Investment Funds Ltd. and each purchase must be at least $100. For more information about automatic purchase plans, please refer to that section on page 19.

Series O units
Series O units are only available to large private or institutional investors who make the required minimum investment and minimum subsequent investment as determined by us from time to time. No management fees are payable by the Fund in respect of Series O units. Unitholders pay a negotiated fee directly or indirectly to us which will not exceed 2%. Series O units may only be purchased, switched or redeemed through us or, in certain circumstances, certain of our affiliates.

It is up to you and your advisor to determine which series is appropriate for you. Different 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. For more details see *Dealer compensation* on page 23 and *Fees and expenses* on page 20.

All Series
If your balance falls below the minimum required balance for a particular series, or you otherwise become ineligible to hold a particular series, we may require you to bring the value of your account up to the minimum, or we may redeem, reclassify or switch 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 the Fund or other unitholders of the 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 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 day (and before 1:00 p.m. Eastern Time on December 24, if that day is a valuation day), 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 valuation day (and after 1:00 p.m. Eastern Time on December 24, if that day is a valuation day), your order will be processed using the next valuation day'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. You will find more information about buying, redeeming and switching units of the Fund in the Fund's Annual Information Form. If you are placing your order through another dealer, that dealer may establish earlier cut-off times. Check with your dealer for details.

There are no charges for opening an account or buying units of the Fund directly through Phillips, Hager & North Investment Funds Ltd., or us. If you buy units of the Fund through another registered dealer, that dealer may charge you a fee for buying your units. These fees are negotiated between you and your dealer.

In certain circumstances, you may make arrangements to buy, switch or redeem units by telephone. In the event this service is set up, you may place your orders with Phillips, Hager & North Investment Funds Ltd. by telephone. For security reasons, telephone orders are recorded. Under certain circumstances, you may place transaction requests with Phillips, Hager & North Investment Funds Ltd. via its website at *www.phn.com*. In order to use this service, you must accept the website terms of use and Internet Access Agreement.

Restrictions on purchasing units of the Fund

When you buy units of the Fund through Phillips, Hager & North Investment Funds Ltd., you have to include full payment for your units with your order. If you buy units of the Fund through another registered dealer, you or your dealer must send full payment within two business days. Your dealer is responsible for sending in your order the same day that the dealer receives it from you.

If we do not receive payment in full within the time limits described above or if a cheque is returned because of insufficient funds, the units that you bought will be redeemed on the next valuation day. If they are redeemed for more than you paid, the Fund will keep the difference. If they are redeemed for less than you paid, your dealer will be charged for the difference plus any costs. Your dealer may, in turn, charge you for these amounts.

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 your order is refused, your money will be returned to you in full, without interest.

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 the 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. They may also increase the Fund's transaction costs. Excessive short-term trading can also reduce the 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 particular circumstances, we will employ a combination of preventative and detective measures to discourage and identify excessive short-term trading in the Fund, including:

› fair value pricing of securities held by the Fund;

› imposition of short-term trading fees; and

› monitoring of trading activity and refusal of trades.

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 Fund's portfolio. 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 by 4:00 p.m. Eastern Time. Therefore, we have procedures in place to fair value foreign securities traded in countries outside North America on a daily basis, 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 the 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 mutual funds with significant holdings of foreign securities. They may also be used in respect of foreign securities held by an underlying fund in which the Fund may invest, indirectly affecting the net asset value of the Fund.

Short-term trading fee

A fee of 2% of the amount redeemed or switched may be charged if you invest in units of the Fund (excluding money market funds) for a seven-day period or less.

Short-term trading fees are designed to deter excessive trading and offset its associated costs and are paid to the Fund, not to us. See *Fees and expenses* on page 20.

We will not charge a short-term trading fee in certain circumstances including:

› for redemptions initiated by us or another investment fund;

› for re-designation of units from one series to another series of the Fund;

› for redemptions of $2,500 or less;

› for redemptions within seven days of certain automated transactions;

› for redemptions on omnibus accounts that represent the assets of many underlying investors; and

› in extraordinary situations, for example, a financial emergency.

While we actively take steps to monitor, detect and deter excessive and inappropriate short-term trading, we cannot ensure that such trading activity will be completely eliminated.

Monitoring of trading activity

RBC GAM regularly monitors transactions in the Fund. RBC GAM has established criteria for the Fund that is applied fairly and consistently in an effort to eliminate trading activity that RBC GAM deems potentially detrimental to long-term unitholders. RBC GAM has 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 the Fund within 90 days of buying them on more than one occasion.

RBC GAM has 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 in our sole discretion.**

Purchases

Series D, Series F and Series O units are no load, which means you can buy, redeem or switch Series D, Series F and Series O units of the Fund through certain dealers without paying a commission. See *Fees and expenses* on page 20 and *Dealer compensation* on page 23 for more information.

We may limit or "cap" the size of the 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 the Fund at any time.

Restrictions apply to purchases of units of the Fund. Please see *Restrictions on purchasing units of the Fund* on page 16.

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 *When you may not be allowed to redeem your units* on page 19 for more details.

Switching between funds

You may redeem units of one fund managed by RBC GAM to buy units of another fund managed by RBC GAM or, in some cases, an affiliate. This is called "switching." You may do so as long as you maintain the relevant minimum balance in each fund.

The same rules for buying and redeeming units of the Fund apply to switches.

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 fund to which you are switching.

There are no fees for switching units of the Fund or switching into or out of units of the Fund, other than short-term trading fees (please refer to the heading *Short-term trading fee* on page 17). **These switches will constitute a disposition and may result in a capital gain or loss for income tax purposes. You are responsible for tracking and reporting to the CRA any capital gain or loss that you realize. For information about income tax considerations, please see *Income tax considerations for investors* on page 23.**

We may suspend or restrict your switching privileges if you switch between funds too often.

Restrictions on purchases of units of the Fund also apply in respect of switches into units of the Fund. See *Restrictions on purchasing units of the Fund* on page 16.

For information about automatic switching, please refer to the section called *Investment allocation plans* on page 20.

Re-designation

A switch between series of units of the Fund is called a "re-designation." With our prior approval, you can re-designate from one series of units of the Fund to another series of units of the Fund, as long as you are eligible to hold that series of units. If you are no longer eligible to hold a series of units, we will switch you out of that series to another series of units of the Fund, as appropriate.

We do not charge any fees to switch between series of the Fund. Switching units of one series to units of another series of the Fund is not considered a disposition for tax purposes.

Units of any series may at any time, without notice to unitholders but upon two days' prior written notice to the trustee of the Fund, be re-designated by RBC GAM as units of a different series of the Fund based on the applicable series unit value for the two series of units on the date of the re-designation, provided that no such re-designation shall be made which in the opinion of RBC GAM adversely affects the pecuniary value of the interest of the holder of such units.

Redemptions

With the exception of the short-term trading fee (please refer to the heading *Short-term trading fee* on page 17), there are no charges for redeeming units of the Fund directly through us or Phillips, Hager & North Investment Funds Ltd. If you redeem units of the Fund through another registered dealer, that dealer may charge you a fee for redeeming your units.

When you redeem units of the Fund, we will send you your money within two business days if:

- instructions necessary to complete the transaction have been received; and
- any payment for buying the same units that you are redeeming has cleared.

However, you may receive the money later due to mail delays.

If you place an order to redeem or switch your units through another registered dealer, that dealer is responsible for sending in your order the same day that they receive it from you. Your units will be redeemed on the valuation day the order is received by us from your dealer. Once the instructions necessary to complete the transaction are received by us from your dealer, your money will be released to you. If these instructions are not received within 10 business days of the redemption, the units you redeemed will be bought back on the next valuation date. If they are bought back for less than you redeemed them for, the Fund keeps the difference. If they are bought back for more than you redeemed them for, your dealer will be charged for the difference plus any costs. Your dealer may, in turn, charge you for these amounts.

For information about automatic withdrawals, please refer to *Automatic withdrawal plans* on page 20.

When you may not be allowed to redeem your units

In extraordinary circumstances, we may suspend the right of investors to redeem units of the Fund. These circumstances include when:

› normal trading is suspended on any stock exchange on which securities or derivatives that make up more than half of the Fund's total assets by value are traded; or

› we have permission from the applicable securities regulatory authority.

We reserve the right to require any unitholder of the Fund to redeem such unitholder's entire holding or a portion of units of the Fund at our sole discretion including where a unitholder is or becomes a U.S. citizen or resident of the United States or a resident of another foreign country if we conclude that their participation has the potential to cause adverse regulatory or tax consequences for the Fund or other unitholders of the Fund.

Optional services

Types of accounts available

If you purchase units of the Fund from Phillips, Hager & North Investment Funds Ltd., they offer non-registered taxable investment accounts, registered accounts for various types of plans and Tax Free Savings Accounts ("TFSAs"). With these accounts, you can create a customized portfolio using any combination of our investment funds and other authorized investments. There are no administration fees for any type of account or service.

Investment accounts are available for any investor including individuals (singularly or jointly), trusts, corporations, foundations and endowments.

RRSP accounts are for Registered Retirement Savings Plans ("RRSPs"). You receive a tax deduction for your contributions (subject to limits) and do not pay tax on the income from your investment or the growth in value until you withdraw money from the account.

RRIF accounts are for your Registered Retirement Income Fund ("RRIF"). This account allows you to make regular withdrawals, according to certain tax rules. You do not pay tax on the income or growth from your investment until you withdraw money from the account.

RESP accounts are for your Registered Education Savings Plan ("RESP") and can be used towards the future cost of education for family members. The income and growth from your investment are tax sheltered and under certain conditions your plan may qualify for government grants. To have an RESP account you must satisfy the investment account minimum.

TFSAs are also available through Phillips, Hager & North Investment Funds Ltd. You do not pay tax on the income from your investment held in a TFSA or the growth in value.

We also offer registered plans for:

› spousal retirement plans, to let you contribute to an RRSP in your spouse's name;

› transfers of retiring allowances, and transfers from registered pension plans and deferred profit sharing plans ("DPSPs");

› Locked-In Retirement Accounts ("LIRAs");

› Locked-In Retirement Income Funds ("LRIFs"); and

› Life Income Funds ("LIFs").

You should consult your tax advisor for more information about the tax implications of registered plans.

Automatic purchase plans

If you want to invest in the Fund on a regular basis, you can use our automatic purchase plan.

Here is how the plan works:

› See *Purchases, switches and redemptions – Minimum balances* on page 15 for the minimum initial investment and the minimum additional investments required for each series of units of the Fund.

› If you do not invest the minimum balance amount, you must build up to the minimum balance within one year (for Series D and Series O units the minimum investment must be made up front).

› 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 due to insufficient funds in your bank account.

› A trade confirmation is issued only for the first trade. All future trades will be reflected on your account statement.

› If you make regular investments in the Fund through an automatic purchase plan, you will receive a copy of the new simplified prospectus that we file each year for the Fund.

› Additional information regarding automatic purchase plans is contained in the forms that you must complete to set up a plan.

Automatic reinvestment of distributions

We will reinvest your distributions to buy additional units of the Fund, unless you tell us in advance that you want to receive your distributions in cash.

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

Automatic withdrawal plans

You can make regular withdrawals by instructing us to redeem your units of the Fund automatically. Automatic withdrawals can provide steady income from your accounts.

Investment allocation plans

You can arrange to gradually transfer your investment in the Fund to one or more other Phillips, Hager & North investment funds. You decide the amount and frequency of these allocations based on your investment needs, objectives and risk tolerance. This service may be useful to you if you want to adjust your investments to reflect a change in your needs or gradually diversify your investments over time. This can lower the average cost of your portfolio and is sometimes called "dollar cost averaging."

Fees and expenses

A brief description of the fees and expenses that you may have to pay if you invest in the Fund is set out in the table below. You may have to pay some of these fees and expenses directly. The Fund may pay some of these fees and expenses, which will therefore reduce the value of your investment in the Fund.

FEES AND EXPENSES PAYABLE BY THE FUND

Management fees	The Fund pays an annual fee to RBC GAM with respect to Series D and Series F units issued by the Fund for its services as manager of the Fund. RBC GAM, in its capacity as manager of the Fund, manages the day-to-day business of the Fund. RBC GAM acts as principal portfolio manager of the Fund, managing the investment portfolio of the Fund. This management fee, which is listed under the heading *Fund details* above, is calculated and accrued daily and varies for each series of units of the Fund, and is subject to applicable taxes, including goods and services tax ("GST")/harmonized sales tax ("HST"). The Fund does not pay a management fee with respect to Series O units. Investors who are eligible to purchase Series O units pay a negotiated fee directly or indirectly to RBC GAM which will not exceed 2% for investment services provided pursuant to an agreement between the investor and RBC GAM, and will be subject to applicable taxes including GST/HST. RBC GAM, in its capacity as manager of the Fund, manages the day-to-day business of the Fund. This includes, but is not limited to, negotiating contractual agreements with and oversight of service providers, preparing reports to mutual fund unitholders and securities regulatory authorities, arranging for distribution and appointment of distributors for the Fund, paying trailing commissions and conducting certain marketing activities. RBC GAM acts as principal portfolio manager of the Fund, managing the investment portfolio and executing portfolio transactions for the Fund directly. RBC GAM may, in some years and in certain cases, absorb a portion of a series' management fee. The decision to absorb the management fee is determined at the discretion of RBC GAM, without notice to unitholders. RBC GAM may reduce the management fee borne by investors who have made substantial investments in the Fund. RBC GAM may decide to do this for a number of reasons, including the value of the assets RBC GAM manages for the investor and RBC GAM's relationship with the investor. RBC GAM calculates the amount of the reduction using a sliding scale based on the value of the investor's assets that RBC GAM manages. The amount of the reduction is not negotiable. It is determined by RBC GAM, at its discretion. An amount equal to the reduction is paid to the applicable investors as a special distribution from the Fund (a "management fee

	distribution"), and is automatically reinvested in additional units. Management fee distributions are paid first out of net income and net realized capital gains, and thereafter as a return of capital. Return of capital represents a return to the investor of a portion of their own invested capital. Unitholders will be provided with written notice of any change to these fees (and any other fee charged to the Fund) that could result in an increase in charges to the Fund at least 60 days before the change becomes effective.
Operating expenses	We pay certain operating expenses of the Fund. These expenses include regulatory filing fees and other day-to-day operating expenses including, but not limited to, recordkeeping, accounting and fund valuation costs, custody fees, audit and legal fees and the costs of preparing and distributing annual and interim reports, prospectuses, statements and investor communications. In return, the Fund pays RBC GAM a fixed administration fee. The administration fee is calculated and accrued daily and may vary by series of units. Such fees are listed under the heading *Fund details* above, and are subject to applicable taxes including GST/HST. The amount of operating expenses paid by us in exchange for the payment of the administration fee may exceed or be less than the administration fee in any particular period. The Fund will continue to pay certain operating expenses directly, including the costs and expenses related to the IRC, the cost of any new government or regulatory requirements and any borrowing costs (collectively, "other fund costs") and taxes (including GST/HST as applicable). Unitholders will be provided with written notice at least 60 days before the basis of calculating any of these expenses (or any other expense charged to the Fund) is changed in any other way that could result in an increase in charges to the Fund. We may, in some years and in certain cases, absorb 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 Phillips, Hager & North, without notice to unitholders. The Fund may invest in units of other funds managed by RBC GAM or its affiliates. These other funds have their own fees and expenses to pay in addition to those paid by any funds that invest in them. However, the Fund will not invest in units of another fund if the Fund would be required to pay any management or incentive fees in respect of that investment that a reasonable person would believe duplicates a fee payable by the other fund for the same service. In addition, the Fund will not invest in another fund managed by RBC GAM if any sales or redemption fees are payable in respect of the investment or invest in any other fund if the Fund would be required to pay any sales or redemption fees in respect of the investment that a reasonable person would believe duplicates a fee payable by unitholders. Effect of GST/HST on Management Expense Ratio The 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 the Fund's unitholders at a certain point in time. Changes in existing GST/HST rates, changes to which provinces impose HST and changes in the breakdown of the residence of the Fund's unitholders will have an impact on the management expense ratio of the Fund.

	Independent Review Committee The IRC acts as the independent review committee of the Fund. 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 a meeting fee of $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 allocated among the funds managed by RBC GAM in a manner that is fair and reasonable.

FEES AND EXPENSES PAYABLE DIRECTLY BY YOU

Sales charges	The Series D, Series F and Series O units of the Fund are “no load,” which means you can buy, redeem or switch units of these series through Phillips, Hager & North Investment Funds Ltd., us and certain dealers, without paying a sales charge.
Switch fees	There is no fee payable to us for re-designating your units from one series to another series of the Fund or from switching from the Fund to another public mutual fund managed by us. RBC GAM may charge a short-term trading fee if you switch your units within seven days of buying them. Please see *Short-term trading fee* on page 17 of this Simplified Prospectus.
Redemption fees	You pay no sales charge when you redeem Series D, Series F and Series O units of the Fund. RBC GAM may charge a short-term trading fee if you redeem your units within seven days of buying them. Please see *Short-term trading fee* on page 17 of this Simplified Prospectus.
Short-term trading fees	We may impose a short-term trading fee of up to 2% of the current value of the units if you redeem or switch out units within seven days of purchasing or previously switching into the Fund. Please see *Short-term trading fee* on page 17 of this Simplified Prospectus.
Registered tax plan 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 are paid to us.
Other fees and expenses	Investors who are eligible to purchase Series O units pay a negotiated fee directly or indirectly to us which will not exceed 2%.

Impact of sales charges

The Fund is "no load," which means you pay no sales or redemption charges when you buy and redeem units of the Fund.

The following table shows the fees that you would pay if you invested $1,000 in Series D, Series F or Series O units of the Fund, if you held that investment for one, three, five or ten years and you redeemed the entire investment immediately before the end of each of these time periods.

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

Dealer compensation

How your investment professional and dealer are paid

Your investment professional is usually the person through whom you purchase units of the Fund. 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 D and Series O units

Series D and Series O units are "no load," which means you can buy, redeem or switch units of these series through Phillips, Hager & North Investment Funds Ltd., us and certain dealers, without paying a commission.

For Series F units

You do not pay sales charges on Series F units, nor do we pay commissions to your dealer in respect of Series F units. Your advisor or dealer negotiates a fee directly with you for the services your advisor or dealer provides.

Trailing commissions

For Series D units, RBC GAM pays dealers a trailing commission based on the total value of Series D units their clients hold in the Fund, according to the following table.

Fund	Maximum annual trailing commissions Series D
Phillips, Hager & North LifeTime 2055 Fund	0.25%

The trailing commission is calculated as a percentage of the assets each dealer has placed in Series D units of the Fund. The trailing commission is calculated daily, based on the closing balance of client accounts. Trailing commissions are paid quarterly, or any other time, at our sole discretion. We also pay trailing commissions to the discount broker for securities you purchase through your discount brokerage account. For Series D units, payment of trailing commissions is typically limited to discount brokers and Phillips, Hager & North Investment Funds Ltd.

We may change the terms of the trailing commission paid to your dealer without informing you. Dealers typically pay a portion of the service fee to their investment professionals for the services they provide to their clients. We do not pay trailing commissions on Series F or Series O units.

Other forms of dealer support

RBC GAM and its affiliates may participate in co-operative advertising programs with dealers to help them market the Fund. Such activities will be in accordance with the rules set out in National Instrument 81-105 – *Mutual Fund Sales Practices*.

Royal Bank owns, directly or indirectly, 100% of RBC GAM, Royal Mutual Fund Inc., RBC Dominion Securities Inc., RBC Direct Investing Inc. and Phillips, Hager & North Investment Funds Ltd., which are principal distributors and/or participating dealers in respect of certain series of units of the Fund.

Dealer compensation from management fees

During RBC GAM's financial year ended October 31, 2017, approximately 45.2% of the total management fees received from the funds managed by RBC GAM (excluding the Fund, which has not existed previously) was used to pay for dealer commissions, or was paid to dealers for other marketing, promotional or educational activities.

Income tax considerations for investors

This section is a general summary of how your investments in the Fund are taxed. It applies to individual investors who are residents of Canada and hold their units in a non-registered account as capital property, or in an RRSP, RRIF, DPSP, RESP, Registered Disability Savings Plan ("RDSP") or TFSA (collectively, "registered plans"). **Please consult with a tax advisor about your own circumstances.**

Distributions from the Fund

The Fund may earn dividend, interest or other income from the investments in its portfolio. It may also realize income or capital gains when it sells investments at a profit. Gains from derivatives, other than derivatives used in some circumstances for hedging purposes, are generally treated as income rather than capital gains.

The Fund pays out its net income and a sufficient portion of its net realized capital gains to investors, so that the Fund does not have to pay ordinary income taxes. These payments are called "distributions." The portion of the regular distributions payable to unitholders of each series is determined based on a number of factors. Regular distributions payable to unitholders of a series are divided equally among all the units of the series. As an investor, you are entitled to your share of these distributions. Net income and net realized capital gains may also be distributed periodically as management fee distributions or on the redemption of units. The Fund may make distributions (including management fee distributions) that are, wholly or partly, a return of capital. Return of capital represents a return to the investor of a portion of their own invested capital.

We will reinvest your distributions to buy additional units of the Fund, unless you tell us in advance that you want to receive your distributions in cash.

Units held in non-registered accounts

If you hold your units in a non-registered account, you have to report the distributions you receive from the Fund (other than returns of capital) on your income tax return. Generally, distributions of Canadian dividends, capital gains and foreign source income will retain their character, and be taxed as if you earned them directly.

If you receive distributions from the Fund that are in excess of your share of the Fund's net income and net realized capital gains, the excess will be treated as a return of capital. Return of capital represents a return to the investor of a portion of their own invested capital. You don't pay tax on a return of capital. Instead it reduces the adjusted cost base ("ACB") of your units. If the ACB of your units is reduced to less than zero you will be deemed to realize a capital gain equal to the negative amount and your ACB will be reset to nil.

You will be sent a tax slip each year that shows your share of the Fund's distributions of income and capital gains.

When you invest in the Fund, the unit price may include accrued or realized income and/or capital gains which have not been distributed. You will have to include your share of a distribution of those amounts on your income tax return, even though the amounts were reflected in the purchase price for your units. This consideration may be particularly important if you invest in an equity fund late in the year.

The higher the Fund's portfolio turnover rate, the more frequently it realizes taxable capital gains and losses. This can result in investors receiving larger capital gains distributions than investors in a fund with a lower portfolio turnover rate. There is an explanation of portfolio turnover rate under that heading on page 14.

When you redeem units, the Fund may distribute net realized capital gains to you as partial payment of the redemption price. Any net realized capital gains so distributed must be included in the calculation of your income as described above. Any amount so distributed should be deducted from the redemption price of your units in determining your proceeds of disposition.

You will have a capital gain if you redeem any units (including a redemption to switch funds) for more than the ACB of the units plus your costs to redeem the units. You will have a capital loss if you redeem the units for less than their ACB plus your costs to redeem the units. The redemption amount used to compute a capital gain or loss is net of the short-term trading fee. On your tax return, one half of a capital gain generally is included in your income, and one half of a capital loss generally may be offset against the taxable portion of any capital gains you realize.

The ACB of a unit is equal to the average ACB of all your identical units of the Fund. Generally, the aggregate ACB of all your identical units is equal to the total cost of units you have bought to that time (including units purchased by reinvesting distributions) minus the return of capital component of distributions and the ACB of units previously redeemed.

In general, fees paid directly by you in respect of Series O units of the Fund held outside a registered plan should be deductible for income tax purposes to the extent that such fees are reasonable and represent fees for advice to you regarding the purchase or sale of units of the Fund or for services provided to you in respect of the administration or management of your units of the Fund. The portion of the fees that represents services provided by the manager to the Fund, rather than directly to you, is not deductible for income tax purposes. You should consult your own tax advisor with respect to the deductibility of fees in your own particular circumstances.

Switching between funds and series

For tax purposes, switching units of the Fund to units of another fund is considered to be the same as redeeming units for cash, even though you actually reinvested the money in units of another fund. The same tax rules apply for switching between funds as for redeeming your units. However, switching units of one series to units of another series of the Fund is not a disposition for tax purposes and no capital gain or loss will be realized provided that the switch is effected as a re-designation. The ACB of the units that were switched will be transferred to the units of the other series acquired on the switch.

Units held in registered plans

The Fund is not expected to qualify as a mutual fund trust under the Tax Act because it will not meet conditions relating to the number of unitholders. The Fund is expected to be at all material times a registered investment under the Tax Act.

If you hold your units in a registered plan, the plan generally does not have to pay any taxes on income or capital gains. You generally do not have to pay taxes on these amounts until you withdraw your money from the plan. Any amount you withdraw from a registered plan (other than an RESP, RDSP or TFSA) is fully taxable. Any amount withdrawn from an RESP or RDSP is generally taxable to the extent it is not a refund of contributions. Amounts withdrawn from a TFSA are not taxable.

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 Fund and its intermediaries are required to report certain information, including certain financial information (e.g. account balances), with respect to unitholders who are U.S. residents and U.S. citizens (including U.S. citizens who are residents or citizens of Canada), and certain other "U.S. Persons" as defined under the IGA (excluding registered plans such as RRSPs), to the CRA. 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 of the Canada-U.S. Tax Convention.

In addition, pursuant to rules in the Tax Act implementing the Organisation for Economic Co-operation and Development Common Reporting Standard (the "CRS Rules"), the 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 unitholders of the Fund (other than registered plans) who are resident in a country outside Canada and the U.S. Intermediaries and/or entities that hold units directly or indirectly may have different disclosure requirements under the CRS Rules. Such information would be exchanged by the CRA with the countries where such unitholders are resident that have adopted the Common Reporting Standard.

What are your legal rights?

Securities legislation in some provinces and territories 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, please refer to the securities legislation of your province or territory, or consult your lawyer.

Phillips, Hager & North® LifeTime 2055 Fund

Additional information about the Fund is available in the Annual Information Form, the Fund Facts, the management reports of fund performance and the financial statements. These documents are incorporated by reference into this Simplified Prospectus, which means that they are legally part of this document, just as if they were printed as part of it. You can get a copy of these documents at no cost by calling us toll-free at 1-800-661-6141, by contacting us at any of the addresses below or by contacting another dealer who sells the Fund. Copies of these documents are also available at *www.rbcgam.com*.

These documents and other information about the Fund, such as information circulars and material contracts, are also available at *www.sedar.com*.

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Global Asset Management

* Phillips, Hager & North Investment Management is a division of RBC Global Asset Management Inc., the manager of the Fund and an indirect wholly-owned subsidiary of Royal Bank of Canada.

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