



RBC Global  
Asset Management

RBC INSTITUTIONAL CASH FUNDS

# **2014 Annual Report**



---

## **Management Report of Fund Performance**

RBC Institutional Government – Plus Cash Fund	1
RBC Institutional Cash Fund	8
RBC Institutional US\$ Cash Fund	15
RBC Institutional Long Cash Fund	22

## **Financial Statements**

<b>MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING</b>	29
<b>INDEPENDENT AUDITOR’S REPORT</b>	30
RBC Institutional Government – Plus Cash Fund	31
RBC Institutional Cash Fund	37
RBC Institutional US\$ Cash Fund	43
RBC Institutional Long Cash Fund	50
<b>GENERIC NOTES TO FINANCIAL STATEMENTS</b>	56
<b>THE ROLE OF THE BOARD OF GOVERNORS</b>	60
<b>PLEASE CALL US</b>	Inside Back Cover



MONEY MARKET FUND

**RBC INSTITUTIONAL  
GOVERNMENT – PLUS CASH FUND**

---

*December 31, 2014*

**Portfolio Manager** *RBC Global Asset Management Inc. ("RBC GAM")*

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

**A Note on Forward-looking Statements**

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

---

*This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-877-408-6019, by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at [www.rbcgam.com/reports](http://www.rbcgam.com/reports) or SEDAR at [www.sedar.com](http://www.sedar.com). Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.*



## MANAGEMENT DISCUSSION OF FUND PERFORMANCE

### Investment Objective and Strategies

The Fund seeks to provide investors with a high level of interest income while focusing on preserving capital and maintaining liquidity. To achieve the Fund's investment objectives, we invest primarily in a well-diversified portfolio of Canadian dollar money market securities issued or guaranteed by Canadian federal and provincial government entities and their fully guaranteed agencies as well as corporate notes issued by the six largest Canadian Schedule 1 chartered banks as measured by market capitalization (excluding RBC). At the time of purchase, securities are restricted to a maximum term to maturity of 365 days and the portfolio's weighted average term to maturity will not exceed 60 days.

### Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for particular investors remains as discussed in the offering documents of the Fund.

### Results of Operations

The Fund's net asset value decreased to \$30.8 million as of December 31, 2014, from \$48.7 million at the end of 2013. Of the change, \$1.3 million was due to investment returns, offset by \$19.1 million of net outflows.

As of December 31, 2014, the current yields were 0.9% for Series S units, 0.9% for Series I units, 1.0% for Series J units and 1.1% for Series O units.

Over the past year, the Fund's Series I units gained 0.93%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

During the reporting period, the portfolio manager kept the Fund's allocation to Canadian banks near its maximum allowable limit of 40% to take advantage of their yield premium over Government of Canada Treasury bills. The remainder of the Fund was invested in provincial notes, which also pay a premium over Government of Canada Treasury bills. Combined, this allocation allowed the Fund to achieve a higher yield than its benchmark, the FTSE TMX Canada 30 Day TBill Index.

With no changes to the Bank of Canada's (the "BOC") overnight target rate of 1% in 2014, and very little movement in Government of Canada Treasury bills, there were limited opportunities to add value via interest rate anticipation. The average term to maturity of the Fund was mainly influenced by the portfolio manager's credit strategies. Throughout 2014, and consistent with much of the period since the BOC's target rate reached 1% in 2010, the portfolio manager focused primarily on securities with a longer term to maturity than the Fund's benchmark in order to obtain the wider credit premiums that exist further out in maturity.

### Recent Developments

The strategies employed by the Fund have remained largely consistent since the start of the ultra-low interest rate cycle in 2009. There have been no meaningful shifts in the investment strategy this period or for the outlook for money market rates, which will likely remain on hold for the foreseeable future.

### Related-Party Transactions

#### *Manager, Portfolio Advisor and Registrar*

RBC GAM is an indirect, wholly-owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, principal portfolio advisor and registrar of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM, as registrar, also keeps the records of who owns the units of the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

Affiliates of RBC GAM that provide services to the Fund in the course of their normal businesses are discussed below.

#### *Distributor*

RBC GAM is the principal distributor of the Fund.

#### *Trustee and Custodian*

RBC Investor Services Trust ("RBC IS") is the trustee and custodian of the Fund. RBC IS holds title to the Fund's property on behalf of unitholders and holds the assets of the Fund.



***Other Related-Party Transactions***

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors (“BoG”) in its capacity as the Independent Review Committee with respect to one or more of the following transactions:

***Related-Party Trading Activities***

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

***Inter-Fund Trading***

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the BoG of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



## FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Institutional Cash Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

### Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations <sup>1</sup>					Annual Distributions <sup>2</sup>				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
<b>Series S</b>												
<b>Dec. 31, 2014</b>	<b>10.00</b>	<b>0.11</b>	<b>(0.02)</b>	–	–	<b>0.09</b>	<b>(0.09)</b>	–	–	–	<b>(0.09)</b>	<b>10.00</b>
Dec. 31, 2013	10.00	0.12	(0.02)	–	–	0.10	(0.10)	–	–	–	(0.10)	10.00
Dec. 31, 2012	10.00	0.11	(0.02)	–	–	0.09	(0.09)	–	–	–	(0.09)	10.00
Dec. 31, 2011 <sup>3</sup>	10.00 <sup>†</sup>	0.09	(0.02)	–	–	0.07	(0.07)	–	–	–	(0.07)	10.00
<b>Series I</b>												
<b>Dec. 31, 2014</b>	<b>10.00</b>	<b>0.11</b>	<b>(0.01)</b>	–	–	<b>0.10</b>	<b>(0.10)</b>	–	–	–	<b>(0.10)</b>	<b>10.00</b>
Dec. 31, 2013	10.00	0.12	(0.02)	–	–	0.10	(0.10)	–	–	–	(0.10)	10.00
Dec. 31, 2012	10.00	0.11	(0.02)	–	–	0.09	(0.09)	–	–	–	(0.09)	10.00
Dec. 31, 2011	10.00	0.10	(0.01)	–	–	0.09	(0.09)	–	–	–	(0.09)	10.00
Dec. 31, 2010 <sup>4</sup>	10.00 <sup>†</sup>	0.05	(0.01)	–	–	0.04	(0.04)	–	–	–	(0.04)	10.00
<b>Series J</b>												
<b>Dec. 31, 2014</b>	<b>10.00</b>	<b>0.11</b>	<b>(0.01)</b>	–	–	<b>0.10</b>	<b>(0.10)</b>	–	–	–	<b>(0.10)</b>	<b>10.00</b>
Dec. 31, 2013	10.00	0.12	(0.01)	–	–	0.11	(0.11)	–	–	–	(0.11)	10.00
Dec. 31, 2012	10.00	0.11	(0.01)	–	–	0.10	(0.10)	–	–	–	(0.10)	10.00
Dec. 31, 2011	10.00	0.11	(0.01)	–	–	0.10	(0.10)	–	–	–	(0.10)	10.00
Dec. 31, 2010 <sup>4</sup>	10.00 <sup>†</sup>	0.04	–	–	–	0.04	(0.04)	–	–	–	(0.04)	10.00
<b>Series O</b>												
<b>Dec. 31, 2014</b>	<b>10.00</b>	<b>0.10</b>	–	–	–	<b>0.10</b>	<b>(0.10)</b>	–	–	–	<b>(0.10)</b>	<b>10.00</b>
Dec. 31, 2013	10.00	0.12	–	–	–	0.12	(0.12)	–	–	–	(0.12)	10.00
Dec. 31, 2012	10.00	0.11	–	–	–	0.11	(0.11)	–	–	–	(0.11)	10.00
Dec. 31, 2011	10.00	0.10	–	–	–	0.10	(0.10)	–	–	–	(0.10)	10.00
Dec. 31, 2010 <sup>4</sup>	10.00 <sup>†</sup>	0.05	–	–	–	0.05	(0.05)	–	–	–	(0.05)	10.00

<sup>1</sup> Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

<sup>2</sup> Distributions are reinvested in additional units of the Fund or paid in cash.

<sup>3</sup> From March 2011. Series S is offered to certain qualified investors in reliance on exemptions from prospectus requirements under applicable securities laws.

<sup>4</sup> From January 2010.

<sup>†</sup> Initial offering net asset value per unit.



**FINANCIAL HIGHLIGHTS (cont.)**

**Ratios and Supplemental Data**

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) <sup>1</sup>	MER Before Absorption (%) <sup>1</sup>	Portfolio Turnover Rate (%) <sup>2</sup>	Trading Expense Ratio (%) <sup>3</sup>
<b>Series S</b>							
<b>Dec. 31, 2014</b>	<b>10.00</b>	<b>6 011</b>	<b>601</b>	<b>0.21</b>	<b>0.21</b>	<b>n/a</b>	<b>—</b>
Dec. 31, 2013	10.00	6 010	601	0.21	0.21	n/a	—
Dec. 31, 2012	10.00	10 010	1 001	0.21	0.21	n/a	—
Dec. 31, 2011 <sup>4</sup>	10.00	20 010	2 001	0.19	0.19	n/a	—
<b>Series I</b>							
<b>Dec. 31, 2014</b>	<b>10.00</b>	<b>1 220</b>	<b>122</b>	<b>0.14</b>	<b>0.14</b>	<b>n/a</b>	<b>—</b>
Dec. 31, 2013	10.00	1 035	104	0.15	0.15	n/a	—
Dec. 31, 2012	10.00	1 045	105	0.15	0.15	n/a	—
Dec. 31, 2011	10.00	996	100	0.14	0.14	n/a	—
Dec. 31, 2010 <sup>5</sup>	10.00	900	90	0.15	0.15	n/a	—
<b>Series J</b>							
<b>Dec. 31, 2014</b>	<b>10.00</b>	<b>13</b>	<b>1</b>	<b>0.14</b>	<b>0.14</b>	<b>n/a</b>	<b>—</b>
Dec. 31, 2013	10.00	13	1	0.12	0.12	n/a	—
Dec. 31, 2012	10.00	12	1	0.12	0.12	n/a	—
Dec. 31, 2011	10.00	12	1	0.11	0.11	n/a	—
Dec. 31, 2010 <sup>5</sup>	10.00	42	4	0.11	0.11	n/a	—
<b>Series O</b>							
<b>Dec. 31, 2014</b>	<b>10.00</b>	<b>23 591</b>	<b>2 359</b>	<b>0.03</b>	<b>0.03</b>	<b>n/a</b>	<b>—</b>
Dec. 31, 2013	10.00	41 631	4 163	0.02	0.02	n/a	—
Dec. 31, 2012	10.00	122 552	12 255	0.02	0.02	n/a	—
Dec. 31, 2011	10.00	173 749	17 375	0.02	0.02	n/a	—
Dec. 31, 2010 <sup>5</sup>	10.00	200 622	20 062	0.02	0.02	n/a	—

<sup>1</sup> The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

<sup>2</sup> The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. 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. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

<sup>3</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as a percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

<sup>4</sup> From March 2011.

<sup>5</sup> From January 2010.



**FINANCIAL HIGHLIGHTS (cont.)**

**Management Fees**

RBC GAM is the manager, portfolio advisor and registrar of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series S	up to 0.16%	31%	69%
Series I	up to 0.11%	–	100%
Series J	up to 0.08%	–	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

\* Includes all costs related to management, investment advisory services, general administration and profit.

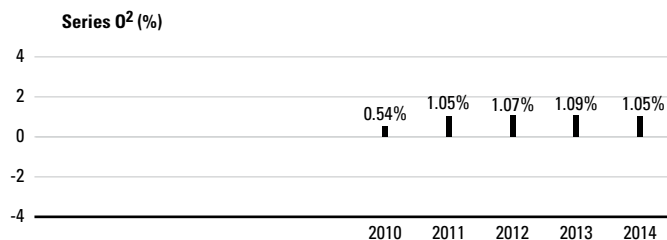
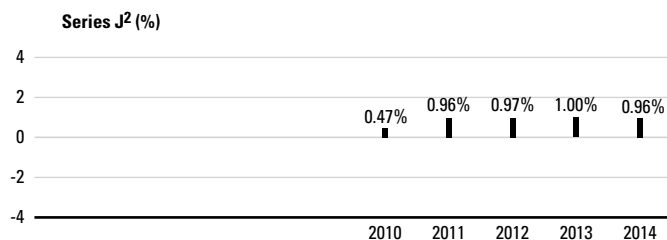
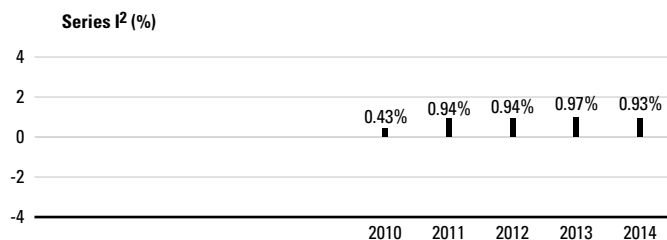
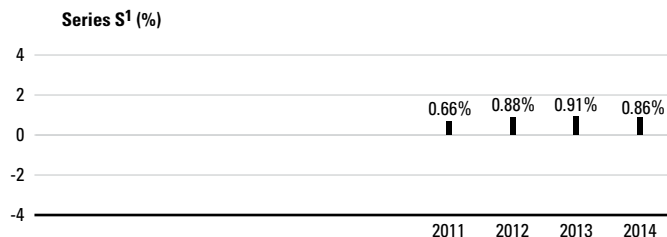
**PAST PERFORMANCE**

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

The Fund was not a reporting issuer from January 26, 2010 until June 6, 2011. The expenses of the Fund would have been higher during the period when it was not a reporting issuer had the Fund been subject to the additional regulatory requirements applicable to a reporting issuer.

**Year-by-Year Returns (%)**

The bar chart indicates the Fund’s performance for each of the years shown and illustrates how the Fund’s performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



<sup>1</sup> Inception date March 2011.  
<sup>2</sup> Inception date January 2010.





**SUMMARY OF INVESTMENT PORTFOLIO**

*(after consideration of derivative products, if any)*

*As at December 31, 2014*

**Investment Mix**

	% of Net Asset Value
Government Notes	60.2
Corporate Notes	39.8

**Top 25 Holdings\***

	% of Net Asset Value
Province of Ontario 0.989% Feb 11 15	16.2
Province of Alberta 0.992% Feb 24 15	12.8
Province of Nova Scotia 0.972% Jan 5 15	10.5
Province of Manitoba 0.971% Jan 14 15	7.7
Bank of Montreal 1.197% Jan 16 15	7.5
Toronto-Dominion Bank 1.145% Jan 23 15	7.5
Province of British Columbia 0.991% Mar 4 15	6.5
Province of Ontario 0.971% Jan 14 15	6.4
Canadian Imperial Bank of Commerce 1.221% Feb 17 15	5.0
National Bank of Canada 1.193% Jan 5 15	4.2
Bank of Nova Scotia 1.251% Apr 9 15	4.0
Canadian Imperial Bank of Commerce 1.193% Jan 7 15	3.7
Bank of Nova Scotia 1.250% Feb 26 15	2.4
Bank of Nova Scotia 1.382% May 8 15	1.9
Bank of Montreal 1.356% Apr 27 15	1.9
Bank of Nova Scotia 1.380% Jan 9 15	0.9
National Bank of Canada 1.381% Jan 15 15	0.7
Cash & Cash Equivalents	0.2
<b>Total</b>	<b>100.0</b>

\* The Fund holds fewer than 25 holdings.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at [www.rbcgam.com/reports](http://www.rbcgam.com/reports).



MONEY MARKET FUND

## RBC INSTITUTIONAL CASH FUND

---

December 31, 2014

**Portfolio Manager** RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

### **A Note on Forward-looking Statements**

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

---

*This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-877-408-6019, by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at [www.rbcgam.com/reports](http://www.rbcgam.com/reports) or SEDAR at [www.sedar.com](http://www.sedar.com). Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.*



## MANAGEMENT DISCUSSION OF FUND PERFORMANCE

### Investment Objective and Strategies

The Fund seeks to provide investors with a high level of interest income while focusing on preserving capital and maintaining liquidity. To achieve the Fund's investment objectives, we invest primarily in a well-diversified portfolio of Canadian dollar money market securities issued by Canadian federal and provincial government entities and their fully guaranteed agencies, banks, corporations, trusts and foreign governments. At the time of purchase, securities are restricted to a maximum term to maturity of 365 days and the portfolio's weighted average term to maturity will not exceed 60 days.

### Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for particular investors remains as discussed in the offering documents of the Fund.

### Results of Operations

The Fund's net asset value decreased to \$201.9 million as of December 31, 2014, from \$224.7 million at the end of 2013. Of the change, \$3.9 million was due to investment returns, offset by \$26.8 million of net outflows.

As of December 31, 2014, the current yields were 1.0% for Series S units, 1.1% for Series I units, 1.1% for Series J units and 1.2% for Series O units.

Over the past year, the Fund's Series I units gained 1.08%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

During the reporting period, the portfolio manager allocated all of the assets of the Fund to money-market instruments that pay a credit premium over Government of Canada Treasury bills. Such instruments included corporate notes, bank-sponsored asset-backed commercial paper, and bankers' acceptances, as well as a small allocation to short-term floating-rate notes.

With no changes to the Bank of Canada's (the "BOC") overnight target rate of 1% in 2014, and very little movement in Government of Canada Treasury bills, there were limited opportunities to add value via interest rate anticipation. The average term to maturity of the Fund was mainly influenced by the portfolio manager's credit strategies. Throughout 2014, and consistent with much of the period since the BOC's target rate reached 1% in 2010, the portfolio manager focused primarily on corporate and asset-backed securities with a longer term to maturity than the Fund's benchmark, the FTSE TMX Canada 30 Day TBill Index, in order to obtain the wider credit premiums that exist further out in maturity.

### Recent Developments

The strategies employed by the Fund have remained largely consistent since the start of the ultra-low interest rate cycle in 2009. There have been no meaningful shifts in the investment strategy this period or for the outlook for money market rates, which will likely remain on hold for the foreseeable future.

### Related-Party Transactions

#### *Manager, Portfolio Advisor and Registrar*

RBC GAM is an indirect, wholly-owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, principal portfolio advisor and registrar of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM, as registrar, also keeps the records of who owns the units of the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

Affiliates of RBC GAM that provide services to the Fund in the course of their normal businesses are discussed below.

#### *Distributor*

RBC GAM is the principal distributor of the Fund.

#### *Trustee and Custodian*

RBC Investor Services Trust ("RBC IS") is the trustee and custodian of the Fund. RBC IS holds title to the Fund's property on behalf of unitholders and holds the assets of the Fund.



***Other Related-Party Transactions***

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors (“BoG”) in its capacity as the Independent Review Committee with respect to one or more of the following transactions:

***Related-Party Trading Activities***

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

***Inter-Fund Trading***

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the BoG of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



## FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Institutional Cash Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

### Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations <sup>1</sup>					Annual Distributions <sup>2</sup>				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
<b>Series S</b>												
<b>Dec. 31, 2014</b>	<b>10.00</b>	<b>0.13</b>	<b>(0.02)</b>	–	–	<b>0.11</b>	<b>(0.11)</b>	–	–	–	<b>(0.11)</b>	<b>10.00</b>
Dec. 31, 2013	10.00	0.13	(0.02)	–	–	0.11	(0.11)	–	–	–	(0.11)	10.00
Dec. 31, 2012	10.00	0.13	(0.03)	–	–	0.10	(0.10)	–	–	–	(0.10)	10.00
Dec. 31, 2011 <sup>3</sup>	10.00 <sup>†</sup>	0.10	(0.02)	–	–	0.08	(0.08)	–	–	–	(0.08)	10.00
<b>Series I</b>												
<b>Dec. 31, 2014</b>	<b>10.00</b>	<b>0.10</b>	<b>(0.01)</b>	–	–	<b>0.09</b>	<b>(0.09)</b>	–	–	–	<b>(0.09)</b>	<b>10.00</b>
Dec. 31, 2013	10.00	0.13	(0.01)	–	–	0.12	(0.12)	–	–	–	(0.12)	10.00
Dec. 31, 2012	10.00	0.13	(0.03)	–	–	0.10	(0.10)	–	–	–	(0.10)	10.00
Dec. 31, 2011	10.00	0.11	(0.01)	–	–	0.10	(0.10)	–	–	–	(0.10)	10.00
Dec. 31, 2010 <sup>4</sup>	10.00 <sup>†</sup>	0.06	(0.01)	–	–	0.05	(0.05)	–	–	–	(0.05)	10.00
<b>Series J</b>												
<b>Dec. 31, 2014</b>	<b>10.00</b>	<b>0.12</b>	<b>(0.01)</b>	–	–	<b>0.11</b>	<b>(0.11)</b>	–	–	–	<b>(0.11)</b>	<b>10.00</b>
Dec. 31, 2013	10.00	0.13	(0.01)	–	–	0.12	(0.12)	–	–	–	(0.12)	10.00
Dec. 31, 2012	10.00	0.13	(0.02)	–	–	0.11	(0.11)	–	–	–	(0.11)	10.00
Dec. 31, 2011	10.00	0.12	(0.01)	–	–	0.11	(0.11)	–	–	–	(0.11)	10.00
Dec. 31, 2010 <sup>4</sup>	10.00 <sup>†</sup>	0.05	–	–	–	0.05	(0.05)	–	–	–	(0.05)	10.00
<b>Series O</b>												
<b>Dec. 31, 2014</b>	<b>10.00</b>	<b>0.14</b>	–	–	–	<b>0.14</b>	<b>(0.14)</b>	–	–	–	<b>(0.14)</b>	<b>10.00</b>
Dec. 31, 2013	10.00	0.13	–	–	–	0.13	(0.13)	–	–	–	(0.13)	10.00
Dec. 31, 2012	10.00	0.12	–	–	–	0.12	(0.12)	–	–	–	(0.12)	10.00
Dec. 31, 2011	10.00	0.11	–	–	–	0.11	(0.11)	–	–	–	(0.11)	10.00
Dec. 31, 2010 <sup>4</sup>	10.00 <sup>†</sup>	0.07	–	–	–	0.07	(0.07)	–	–	–	(0.07)	10.00

<sup>1</sup> Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

<sup>2</sup> Distributions are reinvested in additional units of the Fund or paid in cash.

<sup>3</sup> From March 2011. Series S is offered to certain qualified investors in reliance on exemptions from prospectus requirements under applicable securities laws.

<sup>4</sup> From January 2010.

<sup>†</sup> Initial offering net asset value per unit.



**FINANCIAL HIGHLIGHTS (cont.)**

**Ratios and Supplemental Data**

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) <sup>1</sup>	MER Before Absorption (%) <sup>1</sup>	Portfolio Turnover Rate (%) <sup>2</sup>	Trading Expense Ratio (%) <sup>3</sup>
<b>Series S</b>							
<b>Dec. 31, 2014</b>	<b>10.00</b>	<b>20 010</b>	<b>2 001</b>	<b>0.21</b>	<b>0.21</b>	<b>n/a</b>	<b>—</b>
Dec. 31, 2013	10.00	20 010	2 001	0.21	0.21	n/a	—
Dec. 31, 2012	10.00	20 010	2 001	0.21	0.21	n/a	—
Dec. 31, 2011 <sup>4</sup>	10.00	12 010	1 201	0.19	0.19	n/a	—
<b>Series I</b>							
<b>Dec. 31, 2014</b>	<b>10.00</b>	<b>37 634</b>	<b>3 763</b>	<b>0.14</b>	<b>0.14</b>	<b>n/a</b>	<b>—</b>
Dec. 31, 2013	10.00	18 114	1 811	0.14	0.14	n/a	—
Dec. 31, 2012	10.00	26 987	2 699	0.15	0.15	n/a	—
Dec. 31, 2011	10.00	20 335	2 034	0.15	0.15	n/a	—
Dec. 31, 2010 <sup>5</sup>	10.00	21 798	2 180	0.15	0.15	n/a	—
<b>Series J</b>							
<b>Dec. 31, 2014</b>	<b>10.00</b>	<b>430</b>	<b>43</b>	<b>0.14</b>	<b>0.14</b>	<b>n/a</b>	<b>—</b>
Dec. 31, 2013	10.00	7 260	726	0.11	0.11	n/a	—
Dec. 31, 2012	10.00	285	28	0.11	0.11	n/a	—
Dec. 31, 2011	10.00	13	1	0.11	0.11	n/a	—
Dec. 31, 2010 <sup>5</sup>	10.00	52	5	0.11	0.11	n/a	—
<b>Series O</b>							
<b>Dec. 31, 2014</b>	<b>10.00</b>	<b>143 776</b>	<b>14 378</b>	<b>0.02</b>	<b>0.02</b>	<b>n/a</b>	<b>—</b>
Dec. 31, 2013	10.00	179 346	17 935	0.02	0.02	n/a	—
Dec. 31, 2012	10.00	158 858	15 886	0.02	0.02	n/a	—
Dec. 31, 2011	10.00	97 283	9 728	0.03	0.03	n/a	—
Dec. 31, 2010 <sup>5</sup>	10.00	52 239	5 224	0.02	0.02	n/a	—

<sup>1</sup> The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

<sup>2</sup> The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. 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. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

<sup>3</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as a percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

<sup>4</sup> From March 2011.

<sup>5</sup> From January 2010.



**FINANCIAL HIGHLIGHTS (cont.)**

**Management Fees**

RBC GAM is the manager, portfolio advisor and registrar of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series S	up to 0.16%	31%	69%
Series I	up to 0.11%	–	100%
Series J	up to 0.08%	–	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

\* Includes all costs related to management, investment advisory services, general administration and profit.

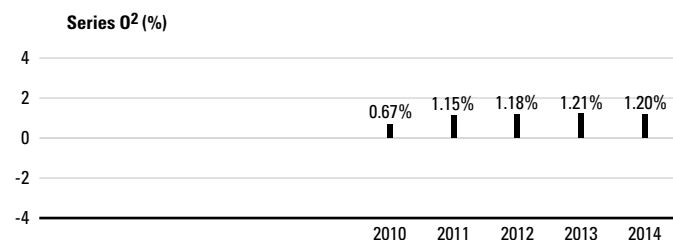
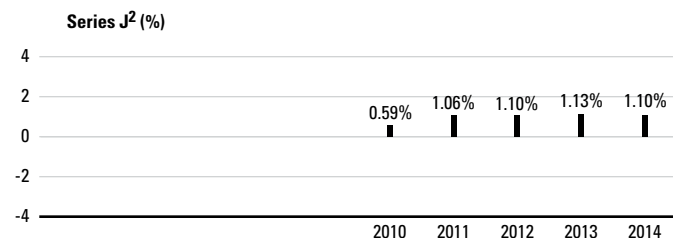
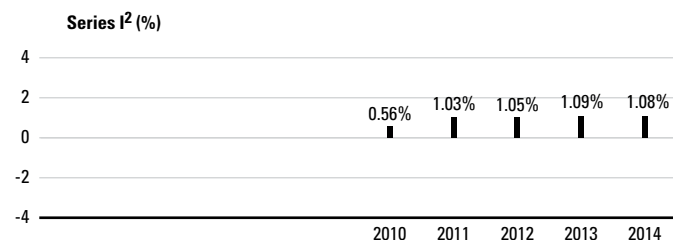
**PAST PERFORMANCE**

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

The Fund was not a reporting issuer from January 26, 2010 until June 6, 2011. The expenses of the Fund would have been higher during the period when it was not a reporting issuer had the Fund been subject to the additional regulatory requirements applicable to a reporting issuer.

**Year-by-Year Returns (%)**

The bar chart indicates the Fund's performance for each of the years shown and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



<sup>1</sup> Inception date March 2011.

<sup>2</sup> Inception date January 2010.



**SUMMARY OF INVESTMENT PORTFOLIO**

*(after consideration of derivative products, if any)*

*As at December 31, 2014*

**Investment Mix**

	% of Net Asset Value
Corporate Notes	100.0

**Top 25 Holdings**

	% of Net Asset Value
Fusion Trust 1.222% Feb 13 15	3.9
Reliant Trust 1.291% Jul 3 15	3.6
Merit Trust - Senior Notes 1.222% Feb 3 15	3.5
Honda Canada Finance Inc. 1.168% Feb 18 15	3.1
TMX Group Ltd. 1.234% Jan 5 15	3.0
HSBC Bank Canada 1.231% Jan 28 15	2.8
Nova Scotia Power Inc. 1.222% Jan 9 15	2.8
Prime Trust - Senior Notes 1.222% Jan 20 15	2.5
Enbridge Gas Distribution Inc. 1.328% Jan 21 15	2.3
Prime Trust - Senior Notes 1.208% Jan 22 15	2.2
FortisBC Energy Inc. 1.220% Feb 24 15	2.0
Bay Street Funding Trust - Class A 1.270% Mar 5 15	2.0
SOUND Trust 1.301% Jul 2 15	2.0
Bank of Nova Scotia 1.248% Feb 25 15	1.9
Canadian Imperial Bank of Commerce 1.343% Mar 2 15	1.9
Bank of Montreal 1.356% Apr 27 15	1.9
National Bank of Canada 1.226% Jan 19 15	1.8
Central 1 Credit Union 1.271% Apr 8 15	1.7
Husky Energy Inc. 1.222% Jan 20 15	1.7
Zeus Receivables Trust - Senior Notes 1.202% Jan 14 15	1.7
Brookfield Asset Management Inc., Class A 1.441% Mar 3 15	1.7
Bay Street Funding Trust - Class A 1.271% Apr 23 15	1.7
National Bank of Canada 1.192% Jan 16 15	1.5
Darwin Receivables Trust - Senior Notes 1.222% Feb 25 15	1.5
Banner Trust 1.202% Jan 14 15	1.5
<b>Top 25 Holdings</b>	<b>56.2</b>

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at [www.rbcgam.com/reports](http://www.rbcgam.com/reports).





MONEY MARKET FUND

## RBC INSTITUTIONAL US\$ CASH FUND

---

December 31, 2014

**Portfolio Manager** RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

### **A Note on Forward-looking Statements**

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

---

*This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-877-408-6019, by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at [www.rbcgam.com/reports](http://www.rbcgam.com/reports) or SEDAR at [www.sedar.com](http://www.sedar.com). Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.*



## MANAGEMENT DISCUSSION OF FUND PERFORMANCE (in USD)

### Investment Objective and Strategies

The Fund seeks to provide investors with a high level of interest income while focusing on preserving capital and maintaining liquidity. To achieve the Fund's investment objectives, we invest primarily in a well-diversified portfolio of U.S. dollar denominated money market securities issued by Canadian federal and provincial government entities and their fully guaranteed agencies, banks, corporations, trusts and foreign governments. At the time of purchase, securities are restricted to a maximum term to maturity of 365 days and the portfolio's weighted average term to maturity will not exceed 60 days.

### Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for particular investors remains as discussed in the offering documents of the Fund.

### Results of Operations

The Fund's net asset value decreased to \$35.4 million as of December 31, 2014, from \$152.4 million at the end of 2013. Of the change, \$167,000 was due to investment returns, offset by \$117.2 million of net outflows.

As of December 31, 2014, the current yields were 0.1% for Series S units and 0.2% for Series O units.

Over the past year, the Fund's Series O units gained 0.20%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The Fund maintained a higher yield than its benchmark, the Citigroup 30-Day T-Bill Index (USD), by allocating all of its assets to money-market instruments that pay a credit premium over U.S. Federal Government Treasury bills. Such instruments included U.S.-dollar-denominated corporate notes, bank-sponsored asset-backed commercial paper, and bankers' acceptances, as well as a small allocation to short-term floating-rate notes issued by Canadian companies. The Fund also invested a small portion in U.S.-dollar-denominated fixed- and floating-rate notes from Canadian provinces.

With no changes to the U.S. Federal Reserve Board's Federal Funds Rate in 2014, and very little movement in Federal Government Treasury bills, there were limited opportunities to add value through predicting the movement of interest rates. The average term to maturity of the Fund was influenced mainly by the portfolio manager's credit strategies. Throughout 2014, and consistent with much of the period since the Federal Funds Rates reached 0–0.25% in 2008, the portfolio manager focused primarily on securities with a longer term to maturity than the Fund's 30-day benchmark in order to obtain the wider credit premiums that exist further out in maturity.

### Recent Developments

The strategies employed by the Fund have remained largely consistent since the start of the ultra-low interest rate cycle in 2008. There have been no meaningful shifts in the investment strategy this period. However, increases to the Federal Funds Rate may take place in 2015, which may lead to more active duration strategies in the Fund. The management fee continues to be reduced to ensure a modest but positive return in the Fund.

### Related-Party Transactions

#### *Manager, Portfolio Advisor and Registrar*

RBC GAM is an indirect, wholly-owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, principal portfolio advisor and registrar of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM, as registrar, also keeps the records of who owns the units of the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

Affiliates of RBC GAM that provide services to the Fund in the course of their normal businesses are discussed below.

#### *Distributor*

RBC GAM is the principal distributor of the Fund.

#### *Trustee and Custodian*

RBC Investor Services Trust ("RBC IS") is the trustee and custodian of the Fund. RBC IS holds title to the Fund's property on behalf of unitholders and holds the assets of the Fund.



***Other Related-Party Transactions***

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors (“BoG”) in its capacity as the Independent Review Committee with respect to one or more of the following transactions:

***Related-Party Trading Activities***

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

***Inter-Fund Trading***

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the BoG of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



**FINANCIAL HIGHLIGHTS (in USD)**

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Institutional Cash Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

**Change in Net Assets Per Unit**

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations <sup>1</sup>					Annual Distributions <sup>2</sup>				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
<b>Series S</b>												
<b>Dec. 31, 2014</b>	<b>10.00</b>	<b>0.02</b>	<b>(0.02)</b>	–	–	–	–	–	–	–	–	<b>10.00</b>
Dec. 31, 2013	10.00	0.03	(0.01)	–	–	0.02	(0.02)	–	–	–	(0.02)	10.00
Dec. 31, 2012	10.00	0.03	(0.02)	–	–	0.01	(0.01)	–	–	–	(0.01)	10.00
Dec. 31, 2011 <sup>3</sup>	10.00 <sup>†</sup>	0.02	(0.01)	–	–	0.01	(0.01)	–	–	–	(0.01)	10.00
<b>Series O</b>												
<b>Dec. 31, 2014</b>	<b>10.00</b>	<b>0.02</b>	–	–	–	<b>0.02</b>	<b>(0.02)</b>	–	–	–	<b>(0.02)</b>	<b>10.00</b>
Dec. 31, 2013	10.00	0.03	–	–	–	0.03	(0.03)	–	–	–	(0.03)	10.00
Dec. 31, 2012	10.00	0.03	(0.01)	–	–	0.02	(0.02)	–	–	–	(0.02)	10.00
Dec. 31, 2011	10.00	0.02	–	–	–	0.02	(0.02)	–	–	–	(0.02)	10.00
Dec. 31, 2010 <sup>4</sup>	10.00 <sup>†</sup>	0.01	–	–	–	0.01	(0.01)	–	–	–	(0.01)	10.00

<sup>1</sup> Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

<sup>2</sup> Distributions are reinvested in additional units of the Fund or paid in cash.

<sup>3</sup> From March 2011. Series S is offered to certain qualified investors in reliance on exemptions from prospectus requirements under applicable securities laws.

<sup>4</sup> From January 2010.

<sup>†</sup> Initial offering net asset value per unit.



**FINANCIAL HIGHLIGHTS (in USD) (cont.)**

**Ratios and Supplemental Data**

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) <sup>1</sup>	MER Before Absorption (%) <sup>1</sup>	Portfolio Turnover Rate (%) <sup>2</sup>	Trading Expense Ratio (%) <sup>3</sup>
<b>Series S</b>							
<b>Dec. 31, 2014</b>	<b>10.00</b>	<b>11 257</b>	<b>1 123</b>	<b>0.18</b>	<b>0.18</b>	<b>n/a</b>	<b>—</b>
Dec. 31, 2013	10.00	6 283	628	0.19	0.19	n/a	—
Dec. 31, 2012	10.00	9	1	0.17	0.17	n/a	—
Dec. 31, 2011 <sup>4</sup>	10.00	9	1	0.20	0.20	n/a	—
<b>Series O</b>							
<b>Dec. 31, 2014</b>	<b>10.00</b>	<b>24 063</b>	<b>2 409</b>	<b>0.03</b>	<b>0.03</b>	<b>n/a</b>	<b>—</b>
Dec. 31, 2013	10.00	146 128	14 613	0.02	0.02	n/a	—
Dec. 31, 2012	10.00	111 463	11 146	0.03	0.03	n/a	—
Dec. 31, 2011	10.00	72 020	7 202	0.03	0.03	n/a	—
Dec. 31, 2010 <sup>5</sup>	10.00	56 081	5 608	0.02	0.02	n/a	—

<sup>1</sup> The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

<sup>2</sup> The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. 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. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

<sup>3</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as a percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

<sup>4</sup> From March 2011.

<sup>5</sup> From January 2010.



**FINANCIAL HIGHLIGHTS (in USD) (cont.)**

**Management Fees**

RBC GAM is the manager, portfolio advisor and registrar of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series S	up to 0.16%	31%	69%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

\* Includes all costs related to management, investment advisory services, general administration and profit.

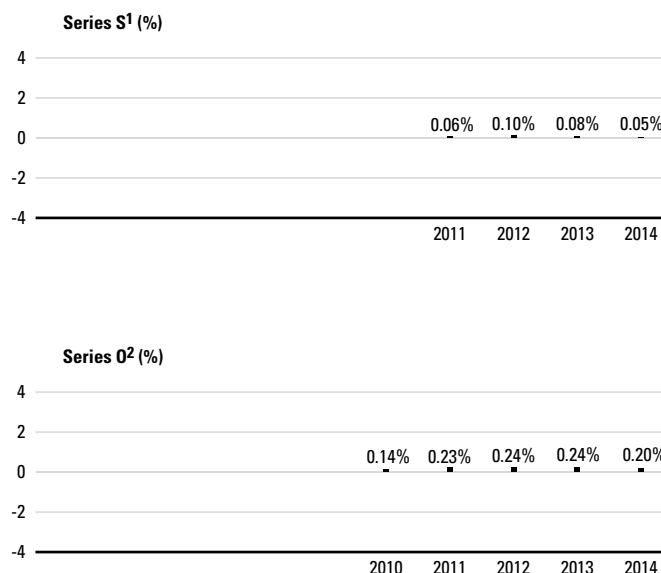
**PAST PERFORMANCE (in USD)**

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

The Fund was not a reporting issuer from January 26, 2010 until June 6, 2011. The expenses of the Fund would have been higher during the period when it was not a reporting issuer had the Fund been subject to the additional regulatory requirements applicable to a reporting issuer.

**Year-by-Year Returns (%)**

The bar chart indicates the Fund's performance for each of the years shown and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



<sup>1</sup> Inception date March 2011.  
<sup>2</sup> Inception date January 2010.



**SUMMARY OF INVESTMENT PORTFOLIO (in USD)**

*(after consideration of derivative products, if any)*

*As at December 31, 2014*

**Investment Mix**

	% of Net Asset Value
Corporate Notes	90.5
Government Notes	9.5

**Top 25 Holdings**

	% of Net Asset Value
Canadian Imperial Bank of Commerce 0.123% Jan 12 15	8.5
Province of Ontario 0.099% Jan 13 15	8.2
Ridge Trust 0.321% Mar 16 15	4.8
Bank of Montreal 0.103% Jan 14 15	4.8
Prime Trust - Senior Notes 0.275% Jan 26 15	4.4
Toronto-Dominion Bank 0.140% Jan 12 15	3.8
HSBC Bank Canada 0.133% Jan 12 15	3.7
Banner Trust 0.281% Mar 10 15	3.5
Zeus Receivables Trust - Senior Notes 0.220% Jan 6 15	3.4
Canadian Master Trust - Series A 0.295% Jan 9 15	3.2
Toronto-Dominion Bank 0.139% Jan 12 15	2.8
Bank of Montreal 0.087% Jan 16 15	2.8
Darwin Receivables Trust - Senior Notes 0.240% Jan 5 15	2.8
Merit Trust - Senior Notes 0.233% Jan 12 15	2.7
Clarity Trust 0.361% Mar 16 15	2.7
SOUND Trust 0.351% Apr 7 15	2.5
PSP Capital Inc. 0.150% Jan 6 15	2.4
Fusion Trust 0.280% Jan 6 15	2.4
SAFE Trust - Series 1996-1 0.351% Jun 1 15	2.4
CPPIB Capital Inc. 0.138% Jan 6 15	2.3
Caisse Centrale Desjardins 0.171% Feb 4 15	2.0
Nissan Canada Financial Services Inc. 0.234% Jan 5 15	1.7
Brookfield Asset Management Inc., Class A 0.340% Mar 16 15	1.7
CDP Financial Inc. 0.151% Jan 5 15	1.6
Toronto-Dominion Bank 0.165% Jan 21 15	1.4
<b>Top 25 Holdings</b>	<b>82.5</b>

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at [www.rbcgam.com/reports](http://www.rbcgam.com/reports).



FIXED INCOME FUND

## RBC INSTITUTIONAL LONG CASH FUND

---

December 31, 2014

**Portfolio Manager** RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

### **A Note on Forward-looking Statements**

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

---

*This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-877-408-6019, by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at [www.rbcgam.com/reports](http://www.rbcgam.com/reports) or SEDAR at [www.sedar.com](http://www.sedar.com). Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.*





## MANAGEMENT DISCUSSION OF FUND PERFORMANCE

### Investment Objective and Strategies

The Fund seeks to provide investors with a high level of interest income while focusing on preserving capital. To achieve the Fund's investment objectives, we invest primarily in a well-diversified portfolio of Canadian dollar short-term fixed income and money market securities issued or guaranteed by Canadian federal and provincial government entities, their fully guaranteed agencies, banks, corporations, trusts and foreign governments. At the time of purchase, securities are restricted to a maximum remaining term to maturity of two years and the portfolio's weighted average term to maturity is permitted to range from six to 18 months.

### Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for particular investors remains as discussed in the offering documents of the Fund.

### Results of Operations

The Fund's net asset value increased to \$60.9 million as of December 31, 2014, from \$51.0 million at the end of 2013. Of the change, \$9.3 million was due to net inflows and \$639,000 to investment returns.

As of December 31, 2014, the current yields were 1.3% for Series I units, 1.4% for Series J units and 1.5% for Series O units.

Over the past year, the Fund's Series I units gained 1.34%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

Although long-term interest rates declined meaningfully in 2014, short-term rates (30-day to two-year maturities) hardly moved at all. The result was the short-term securities were able to collect their yield, but were absent any capital gains or losses due to the effects of changing rates. The Fund was allocated entirely to securities that paid a premium over Government of Canada Treasury bills and notes. Specifically, short-term corporate and bank notes and highly rated asset-backed securities made up the majority of the Fund, while provincial bonds comprised the government bond portion.

### Recent Developments

Global socio-political uncertainty and crashing oil prices have brought renewed risk awareness and volatility to capital markets, including bond prices and yields. Economic growth expectations have been pared back in most developed nations, with the U.S. being an exception. On strong economic momentum, the U.S. Federal Reserve has indicated that hikes to its target rate could occur sometime in 2015, bringing an end to the "zero" interest rate policy in place since 2008. The anticipation of this long-awaited move has contributed to volatility. The end result for interest rates will be the difficult-to-predict outcome of a tug-of-war between a strong U.S. economy and a weakening Europe/Japan.

### Related-Party Transactions

#### *Manager, Portfolio Advisor and Registrar*

RBC GAM is an indirect, wholly-owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, principal portfolio advisor and registrar of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM, as registrar, also keeps the records of who owns the units of the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

Affiliates of RBC GAM that provide services to the Fund in the course of their normal businesses are discussed below.

#### *Distributor*

RBC GAM is the principal distributor of the Fund.

#### *Trustee and Custodian*

RBC Investor Services Trust ("RBC IS") is the trustee and custodian of the Fund. RBC IS holds title to the Fund's property on behalf of unitholders and holds the assets of the Fund.



***Other Related-Party Transactions***

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors (“BoG”) in its capacity as the Independent Review Committee with respect to one or more of the following transactions:

***Related-Party Trading Activities***

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

***Inter-Fund Trading***

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the BoG of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



## FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Institutional Cash Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

### Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations <sup>1</sup>					Annual Distributions <sup>2</sup>				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
<b>Series I</b>												
<b>Dec. 31, 2014</b>	<b>9.30</b>	<b>0.26</b>	<b>(0.01)</b>	<b>(0.13)</b>	<b>0.02</b>	<b>0.14</b>	<b>(0.21)</b>	–	–	–	<b>(0.21)</b>	<b>9.21</b>
Dec. 31, 2013	9.41	0.30	(0.01)	(0.25)	0.10	0.14	(0.26)	–	–	–	(0.26)	9.29
Dec. 31, 2012	9.64	0.42	(0.01)	(0.22)	(0.03)	0.16	(0.38)	–	–	–	(0.38)	9.41
Dec. 31, 2011	9.82	0.46	(0.01)	(0.10)	(0.13)	0.22	(0.35)	–	–	–	(0.35)	9.64
Dec. 31, 2010 <sup>3</sup>	10.00 <sup>†</sup>	0.27	(0.01)	(0.02)	(0.07)	0.17	(0.27)	–	–	–	(0.27)	9.82
<b>Series J</b>												
<b>Dec. 31, 2014</b>	<b>9.30</b>	<b>0.23</b>	<b>(0.01)</b>	<b>(0.12)</b>	<b>0.02</b>	<b>0.12</b>	<b>(0.23)</b>	–	–	–	<b>(0.23)</b>	<b>9.19</b>
Dec. 31, 2013	9.45	0.30	(0.01)	(0.25)	0.10	0.14	(0.27)	–	–	–	(0.27)	9.29
Dec. 31, 2012	9.70	0.40	(0.01)	(0.21)	(0.03)	0.15	(0.40)	–	–	–	(0.40)	9.45
Dec. 31, 2011	9.83	0.26	(0.01)	(0.06)	(0.07)	0.12	(0.30)	–	–	–	(0.30)	9.70
Dec. 31, 2010 <sup>3</sup>	10.00 <sup>†</sup>	0.27	–	(0.02)	(0.07)	0.18	(0.27)	–	–	–	(0.27)	9.83
<b>Series O</b>												
<b>Dec. 31, 2014</b>	<b>9.09</b>	<b>0.24</b>	–	<b>(0.12)</b>	<b>0.02</b>	<b>0.14</b>	<b>(0.31)</b>	–	–	–	<b>(0.31)</b>	<b>8.90</b>
Dec. 31, 2013	9.32	0.30	–	(0.25)	0.10	0.15	(0.39)	–	–	–	(0.39)	9.08
Dec. 31, 2012	9.62	0.42	–	(0.22)	(0.03)	0.17	(0.45)	–	–	–	(0.45)	9.32
Dec. 31, 2011	9.81	0.47	–	(0.10)	(0.13)	0.24	(0.38)	–	–	–	(0.38)	9.62
Dec. 31, 2010 <sup>3</sup>	10.00 <sup>†</sup>	0.29	–	(0.02)	(0.08)	0.19	(0.29)	–	–	–	(0.29)	9.81

<sup>1</sup> Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

<sup>2</sup> Distributions are reinvested in additional units of the Fund or paid in cash.

<sup>3</sup> From January 2010.

<sup>†</sup> Initial offering net asset value per unit.



**FINANCIAL HIGHLIGHTS (cont.)**

**Ratios and Supplemental Data**

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) <sup>1</sup>	MER Before Absorption (%) <sup>1</sup>	Portfolio Turnover Rate (%) <sup>2</sup>	Trading Expense Ratio (%) <sup>3</sup>
<b>Series I</b>							
<b>Dec. 31, 2014</b>	<b>9.21</b>	<b>9 404</b>	<b>1 021</b>	<b>0.13</b>	<b>0.14</b>	<b>157.46</b>	—
Dec. 31, 2013	9.30	12 765	1 373	0.14	0.14	127.08	—
Dec. 31, 2012	9.41	8 646	919	0.15	0.15	119.41	—
Dec. 31, 2011	9.65	8 670	899	0.14	0.14	99.87	—
Dec. 31, 2010 <sup>4</sup>	9.82	11 447	1 165	0.15	0.15	73.53	—
<b>Series J</b>							
<b>Dec. 31, 2014</b>	<b>9.19</b>	<b>46 219</b>	<b>5 031</b>	<b>0.11</b>	<b>0.12</b>	<b>157.46</b>	—
Dec. 31, 2013	9.30	30 807	3 316	0.12	0.12	127.08	—
Dec. 31, 2012	9.45	66 093	6 993	0.12	0.12	119.41	—
Dec. 31, 2011	9.71	74 858	7 708	0.12	0.12	99.87	—
Dec. 31, 2010 <sup>4</sup>	9.83	4 576	465	0.11	0.11	73.53	—
<b>Series O</b>							
<b>Dec. 31, 2014</b>	<b>8.90</b>	<b>5 285</b>	<b>594</b>	<b>0.02</b>	<b>0.03</b>	<b>157.46</b>	—
Dec. 31, 2013	9.09	7 391	813	0.03	0.03	127.08	—
Dec. 31, 2012	9.33	4 111	441	0.03	0.03	119.41	—
Dec. 31, 2011	9.63	6 016	625	0.03	0.03	99.87	—
Dec. 31, 2010 <sup>4</sup>	9.82	15 961	1 625	0.02	0.02	73.53	—

<sup>1</sup> The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

<sup>2</sup> The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. 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. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

<sup>3</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as a percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

<sup>4</sup> From January 2010.



**FINANCIAL HIGHLIGHTS (cont.)**

**Management Fees**

RBC GAM is the manager, portfolio advisor and registrar of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series I	0.11%	–	100%
Series J	0.08%	–	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

\* Includes all costs related to management, investment advisory services, general administration and profit.

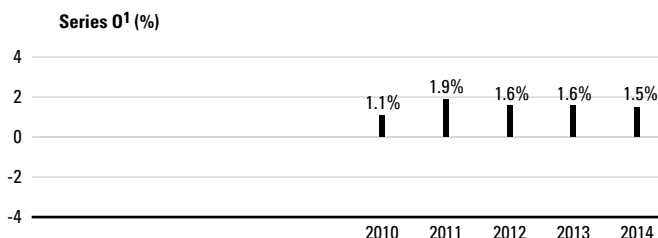
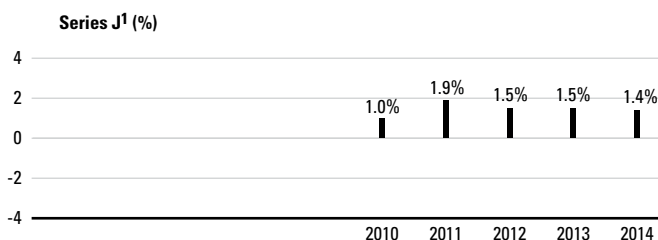
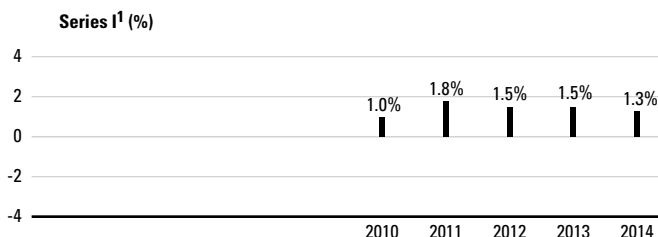
**PAST PERFORMANCE**

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

The Fund was not a reporting issuer from January 26, 2010 until June 6, 2011. The expenses of the Fund would have been higher during the period when it was not a reporting issuer had the Fund been subject to the additional regulatory requirements applicable to a reporting issuer.

**Year-by-Year Returns (%)**

The bar chart indicates the Fund’s performance for each of the years shown and illustrates how the Fund’s performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





**PAST PERFORMANCE (cont.)**

**Annual Compound Returns (%)**

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

FTSE TMX Canada 365 Day TBill Index

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series I <sup>1</sup>	1.3	1.4	–	–	1.5
Benchmark	1.0	1.1	–	–	1.2
Series J <sup>1</sup>	1.4	1.5	–	–	1.5
Benchmark	1.0	1.1	–	–	1.2
Series O <sup>1</sup>	1.5	1.6	–	–	1.6
Benchmark	1.0	1.1	–	–	1.2

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

<sup>1</sup> Inception date January 2010.

**INDEX DESCRIPTION**

**FTSE TMX Canada 365 Day TBill Index\*** This index is a measure of the performance of Canadian T-Bills with a maturity of one year.

\* FTSE TMX fixed-income benchmarks were known as the DEX benchmarks before a name change.

**SUMMARY OF INVESTMENT PORTFOLIO**

*(after consideration of derivative products, if any)*

*As at December 31, 2014*

**Investment Mix**

	% of Net Asset Value
Corporate Bonds	69.4
Government Notes	30.2
Corporate Notes	0.4

**Top 25 Holdings\***

	% of Net Asset Value
King Street Funding Trust 1.271% Mar 11 15	30.5
National Bank of Canada 2.050% Jan 11 16	9.4
Bank of Nova Scotia 1.800% May 9 16	9.4
Bank of Montreal 3.490% Jun 10 16	8.8
Canadian Imperial Bank of Commerce 2.650% Nov 8 16	4.8
Canadian Imperial Bank of Commerce 3.400% Jan 14 16	4.6
Cards II Trust 1.984% Jan 15 16	4.6
Hollis Receivables Term Trust II 2.235 26-Sep-16	4.6
Wells Fargo Canada Corp. 3.700% Mar 30 16	4.5
Master Credit Card Trust 3.502% May 21 16	4.5
407 International Inc. 3.880% Jun 16 15	4.2
HSBC Bank Canada 2.572% Nov 23 15	3.5
Eagle Credit Card Trust 3.474 17-Dec-15	3.5
John Deere Credit Inc. 5.450% Sep 16 15	2.1
Bank of Montreal 2.960% Aug 2 16	0.5
Cash & Cash Equivalents	0.5
<b>Total</b>	<b>100.0</b>

\* The Fund holds fewer than 25 holdings.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at [www.rbcgam.com/reports](http://www.rbcgam.com/reports).



The accompanying financial statements have been prepared by RBC Global Asset Management Inc. ("RBC GAM"), as manager of the RBC Institutional Cash Funds (the "Funds") and approved by the Board of Directors of RBC GAM. We are responsible for the information contained within these financial statements.

We have maintained appropriate procedures and controls to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") (and they include certain amounts that are based on estimates and judgments). The significant accounting policies, which we believe are appropriate for the Funds, are described in Note 3 to the financial statements.

Although the Board of Directors of RBC GAM is solely responsible for approving the financial statements and overseeing management's financial reporting responsibilities, in 2014 the Financial Advisory Committee of the Board of Governors provided advice to RBC GAM concerning financial reporting, the audit process and internal controls. Please see *The Role of the Board of Governors* at the end of this report.

Deloitte LLP, Independent Chartered Professional Accountants, Chartered Accountants, have performed an independent audit of the financial statements in accordance with IFRS. Their report is set out on the next page.

**John S. Montalbano, CFA**  
Chief Executive Officer  
RBC Global Asset Management Inc.

**Frank Lipa, CPA, CA**  
Chief Financial Officer and Chief Operating Officer  
RBC Global Asset Management Inc.

March 5, 2015



To the Unitholders of:

**RBC Institutional Government – Plus Cash Fund**  
**RBC Institutional Cash Fund**  
**RBC Institutional US\$ Cash Fund**  
**RBC Institutional Long Cash Fund**  
(collectively referred to as the “Funds”)

We have audited the accompanying financial statements of each of the Funds, which comprise the schedule of investment portfolio as at December 31, 2014, the statements of financial position as at December 31, 2014, December 31, 2013 and January 1, 2013 and the statements of comprehensive income, statements of cash flow and statements of changes in net assets attributable to holders of redeemable units for the years then ended, and a summary of significant accounting policies and other explanatory information.

### **Management’s responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (“IFRS”), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor’s responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards (“GAAS”). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of each of the Funds as at December 31, 2014, December 31, 2013 and January 1, 2013, and the results of their operations, their cash flows and changes in their net assets for the years then ended in accordance with IFRS.

*Deloitte LLP*

Chartered Professional Accountants, Chartered Accountants, Licensed Public Accountants

March 5, 2015  
Toronto, Ontario





SCHEDULE OF INVESTMENT PORTFOLIO (in \$000s)

**RBC INSTITUTIONAL GOVERNMENT – PLUS CASH FUND**

December 31, 2014

Par Value (000s)	Security	Fair Value	% of Net Assets
<b>BANKERS ACCEPTANCES AND BANK OBLIGATIONS</b>			
2 900	Bank of Montreal	\$ 2 906	
2 857	Bank of Nova Scotia	2 847	
2 700	Canadian Imperial Bank of Commerce	2 690	
1 515	National Bank of Canada	1 508	
2 305	Toronto-Dominion Bank	2 303	
		<u>12 254</u>	<u>39.7</u>
<b>PROVINCIAL OBLIGATIONS</b>			
3 970	Province of Alberta	3 960	
2 005	Province of British Columbia	2 000	
2 375	Province of Manitoba	2 370	
3 235	Province of Nova Scotia	3 228	
6 985	Province of Ontario	6 970	
		<u>18 528</u>	<u>60.1</u>
<b>TOTAL INVESTMENTS*</b>		<u>30 782</u>	<u>99.8</u>
<b>OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>		53	<u>0.2</u>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>		<u>\$ 30 835</u>	<u>100.0</u>

\* Investments, which are grouped by issuer, earn interest at rates ranging from 0.97% to 1.38% and mature between January 5, 2015 and October 15, 2015.



**Statements of Financial Position** *(in \$000s except per unit amounts)*

<i>(see note 2 and note 7 in the generic notes)</i>	<b>December 31 2014</b>	December 31 2013	January 1 2013
<b>ASSETS</b>			
Investments at fair value	\$ 30 782	\$ 48 630	\$ 133 444
Cash	6	6	5
Dividends receivable, interest accrued and other assets	53	60	192
<b>TOTAL ASSETS</b>	<b>30 841</b>	<b>48 696</b>	<b>133 641</b>
<b>LIABILITIES</b>			
Redemptions payable	–	–	10
Distributions payable	5	5	7
Accounts payable and accrued expenses	1	2	5
<b>TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>	<b>6</b>	<b>7</b>	<b>22</b>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")</b>	<b>\$ 30 835</b>	<b>\$ 48 689</b>	<b>\$ 133 619</b>
Investments at cost	\$ 30 782	\$ 48 630	\$ 133 444
<b>NAV</b>			
<b>SERIES S</b>	<b>\$ 6 011</b>	<b>\$ 6 010</b>	<b>\$ 10 010</b>
<b>SERIES I</b>	<b>\$ 1 220</b>	<b>\$ 1 035</b>	<b>\$ 1 045</b>
<b>SERIES J</b>	<b>\$ 13</b>	<b>\$ 13</b>	<b>\$ 12</b>
<b>SERIES O</b>	<b>\$ 23 591</b>	<b>\$ 41 631</b>	<b>\$ 122 552</b>
<b>NAV PER UNIT</b>			
<b>SERIES S</b>	<b>\$ 10.00</b>	<b>\$ 10.00</b>	<b>\$ 10.00</b>
<b>SERIES I</b>	<b>\$ 10.00</b>	<b>\$ 10.00</b>	<b>\$ 10.00</b>
<b>SERIES J</b>	<b>\$ 10.00</b>	<b>\$ 10.00</b>	<b>\$ 10.00</b>
<b>SERIES O</b>	<b>\$ 10.00</b>	<b>\$ 10.00</b>	<b>\$ 10.00</b>

The accompanying notes are an integral part of these financial statements.



### Statements of Comprehensive Income

(in \$000s except per unit amounts)

For the periods ended December 31 (see note 2 in the generic notes)	2014	2013
<b>INCOME (see note 3 in the generic notes)</b>		
Interest for distribution purposes	\$ 1 336	\$ 1 412
<b>TOTAL INCOME (LOSS)</b>	<b>1 336</b>	<b>1 412</b>
<b>EXPENSES (see notes – Fund Specific Information)</b>		
Management fees	11	7
Administration fees	25	25
Board of Governors costs	3	3
GST/HST	5	5
<b>TOTAL EXPENSES</b>	<b>44</b>	<b>40</b>
<b>INCREASE (DECREASE) IN NAV</b>	<b>\$ 1 292</b>	<b>\$ 1 372</b>
<b>INCREASE (DECREASE) IN NAV</b>		
<b>SERIES S</b>	<b>\$ 53</b>	<b>\$ 36</b>
<b>SERIES I</b>	<b>\$ 11</b>	<b>\$ 10</b>
<b>SERIES J</b>	<b>\$ –</b>	<b>\$ 1</b>
<b>SERIES O</b>	<b>\$ 1 228</b>	<b>\$ 1 325</b>
<b>INCREASE (DECREASE) IN NAV</b>		
<b>PER REDEEMABLE UNIT</b>		
<b>SERIES S</b>	<b>\$ 0.09</b>	<b>\$ 0.10</b>
<b>SERIES I</b>	<b>\$ 0.10</b>	<b>\$ 0.10</b>
<b>SERIES J</b>	<b>\$ 0.10</b>	<b>\$ 0.11</b>
<b>SERIES O</b>	<b>\$ 0.10</b>	<b>\$ 0.12</b>

### Statements of Cash Flow (in \$000s)

For the periods ended December 31 (see note 2 in the generic notes)	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in NAV	\$ 1 292	\$ 1 372
<b>ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY OPERATIONS</b>		
Net realized loss (gain) on investments	–	–
Change in unrealized loss (gain) on investments	–	–
(Increase) decrease in accrued receivables	7	132
Increase (decrease) in accrued payables	(1)	(3)
Cost of investments purchased	(952 446)	(697 160)
Proceeds on sales of investments	970 294	781 974
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>19 146</b>	<b>86 315</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of redeemable units	253 979	76 464
Cash paid on redemption of redeemable units	(273 073)	(162 740)
Distributions paid to holders of redeemable units	(52)	(38)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>\$ (19 146)</b>	<b>\$ (86 314)</b>
Net increase (decrease) in cash for the year	–	1
Cash (bank overdraft), beginning of period	6	5
<b>CASH (BANK OVERDRAFT), END OF PERIOD</b>	<b>\$ 6</b>	<b>\$ 6</b>
Interest received	\$ 1 343	\$ 1 544
Dividends received, net of withholding taxes	\$ –	\$ –

Cash consists of cash and futures contracts margin receivable/payable, as applicable.



**Statements of Changes in NAV** (in \$000s)

For the periods ended December 31 (see note 2 in the generic notes)	Series S		Series I		Series J	
	2014	2013	2014	2013	2014	2013
<b>NAV AT BEGINNING OF PERIOD</b>	\$ 6 010	\$ 10 010	\$ 1 035	\$ 1 045	\$ 13	\$ 12
<b>INCREASE (DECREASE) IN NAV</b>	<b>53</b>	<b>36</b>	<b>11</b>	<b>10</b>	<b>–</b>	<b>1</b>
Early redemption fees	–	–	–	–	–	–
Proceeds from redeemable units issued	–	6 003	224	–	–	–
Reinvestments of distributions to holders of redeemable units	–	–	11	10	–	–
Redemption of redeemable units	–	(10 003)	(50)	(20)	–	–
<b>NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS</b>	<b>–</b>	<b>(4 000)</b>	<b>185</b>	<b>(10)</b>	<b>–</b>	<b>–</b>
Distributions from net income	(52)	(36)	(11)	(10)	–	–
Distributions from net gains	–	–	–	–	–	–
Distributions from capital	–	–	–	–	–	–
<b>TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS</b>	<b>(52)</b>	<b>(36)</b>	<b>(11)</b>	<b>(10)</b>	<b>–</b>	<b>–</b>
<b>NET INCREASE (DECREASE) IN NAV</b>	<b>1</b>	<b>(4 000)</b>	<b>185</b>	<b>(10)</b>	<b>–</b>	<b>1</b>
<b>NAV AT END OF PERIOD</b>	<b>\$ 6 011</b>	<b>\$ 6 010</b>	<b>\$ 1 220</b>	<b>\$ 1 035</b>	<b>\$ 13</b>	<b>\$ 13</b>

For the periods ended December 31 (see note 2 in the generic notes)	Series O		Total	
	2014	2013	2014	2013
<b>NAV AT BEGINNING OF PERIOD</b>	\$ 41 631	\$ 122 552	\$ 48 689	\$ 133 619
<b>INCREASE (DECREASE) IN NAV</b>	<b>1 228</b>	<b>1 325</b>	<b>1 292</b>	<b>1 372</b>
Early redemption fees	–	–	–	–
Proceeds from redeemable units issued	253 755	70 461	253 979	76 464
Reinvestments of distributions to holders of redeemable units	1 228	1 325	1 239	1 335
Redemption of redeemable units	(273 023)	(152 707)	(273 073)	(162 730)
<b>NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS</b>	<b>(18 040)</b>	<b>(80 921)</b>	<b>(17 855)</b>	<b>(84 931)</b>
Distributions from net income	(1 228)	(1 325)	(1 291)	(1 371)
Distributions from net gains	–	–	–	–
Distributions from capital	–	–	–	–
<b>TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS</b>	<b>(1 228)</b>	<b>(1 325)</b>	<b>(1 291)</b>	<b>(1 371)</b>
<b>NET INCREASE (DECREASE) IN NAV</b>	<b>(18 040)</b>	<b>(80 921)</b>	<b>(17 854)</b>	<b>(84 930)</b>
<b>NAV AT END OF PERIOD</b>	<b>\$ 23 591</b>	<b>\$ 41 631</b>	<b>\$ 30 835</b>	<b>\$ 48 689</b>

The accompanying notes are an integral part of these financial statements.



December 31, 2014

**General information (see note 1 in the generic notes)**

The investment objective of the Fund is to provide investors with a high level of interest income while focusing on preserving capital and maintaining liquidity.

**Financial instrument risk and capital management (see note 4 in the generic notes)**

**Credit risk (%)**

The table below summarizes the Fund's credit risk exposure grouped by credit ratings as at:

Rating	December 31 2014	December 31 2013	January 1 2013
R-1 (H)	62.0	62.7	33.8
R-1 (M)	38.0	20.8	66.2
R-1 (L)	–	16.5	–
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

**Concentration risk (%)**

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	December 31 2014	December 31 2013	January 1 2013
Government Notes	60.2	60.1	60.5
Corporate Notes	39.8	39.9	39.5

**Interest rate risk (%)**

The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity as at:

Term to maturity	December 31 2014	December 31 2013	January 1 2013
0 – 1 month	49.2	30.0	46.8
1 – 3 months	43.0	46.4	35.4
4 – 6 months	7.8	20.6	17.8
7 – 12 months	–	3.0	–
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Due to the short-term nature of the Fund's investments, the Fund has minimal sensitivity to changes in interest rates.

Please see the generic notes at the back of the financial statements.

**Fair value hierarchy (\$000s except % amounts) (see note 3 in the generic notes)**

The following is a summary of the inputs used as of December 31, 2014, December 31, 2013 and January 1, 2013.

December 31, 2014	Level 1	Level 2	Level 3	Total
<b>Equities</b>	–	–	–	–
<b>Mutual fund units</b>	–	–	–	–
<b>Fixed-income and debt securities</b>	–	–	–	–
<b>Short-term investments</b>	–	30 782	–	30 782
<b>Derivatives – assets</b>	–	–	–	–
<b>Derivatives – liabilities</b>	–	–	–	–
<b>Total financial instruments</b>	–	30 782	–	30 782
<b>% of total portfolio</b>	–	100.0	–	100.0

December 31, 2013	Level 1	Level 2	Level 3	Total
<b>Equities</b>	–	–	–	–
<b>Mutual fund units</b>	–	–	–	–
<b>Fixed-income and debt securities</b>	–	–	–	–
<b>Short-term investments</b>	–	48 630	–	48 630
<b>Derivatives – assets</b>	–	–	–	–
<b>Derivatives – liabilities</b>	–	–	–	–
<b>Total financial instruments</b>	–	48 630	–	48 630
<b>% of total portfolio</b>	–	100.0	–	100.0

January 1, 2013	Level 1	Level 2	Level 3	Total
<b>Equities</b>	–	–	–	–
<b>Mutual fund units</b>	–	–	–	–
<b>Fixed-income and debt securities</b>	–	–	–	–
<b>Short-term investments</b>	–	133 444	–	133 444
<b>Derivatives – assets</b>	–	–	–	–
<b>Derivatives – liabilities</b>	–	–	–	–
<b>Total financial instruments</b>	–	133 444	–	133 444
<b>% of total portfolio</b>	–	100.0	–	100.0

For the periods ended December 31, 2014, December 31, 2013 and January 1, 2013, there were no transfers of financial instruments between Level 1 or Level 2 and Level 3.

**Management fees (see note 6 in the generic notes)**

No management fees are payable by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

Management fees of the other series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

Series S	up to 0.16%
Series I	up to 0.11%
Series J	up to 0.08%



December 31, 2014

**Operating expenses (see note 6 in the generic notes)**

Administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

Series S	0.02%
Series I	0.02%
Series J	0.02%
Series O	0.02%

**Investments by related parties  
(\$000s except unit amounts)**

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	December 31 2014	December 31 2013
<b>Units held</b>		
Series S	1 034	1 025
Series I	1 192	1 181
Series J	1 274	1 262
Series O	257	254
<b>Value of all units</b>	<b>38</b>	<b>37</b>

**Taxes (\$000s) (see note 5 in the generic notes)**

The Fund had no capital or non-capital losses as at December 31, 2014.

**Unitholders' equity (000s)**

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended December 31 (see note 2 in the generic notes)	2014	2013
<b>Series S</b>		
Opening units	601	1 001
Issued number of units	–	600
Reinvested number of units	–	–
Redeemed number of units	–	(1 000)
Ending number of units	<b>601</b>	<b>601</b>
<b>Series I</b>		
Opening units	104	105
Issued number of units	22	–
Reinvested number of units	1	1
Redeemed number of units	(5)	(2)
Ending number of units	<b>122</b>	<b>104</b>

For the periods ended December 31  
(see note 2 in the generic notes)

	2014	2013
<b>Series J</b>		
Opening units	1	1
Issued number of units	–	–
Reinvested number of units	–	–
Redeemed number of units	–	–
Ending number of units	<b>1</b>	<b>1</b>
<b>Series O</b>		
Opening units	4 163	12 255
Issued number of units	25 375	7 047
Reinvested number of units	123	132
Redeemed number of units	(27 302)	(15 271)
Ending number of units	<b>2 359</b>	<b>4 163</b>

**Transition to IFRS (\$000s) (see note 7 in the generic notes)**

Reconciliation of net assets and comprehensive income as previously reported under Canadian GAAP to IFRS:

	December 31 2013	January 1 2013
<b>Net assets</b>		
Net assets as reported under Canadian GAAP	48 689	133 619
Revaluation of investments at FVTPL	–	–
Net assets attributable to holders of redeemable units	<b>48 689</b>	<b>133 619</b>
		December 31 2013
<b>Comprehensive income</b>		
Comprehensive income as reported under Canadian GAAP		1 372
Revaluation of investments at FVTPL (see note 3 and note 7 in the generic notes)		–
Increase (decrease) in net assets attributable to holders of redeemable units		<b>1 372</b>

Please see the generic notes at the back of the financial statements.



**SCHEDULE OF INVESTMENT PORTFOLIO (in \$000s)  
RBC INSTITUTIONAL CASH FUND**

December 31, 2014

<b>Par Value (000s)</b>	<b>Security</b>	<b>Fair Value</b>	<b>% of Net Assets</b>
<b>BANKERS ACCEPTANCES AND BANK OBLIGATIONS</b>			
3 700	Bank of Montreal	\$ 3 750	
19 800	Bank of Nova Scotia	19 731	
3 800	Canadian Imperial Bank of Commerce	3 835	
8 535	HSBC Bank Canada	8 526	
11 135	National Bank of Canada	11 128	
		<b>46 970</b>	<b>23.3</b>
<b>COMMERCIAL PAPER</b>			
9 500	Banner Trust	9 472	
10 000	Bay Street Funding Trust - Class A	9 937	
3 500	Brookfield Asset Management Inc., Class A	3 488	
9 550	Central 1 Credit Union	9 491	
9 680	Darwin Receivables Trust - Senior Notes	9 633	
5 550	Enbridge Gas Distribution Inc.	5 542	
6 000	FortisBC Energy Inc.	5 982	
7 825	Fusion Trust	7 801	
6 175	Honda Canada Finance Inc.	6 157	
5 875	Husky Energy Inc.	5 858	
5 600	Inter Pipeline Ltd.	5 584	
4 500	King Street Funding Trust	4 472	
9 500	Merit Trust - Senior Notes	9 471	
5 000	Nissan Canada Financial Services Inc.	4 993	
5 725	Nova Scotia Power Inc.	5 718	
165	OMERS Realty Corp.	165	
9 500	Prime Trust - Senior Notes	9 470	
7 750	Reliant Trust	7 701	
1 250	Ridge Trust	1 242	
6 000	SAFE Trust - Series 1996-1	5 962	
9 195	SOUND Trust	9 151	
6 000	TMX Group Ltd.	5 992	
1 750	TransCanada PipeLines Ltd.	1 747	
9 525	Zeus Receivables Trust - Senior Notes	9 496	
		<b>154 525</b>	<b>76.5</b>
<b>TOTAL INVESTMENTS*</b>		<b>201 495</b>	<b>99.8</b>
<b>OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>		<b>355</b>	<b>0.2</b>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>		<b>\$ 201 850</b>	<b>100.0</b>

\* Investments, which are grouped by issuer, earn interest at rates ranging from 1.17% to 1.44% and mature between January 2, 2015 and October 15, 2015.



**Statements of Financial Position** *(in \$000s except per unit amounts)*

<i>(see note 2 and note 7 in the generic notes)</i>	<b>December 31 2014</b>	December 31 2013	January 1 2013
<b>ASSETS</b>			
Investments at fair value	\$ 201 495	\$ 224 269	\$ 205 812
Cash	9	6	3
Subscriptions receivable	–	35	–
Dividends receivable, interest accrued and other assets	385	453	356
<b>TOTAL ASSETS</b>	<b>201 889</b>	<b>224 763</b>	<b>206 171</b>
<b>LIABILITIES</b>			
Distributions payable	27	23	20
Accounts payable and accrued expenses	12	10	11
<b>TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>	<b>39</b>	<b>33</b>	<b>31</b>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")</b>	<b>\$ 201 850</b>	<b>\$ 224 730</b>	<b>\$ 206 140</b>
Investments at cost	\$ 201 495	\$ 224 269	\$ 205 812
<b>NAV</b>			
<b>SERIES S</b>	<b>\$ 20 010</b>	<b>\$ 20 010</b>	<b>\$ 20 010</b>
<b>SERIES I</b>	<b>\$ 37 634</b>	<b>\$ 18 114</b>	<b>\$ 26 987</b>
<b>SERIES J</b>	<b>\$ 430</b>	<b>\$ 7 260</b>	<b>\$ 285</b>
<b>SERIES O</b>	<b>\$ 143 776</b>	<b>\$ 179 346</b>	<b>\$ 158 858</b>
<b>NAV PER UNIT</b>			
<b>SERIES S</b>	<b>\$ 10.00</b>	<b>\$ 10.00</b>	<b>\$ 10.00</b>
<b>SERIES I</b>	<b>\$ 10.00</b>	<b>\$ 10.00</b>	<b>\$ 10.00</b>
<b>SERIES J</b>	<b>\$ 10.00</b>	<b>\$ 10.00</b>	<b>\$ 10.00</b>
<b>SERIES O</b>	<b>\$ 10.00</b>	<b>\$ 10.00</b>	<b>\$ 10.00</b>

The accompanying notes are an integral part of these financial statements.





**Statements of Comprehensive Income**

(in \$000s except per unit amounts)

For the periods ended December 31 (see note 2 in the generic notes)	2014	2013
<b>INCOME (see note 3 in the generic notes)</b>		
Interest for distribution purposes	\$ 4 239	\$ 2 998
<b>TOTAL INCOME (LOSS)</b>	<b>4 239</b>	<b>2 998</b>
<b>EXPENSES (see notes – Fund Specific Information)</b>		
Management fees	205	54
Administration fees	70	48
Board of Governors costs	3	3
GST/HST	20	12
<b>TOTAL EXPENSES</b>	<b>298</b>	<b>117</b>
<b>INCREASE (DECREASE) IN NAV</b>	<b>\$ 3 941</b>	<b>\$ 2 881</b>
<b>INCREASE (DECREASE) IN NAV</b>		
<b>SERIES S</b>	<b>\$ 201</b>	<b>\$ 136</b>
<b>SERIES I</b>	<b>\$ 1 636</b>	<b>\$ 278</b>
<b>SERIES J</b>	<b>\$ 59</b>	<b>\$ 73</b>
<b>SERIES O</b>	<b>\$ 2 045</b>	<b>\$ 2 394</b>
<b>INCREASE (DECREASE) IN NAV</b>		
<b>PER REDEEMABLE UNIT</b>		
<b>SERIES S</b>	<b>\$ 0.11</b>	<b>\$ 0.11</b>
<b>SERIES I</b>	<b>\$ 0.09</b>	<b>\$ 0.12</b>
<b>SERIES J</b>	<b>\$ 0.11</b>	<b>\$ 0.12</b>
<b>SERIES O</b>	<b>\$ 0.14</b>	<b>\$ 0.13</b>

**Statements of Cash Flow (in \$000s)**

For the periods ended December 31 (see note 2 in the generic notes)	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in NAV	\$ 3 941	\$ 2 881
<b>ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY OPERATIONS</b>		
Net realized loss (gain) on investments	–	–
Change in unrealized loss (gain) on investments	–	–
(Increase) decrease in accrued receivables	68	(97)
Increase (decrease) in accrued payables	2	(1)
Cost of investments purchased	(3 136 985)	(1 539 927)
Proceeds on sales of investments	3 159 759	1 521 470
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>26 785</b>	<b>(15 674)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of redeemable units	621 428	393 351
Cash paid on redemption of redeemable units	(647 938)	(377 477)
Distributions paid to holders of redeemable units	(272)	(197)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>\$ (26 782)</b>	<b>\$ 15 677</b>
Net increase (decrease) in cash for the year	3	3
Cash (bank overdraft), beginning of period	6	3
<b>CASH (BANK OVERDRAFT), END OF PERIOD</b>	<b>\$ 9</b>	<b>\$ 6</b>
Interest received	\$ 4 306	\$ 2 901
Dividends received, net of withholding taxes	\$ –	\$ –

Cash consists of cash and futures contracts margin receivable/payable, as applicable.



**Statements of Changes in NAV** (in \$000s)

For the periods ended December 31 (see note 2 in the generic notes)	Series S		Series I		Series J	
	2014	2013	2014	2013	2014	2013
<b>NAV AT BEGINNING OF PERIOD</b>	\$ 20 010	\$ 20 010	\$ 18 114	\$ 26 987	\$ 7 260	\$ 285
<b>INCREASE (DECREASE) IN NAV</b>	<b>201</b>	<b>136</b>	<b>1 636</b>	<b>278</b>	<b>59</b>	<b>73</b>
Early redemption fees	–	–	–	–	–	–
Proceeds from redeemable units issued	–	20 000	387 233	49 186	3 163	9 014
Reinvestments of distributions to holders of redeemable units	–	8	1 561	206	59	73
Redemption of redeemable units	–	(20 008)	(369 274)	(58 265)	(10 052)	(2 112)
<b>NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS</b>	<b>–</b>	<b>–</b>	<b>19 520</b>	<b>(8 873)</b>	<b>(6 830)</b>	<b>6 975</b>
Distributions from net income	(201)	(136)	(1 636)	(278)	(59)	(73)
Distributions from net gains	–	–	–	–	–	–
Distributions from capital	–	–	–	–	–	–
<b>TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS</b>	<b>(201)</b>	<b>(136)</b>	<b>(1 636)</b>	<b>(278)</b>	<b>(59)</b>	<b>(73)</b>
<b>NET INCREASE (DECREASE) IN NAV</b>	<b>–</b>	<b>–</b>	<b>19 520</b>	<b>(8 873)</b>	<b>(6 830)</b>	<b>6 975</b>
<b>NAV AT END OF PERIOD</b>	<b>\$ 20 010</b>	<b>\$ 20 010</b>	<b>\$ 37 634</b>	<b>\$ 18 114</b>	<b>\$ 430</b>	<b>\$ 7 260</b>

For the periods ended December 31 (see note 2 in the generic notes)	Series O		Total	
	2014	2013	2014	2013
<b>NAV AT BEGINNING OF PERIOD</b>	\$ 179 346	\$ 158 858	\$ 224 730	\$ 206 140
<b>INCREASE (DECREASE) IN NAV</b>	<b>2 045</b>	<b>2 394</b>	<b>3 941</b>	<b>2 881</b>
Early redemption fees	–	–	–	–
Proceeds from redeemable units issued	230 997	315 186	621 393	393 386
Reinvestments of distributions to holders of redeemable units	2 045	2 393	3 665	2 680
Redemption of redeemable units	(268 612)	(297 092)	(647 938)	(377 477)
<b>NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS</b>	<b>(35 570)</b>	<b>20 487</b>	<b>(22 880)</b>	<b>18 589</b>
Distributions from net income	(2 045)	(2 393)	(3 941)	(2 880)
Distributions from net gains	–	–	–	–
Distributions from capital	–	–	–	–
<b>TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS</b>	<b>(2 045)</b>	<b>(2 393)</b>	<b>(3 941)</b>	<b>(2 880)</b>
<b>NET INCREASE (DECREASE) IN NAV</b>	<b>(35 570)</b>	<b>20 488</b>	<b>(22 880)</b>	<b>18 590</b>
<b>NAV AT END OF PERIOD</b>	<b>\$ 143 776</b>	<b>\$ 179 346</b>	<b>\$ 201 850</b>	<b>\$ 224 730</b>

The accompanying notes are an integral part of these financial statements.



December 31, 2014

**General information (see note 1 in the generic notes)**

The investment objective of the Fund is to provide investors with a high level of interest income while focusing on preserving capital and maintaining liquidity.

**Financial instrument risk and capital management (see note 4 in the generic notes)**

**Credit risk (%)**

The table below summarizes the Fund's credit risk exposure grouped by credit ratings as at:

Rating	December 31 2014	December 31 2013	January 1 2013
R-1 (H)	71.1	70.4	80.7
R-1 (M)	15.6	3.5	7.1
R-1 (L)	13.3	26.1	12.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

**Concentration risk (%)**

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	December 31 2014	December 31 2013	January 1 2013
Corporate Notes	100.0	95.9	97.4
Government Notes	–	4.1	2.6

**Interest rate risk (%)**

The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity as at:

Term to maturity	December 31 2014	December 31 2013	January 1 2013
0 – 1 month	43.5	35.6	30.9
1 – 3 months	35.1	43.7	47.1
4 – 6 months	15.8	20.0	22.0
7 – 12 months	5.6	0.7	–
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Due to the short-term nature of the Fund's investments, the Fund has minimal sensitivity to changes in interest rates.

Please see the generic notes at the back of the financial statements.

**Fair value hierarchy (\$000s except % amounts) (see note 3 in the generic notes)**

The following is a summary of the inputs used as of December 31, 2014, December 31, 2013 and January 1, 2013.

December 31, 2014	Level 1	Level 2	Level 3	Total
<b>Equities</b>	–	–	–	–
<b>Mutual fund units</b>	–	–	–	–
<b>Fixed-income and debt securities</b>	–	–	–	–
<b>Short-term investments</b>	–	201 495	–	201 495
<b>Derivatives – assets</b>	–	–	–	–
<b>Derivatives – liabilities</b>	–	–	–	–
<b>Total financial instruments</b>	–	201 495	–	201 495
<b>% of total portfolio</b>	–	100.0	–	100.0

December 31, 2013	Level 1	Level 2	Level 3	Total
<b>Equities</b>	–	–	–	–
<b>Mutual fund units</b>	–	–	–	–
<b>Fixed-income and debt securities</b>	–	–	–	–
<b>Short-term investments</b>	–	224 269	–	224 269
<b>Derivatives – assets</b>	–	–	–	–
<b>Derivatives – liabilities</b>	–	–	–	–
<b>Total financial instruments</b>	–	224 269	–	224 269
<b>% of total portfolio</b>	–	100.0	–	100.0

January 1, 2013	Level 1	Level 2	Level 3	Total
<b>Equities</b>	–	–	–	–
<b>Mutual fund units</b>	–	–	–	–
<b>Fixed-income and debt securities</b>	–	–	–	–
<b>Short-term investments</b>	–	205 812	–	205 812
<b>Derivatives – assets</b>	–	–	–	–
<b>Derivatives – liabilities</b>	–	–	–	–
<b>Total financial instruments</b>	–	205 812	–	205 812
<b>% of total portfolio</b>	–	100.0	–	100.0

For the periods ended December 31, 2014, December 31, 2013 and January 1, 2013, there were no transfers of financial instruments between Level 1 or Level 2 and Level 3.

**Management fees (see note 6 in the generic notes)**

No management fees are payable by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

Management fees of the other series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

Series S	up to 0.16%
Series I	up to 0.11%
Series J	up to 0.08%



December 31, 2014

**Operating expenses (see note 6 in the generic notes)**

Administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

Series S	0.02%
Series I	0.02%
Series J	0.02%
Series O	0.02%

**Investments by related parties  
(\$000s except unit amounts)**

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	December 31 2014	December 31 2013
<b>Units held</b>		
Series S	1 039	1 029
Series I	290	287
Series J	1 294	1 280
Series O	258	255
<b>Value of all units</b>	<b>29</b>	<b>29</b>

**Taxes (\$000s) (see note 5 in the generic notes)**

The Fund had no capital or non-capital losses as at December 31, 2014.

**Unitholders' equity (000s)**

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended December 31 (see note 2 in the generic notes)	2014	2013
<b>Series S</b>		
Opening units	2 001	2 001
Issued number of units	–	2 000
Reinvested number of units	–	1
Redeemed number of units	–	(2 001)
<b>Ending number of units</b>	<b>2 001</b>	<b>2 001</b>
<b>Series I</b>		
Opening units	1 811	2 699
Issued number of units	38 723	4 917
Reinvested number of units	156	21
Redeemed number of units	(36 927)	(5 826)
<b>Ending number of units</b>	<b>3 763</b>	<b>1 811</b>

Please see the generic notes at the back of the financial statements.

For the periods ended December 31 (see note 2 in the generic notes)	2014	2013
<b>Series J</b>		
Opening units	726	28
Issued number of units	316	902
Reinvested number of units	6	7
Redeemed number of units	(1 005)	(211)
<b>Ending number of units</b>	<b>43</b>	<b>726</b>
<b>Series O</b>		
Opening units	17 935	15 886
Issued number of units	23 100	31 519
Reinvested number of units	204	239
Redeemed number of units	(26 861)	(29 709)
<b>Ending number of units</b>	<b>14 378</b>	<b>17 935</b>

**Investments by other related investment funds (%)  
(see note 6 in the generic notes)**

The table below summarizes, as a percentage, the net assets of the Fund owned by other related investment funds as at:

	December 31 2014	December 31 2013
Phillips, Hager & North Balanced Fund	5.3	16.2
Phillips, Hager & North Balanced Pension Trust	9.6	31.5
<b>Total</b>	<b>14.9</b>	<b>47.7</b>

**Transition to IFRS (\$000s) (see note 7 in the generic notes)**

Reconciliation of net assets and comprehensive income as previously reported under Canadian GAAP to IFRS:

	December 31 2013	January 1 2013
<b>Net assets</b>		
Net assets as reported under Canadian GAAP	224 730	206 140
Revaluation of investments at FVTPL	–	–
<b>Net assets attributable to holders of redeemable units</b>	<b>224 730</b>	<b>206 140</b>
		December 31 2013
<b>Comprehensive income</b>		
Comprehensive income as reported under Canadian GAAP		2 881
Revaluation of investments at FVTPL (see note 3 and note 7 in the generic notes)		–
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>		<b>2 881</b>



SCHEDULE OF INVESTMENT PORTFOLIO (in USD000s)  
**RBC INSTITUTIONAL US\$ CASH FUND**

December 31, 2014

Par Value (000s)	Security	Fair Value	% of Net Assets
<b>BANKERS ACCEPTANCES AND BANK OBLIGATIONS</b>			
2 925	Bank of Montreal	\$ 2 925	
240	Bank of Nova Scotia	241	
3 000	Canadian Imperial Bank of Commerce	2 999	
1 290	HSBC Bank Canada	1 290	
250	National Bank of Canada	250	
3 415	Toronto-Dominion Bank	3 416	
		<b>11 121</b>	<b>31.5</b>
<b>COMMERCIAL PAPER</b>			
1 365	Banner Trust	1 363	
835	Brookfield Asset Management Inc., Class A	835	
1 345	Caisse Centrale Desjardins	1 345	
1 246	Canadian Master Trust - Series A	1 245	
580	CDP Financial Inc.	580	
950	Clarity Trust	948	
800	CPPIB Capital Inc.	800	
1 000	Darwin Receivables Trust - Senior Notes	999	
500	Enbridge Inc.	500	
850	Fusion Trust	849	
600	Nissan Canada Financial Services Inc.	600	
1 455	Merit Trust - Senior Notes	1 454	
1 560	Prime Trust - Senior Notes	1 559	
1 000	PSP Capital Inc.	1 000	
975	Reliant Trust	975	
1 700	Ridge Trust	1 699	
1 300	SAFE Trust - Series 1996-1	1 298	
1 090	SOUND Trust	1 088	
500	TMX Group Ltd.	500	
1 200	Zeus Receivables Trust - Senior Notes	1 200	
		<b>20 837</b>	<b>59.0</b>
<b>PROVINCIAL OBLIGATIONS</b>			
3 350	Province of Ontario	3 351	
		<b>3 351</b>	<b>9.5</b>
<b>TOTAL INVESTMENTS*</b>			
		<b>35 309</b>	<b>100.0</b>
<b>OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>			
		11	—
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>			
		<b>\$ 35 320</b>	<b>100.0</b>

\* Investments, which are grouped by issuer, earn interest at rates ranging from 0.10% to 0.36% and mature between January 5, 2015 and January 25, 2016.



**Statements of Financial Position** *(in \$000s except per unit amounts)*

<i>(see note 2 and note 7 in the generic notes)*</i>	<b>December 31 2014</b>	December 31 2013	January 1 2013
<b>ASSETS</b>			
Investments at fair value	\$ 35 309	\$ 152 368	\$ 111 458
Cash	3	6	3
Dividends receivable, interest accrued and other assets	10	54	32
<b>TOTAL ASSETS</b>	<b>35 322</b>	<b>152 428</b>	<b>111 493</b>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	2	4	2
<b>TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>	<b>2</b>	<b>4</b>	<b>2</b>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")</b>	<b>\$ 35 320</b>	<b>\$ 152 424</b>	<b>\$ 111 491</b>
Investments at cost	\$ 35 309	\$ 152 368	\$ 111 458
<b>NAV</b>			
<b>SERIES S</b>	<b>\$ 11 228</b>	<b>\$ 6 284</b>	<b>\$ 9</b>
<b>SERIES I</b>	<b>\$ –</b>	<b>\$ 5</b>	<b>\$ 10</b>
<b>SERIES J</b>	<b>\$ –</b>	<b>\$ 6</b>	<b>\$ 9</b>
<b>SERIES O</b>	<b>\$ 24 092</b>	<b>\$ 146 129</b>	<b>\$ 111 463</b>
<b>NAV PER UNIT</b>			
<b>SERIES S</b>	<b>\$ 10.00</b>	<b>\$ 10.00</b>	<b>\$ 10.00</b>
<b>SERIES I</b>	<b>\$ –</b>	<b>\$ 10.00</b>	<b>\$ 10.00</b>
<b>SERIES J</b>	<b>\$ –</b>	<b>\$ 10.00</b>	<b>\$ 10.00</b>
<b>SERIES O</b>	<b>\$ 10.00</b>	<b>\$ 10.00</b>	<b>\$ 10.00</b>

\* Series I and Series J were closed in October 2014, but may be re-opened at a future date.



**Statements of Comprehensive Income**

(in \$000s except per unit amounts)

For the periods ended December 31 (see note 2 in the generic notes)*	2014	2013
<b>INCOME (see note 3 in the generic notes)</b>		
Interest for distribution purposes	\$ 158	\$ 503
<b>TOTAL INCOME (LOSS)</b>	<b>158</b>	<b>503</b>
<b>EXPENSES (see notes – Fund Specific Information)</b>		
Management fees	13	24
Administration fees	14	35
Board of Governors costs	3	3
GST/HST	4	5
<b>TOTAL EXPENSES</b>	<b>34</b>	<b>67</b>
<b>INCREASE (DECREASE) IN NAV</b>	<b>\$ 124</b>	<b>\$ 436</b>
<b>INCREASE (DECREASE) IN NAV</b>		
<b>SERIES S</b>	<b>\$ 5</b>	<b>\$ 12</b>
<b>SERIES I</b>	<b>\$ –</b>	<b>\$ –</b>
<b>SERIES J</b>	<b>\$ –</b>	<b>\$ –</b>
<b>SERIES O</b>	<b>\$ 119</b>	<b>\$ 424</b>
<b>INCREASE (DECREASE) IN NAV</b>		
<b>PER REDEEMABLE UNIT</b>		
<b>SERIES S</b>	<b>\$ –</b>	<b>\$ 0.02</b>
<b>SERIES I</b>	<b>\$ –</b>	<b>\$ 0.01</b>
<b>SERIES J</b>	<b>\$ –</b>	<b>\$ 0.02</b>
<b>SERIES O</b>	<b>\$ 0.02</b>	<b>\$ 0.03</b>

\* Series I and Series J were closed in October 2014, but may be re-opened at a future date.

**Statements of Cash Flow (in \$000s)**

For the periods ended December 31 (see note 2 in the generic notes)	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in NAV	\$ 124	\$ 436
<b>ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY OPERATIONS</b>		
Net realized loss (gain) on investments	–	–
Change in unrealized loss (gain) on investments	–	–
(Increase) decrease in accrued receivables	44	(22)
Increase (decrease) in accrued payables	(2)	2
Cost of investments purchased	(718 777)	(2 242 419)
Proceeds on sales of investments	835 835	2 201 509
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>117 224</b>	<b>(40 494)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of redeemable units	146 042	338 356
Cash paid on redemption of redeemable units	(263 269)	(297 859)
Distributions paid to holders of redeemable units	–	–
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>\$ (117 227)</b>	<b>\$ 40 497</b>
Net increase (decrease) in cash for the year	(3)	3
Cash (bank overdraft), beginning of period	6	3
<b>CASH (BANK OVERDRAFT), END OF PERIOD</b>	<b>\$ 3</b>	<b>\$ 6</b>
Interest received	\$ 202	\$ 481
Dividends received, net of withholding taxes	\$ –	\$ –

Cash consists of cash and futures contracts margin receivable/payable, as applicable.



**Statements of Changes in NAV** (in \$000s)

For the periods ended December 31 (see note 2 in the generic notes)*	Series S		Series I		Series J	
	2014	2013	2014	2013	2014	2013
<b>NAV AT BEGINNING OF PERIOD</b>	\$ 6 284	\$ 9	\$ 5	\$ 10	\$ 6	\$ 9
<b>INCREASE (DECREASE) IN NAV</b>	5	12	—	—	—	—
Early redemption fees	—	—	—	—	—	—
Proceeds from redeemable units issued	42 042	101 295	—	—	—	—
Reinvestments of distributions to holders of redeemable units	2 898	12	—	—	—	—
Redemption of redeemable units	(37 102)	(95 032)	(5)	(5)	(6)	(3)
<b>NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS</b>	7 838	6 275	(5)	(5)	(6)	(3)
Distributions from net income	(5)	(12)	—	—	—	—
Distributions from net gains	(2 894)	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—
<b>TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS</b>	(2 899)	(12)	—	—	—	—
<b>NET INCREASE (DECREASE) IN NAV</b>	4 944	6 275	(5)	(5)	(6)	(3)
<b>NAV AT END OF PERIOD</b>	\$ 11 228	\$ 6 284	\$ —	\$ 5	\$ —	\$ 6

For the periods ended December 31 (see note 2 in the generic notes)*	Series O		Total	
	2014	2013	2014	2013
<b>NAV AT BEGINNING OF PERIOD</b>	\$ 146 129	\$ 111 463	\$ 152 424	\$ 111 491
<b>INCREASE (DECREASE) IN NAV</b>	119	424	124	436
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	104 000	237 061	146 042	338 356
Reinvestments of distributions to holders of redeemable units	5 757	423	8 655	435
Redemption of redeemable units	(226 156)	(202 819)	(263 269)	(297 859)
<b>NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS</b>	(116 399)	34 665	(108 572)	40 932
Distributions from net income	(120)	(423)	(125)	(435)
Distributions from net gains	(5 637)	—	(8 531)	—
Distributions from capital	—	—	—	—
<b>TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS</b>	(5 757)	(423)	(8 656)	(435)
<b>NET INCREASE (DECREASE) IN NAV</b>	(122 037)	34 666	(117 104)	40 933
<b>NAV AT END OF PERIOD</b>	\$ 24 092	\$ 146 129	\$ 35 320	\$ 152 424

\* Series I and Series J were closed in October 2014, but may be re-opened at a future date.





December 31, 2014

**General information (see note 1 in the generic notes)**

The investment objective of the Fund is to provide investors with a high level of interest income while focusing on preserving capital and maintaining liquidity.

**Financial instrument risk and capital management (see note 4 in the generic notes)**

**Credit risk (%)**

The table below summarizes the Fund's credit risk exposure grouped by credit ratings as at:

Rating	December 31 2014	December 31 2013	January 1 2013
R-1 (H)	79.9	81.9	61.7
R-1 (M)	15.5	7.1	20.3
R-1 (L)	4.6	11.0	18.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

**Concentration risk (%)**

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	December 31 2014	December 31 2013	January 1 2013
Corporate Notes	90.5	96.2	79.7
Government Notes	9.5	3.8	20.3

**Interest rate risk (%)**

The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity as at:

Term to maturity	December 31 2014	December 31 2013	January 1 2013
0 – 1 month	71.2	37.6	40.6
1 – 3 months	23.9	42.8	51.2
4 – 6 months	4.9	19.6	8.2
7 – 12 months	–	–	–
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Due to the short-term nature of the Fund's investments, the Fund has minimal sensitivity to changes in interest rates.

**Fair value hierarchy (USD000s except % amounts) (see note 3 in the generic notes)**

The following is a summary of the inputs used as of December 31, 2014, December 31, 2013 and January 1, 2013.

December 31, 2014	Level 1	Level 2	Level 3	Total
<b>Equities</b>	–	–	–	–
<b>Mutual fund units</b>	–	–	–	–
<b>Fixed-income and debt securities</b>	–	–	–	–
<b>Short-term investments</b>	–	35 309	–	35 309
<b>Derivatives – assets</b>	–	–	–	–
<b>Derivatives – liabilities</b>	–	–	–	–
<b>Total financial instruments</b>	–	35 309	–	35 309
<b>% of total portfolio</b>	–	100.0	–	100.0

December 31, 2013	Level 1	Level 2	Level 3	Total
<b>Equities</b>	–	–	–	–
<b>Mutual fund units</b>	–	–	–	–
<b>Fixed-income and debt securities</b>	–	–	–	–
<b>Short-term investments</b>	–	152 368	–	152 368
<b>Derivatives – assets</b>	–	–	–	–
<b>Derivatives – liabilities</b>	–	–	–	–
<b>Total financial instruments</b>	–	152 368	–	152 368
<b>% of total portfolio</b>	–	100.0	–	100.0

January 1, 2013	Level 1	Level 2	Level 3	Total
<b>Equities</b>	–	–	–	–
<b>Mutual fund units</b>	–	–	–	–
<b>Fixed-income and debt securities</b>	–	–	–	–
<b>Short-term investments</b>	–	111 458	–	111 458
<b>Derivatives – assets</b>	–	–	–	–
<b>Derivatives – liabilities</b>	–	–	–	–
<b>Total financial instruments</b>	–	111 458	–	111 458
<b>% of total portfolio</b>	–	100.0	–	100.0

For the periods ended December 31, 2014, December 31, 2013 and January 1, 2013, there were no transfers of financial instruments between Level 1 or Level 2 and Level 3.



December 31, 2014

**Management fees (see note 6 in the generic notes)**

No management fees are payable by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

Management fees of the other series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

Series S	up to 0.16%
Series I	up to 0.11%
Series J	up to 0.08%

Series I and Series J were closed in October 2014, but may be re-opened at a future date.

**Operating expenses (see note 6 in the generic notes)**

Administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

Series S	0.02%
Series I	0.02%
Series J	0.02%
Series O	0.02%

Series I and Series J were closed in October 2014, but may be re-opened at a future date.

**Investments by related parties  
(USD000s except unit amounts)**

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	December 31 2014	December 31 2013
<b>Units held</b>		
Series S	50	–
Series O	50	–
<b>Value of all units</b>	<b>1</b>	–

**Taxes (CAD000s) (see note 5 in the generic notes)**

The Fund prepares its financial statements in U.S. dollars but is taxable on its income and net realized capital gains (arising from foreign exchange movements) calculated on a Canadian dollar basis. The Fund may choose not to distribute net realized capital gains calculated on a Canadian dollar basis. Any income taxes payable in respect of capital gains not distributed, which are recoverable in the future, are recorded as refundable capital gains taxes.

The Fund had no capital or non-capital losses as at December 31, 2014.

**Unitholders' equity (000s)**

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended December 31  
(see note 2 in the generic notes)

	2014	2013
<b>Series S</b>		
Opening units	628	1
Issued number of units	4 205	10 129
Reinvested number of units	–	1
Redeemed number of units	(3 710)	(9 503)
Ending number of units	1 123	628
<b>Series I</b>		
Opening units	1	1
Issued number of units	–	–
Reinvested number of units	–	–
Redeemed number of units	(1)	–
Ending number of units	–	1
<b>Series J</b>		
Opening units	1	1
Issued number of units	–	–
Reinvested number of units	–	–
Redeemed number of units	(1)	–
Ending number of units	–	1
<b>Series O</b>		
Opening units	14 613	11 146
Issued number of units	10 400	23 707
Reinvested number of units	12	42
Redeemed number of units	(22 616)	(20 282)
Ending number of units	2 409	14 613



December 31, 2014

**Transition to IFRS (USD000s) (see note 7 in the generic notes)**

Reconciliation of net assets and comprehensive income as previously reported under Canadian GAAP to IFRS:

	December 31 2013	January 1 2013
<b>Net assets</b>		
Net assets as reported under Canadian GAAP	152 424	111 491
Revaluation of investments at FVTPL	–	–
Net assets attributable to holders of redeemable units	152 424	111 491
		December 31 2013
<b>Comprehensive income</b>		
Comprehensive income as reported under Canadian GAAP		436
Revaluation of investments at FVTPL (see note 3 and note 7 in the generic notes)		–
Increase (decrease) in net assets attributable to holders of redeemable units		436

Please see the generic notes at the back of the financial statements.



SCHEDULE OF INVESTMENT PORTFOLIO (in \$000s)  
**RBC INSTITUTIONAL LONG CASH FUND**

December 31, 2014

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
<b>CANADIAN BONDS</b>						
2 555	407 International Inc.	3.880	16-Jun-15	\$ 2 602	\$ 2 584	
5 250	Bank of Montreal	3.490	10-Jun-16	5 408	5 389	
300	Bank of Montreal	2.960	02-Aug-16	307	306	
5 710	Bank of Nova Scotia	1.800	09-May-16	5 724	5 725	
2 775	Canadian Imperial Bank of Commerce	3.400	14-Jan-16	2 852	2 828	
2 850	Canadian Imperial Bank of Commerce	2.650	08-Nov-16	2 902	2 901	
2 770	Cards II Trust	1.984	15-Jan-16	2 787	2 783	
2 065	Eagle Credit Card Trust	3.474	17-Dec-15	2 117	2 102	
2 750	Hollis Receivables Term Trust II	2.235	26-Sep-16	2 777	2 777	
2 085	HSBC Bank Canada	2.572	23-Nov-15	2 115	2 104	
1 260	John Deere Credit Inc.	5.450	16-Sep-15	1 336	1 295	
2 685	Master Credit Card Trust	3.502	21-May-16	2 772	2 754	
5 695	National Bank of Canada	2.050	11-Jan-16	5 736	5 725	
2 700	Wells Fargo Canada Corp.	3.700	30-Mar-16	2 786	2 769	
<b>TOTAL CANADIAN BONDS</b>				<b>42 221</b>	<b>42 042</b>	<b>69.0</b>
<b>SHORT-TERM INVESTMENTS*</b>						
240	King Street Funding Trust			238	238	
9 079	Province of British Columbia			9 012	9 012	
290	Province of Nova Scotia			290	290	
8 300	Province of Ontario			8 216	8 216	
800	Province of Saskatchewan			798	798	
<b>TOTAL SHORT-TERM INVESTMENTS</b>				<b>18 554</b>	<b>18 554</b>	<b>30.5</b>
<b>TOTAL INVESTMENTS</b>				<b>\$ 60 775</b>	<b>60 596</b>	<b>99.5</b>
<b>OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>					<b>312</b>	<b>0.5</b>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>					<b>\$ 60 908</b>	<b>100.0</b>

\* Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, and are grouped by issuer, earn interest at rates ranging from 0.99% to 1.27% and mature between January 20, 2015 and September 16, 2015.



**Statements of Financial Position** *(in \$000s except per unit amounts)*

<i>(see note 2 and note 7 in the generic notes)</i>	<b>December 31 2014</b>	December 31 2013	January 1 2013
<b>ASSETS</b>			
Investments at fair value	\$ 60 596	\$ 50 682	\$ 78 310
Cash	13	4	10
Dividends receivable, interest accrued and other assets	327	301	551
<b>TOTAL ASSETS</b>	<b>60 936</b>	<b>50 987</b>	<b>78 871</b>
<b>LIABILITIES</b>			
Distributions payable	22	20	12
Accounts payable and accrued expenses	6	4	8
<b>TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>	<b>28</b>	<b>24</b>	<b>20</b>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")</b>	<b>\$ 60 908</b>	<b>\$ 50 963</b>	<b>\$ 78 851</b>
Investments at cost	\$ 60 775	\$ 50 953	\$ 79 260
<b>NAV</b>			
<b>SERIES I</b>	<b>\$ 9 404</b>	<b>\$ 12 765</b>	<b>\$ 8 646</b>
<b>SERIES J</b>	<b>\$ 46 219</b>	<b>\$ 30 807</b>	<b>\$ 66 094</b>
<b>SERIES O</b>	<b>\$ 5 285</b>	<b>\$ 7 391</b>	<b>\$ 4 111</b>
<b>NAV PER UNIT</b>			
<b>SERIES I</b>	<b>\$ 9.21</b>	<b>\$ 9.30</b>	<b>\$ 9.41</b>
<b>SERIES J</b>	<b>\$ 9.19</b>	<b>\$ 9.30</b>	<b>\$ 9.45</b>
<b>SERIES O</b>	<b>\$ 8.90</b>	<b>\$ 9.09</b>	<b>\$ 9.33</b>

The accompanying notes are an integral part of these financial statements.



**Statements of Comprehensive Income**

(in \$000s except per unit amounts)

For the periods ended December 31 (see note 2 in the generic notes)	2014	2013
<b>INCOME (see note 3 in the generic notes)</b>		
Interest for distribution purposes	\$ 1 203	\$ 2 151
Net realized gain (loss) on investments	(607)	(1 724)
Change in unrealized gain (loss) on investments	92	679
<b>TOTAL INCOME (LOSS)</b>	<b>688</b>	<b>1 106</b>
<b>EXPENSES (see notes – Fund Specific Information)</b>		
Management fees	36	53
Administration fees	9	13
Board of Governors costs	3	3
GST/HST	5	8
Expenses reimbursed by manager	(3)	–
<b>TOTAL EXPENSES</b>	<b>50</b>	<b>77</b>
<b>INCREASE (DECREASE) IN NAV</b>	<b>\$ 638</b>	<b>\$ 1 029</b>
<b>INCREASE (DECREASE) IN NAV</b>		
<b>SERIES I</b>	<b>\$ 142</b>	<b>\$ 186</b>
<b>SERIES J</b>	<b>\$ 412</b>	<b>\$ 763</b>
<b>SERIES O</b>	<b>\$ 84</b>	<b>\$ 80</b>
<b>INCREASE (DECREASE) IN NAV</b>		
<b>PER REDEEMABLE UNIT</b>		
<b>SERIES I</b>	<b>\$ 0.14</b>	<b>\$ 0.14</b>
<b>SERIES J</b>	<b>\$ 0.12</b>	<b>\$ 0.14</b>
<b>SERIES O</b>	<b>\$ 0.14</b>	<b>\$ 0.15</b>

**Statements of Cash Flow (in \$000s)**

For the periods ended December 31 (see note 2 in the generic notes)	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in NAV	\$ 638	\$ 1 029
<b>ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY OPERATIONS</b>		
Net realized loss (gain) on investments	607	1 724
Change in unrealized loss (gain) on investments	(92)	(679)
(Increase) decrease in accrued receivables	(27)	250
Increase (decrease) in accrued payables	2	(4)
Cost of investments purchased	(89 209)	(112 987)
Proceeds on sales of investments	78 781	139 570
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>(9 300)</b>	<b>28 903</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of redeemable units	39 041	27 725
Cash paid on redemption of redeemable units	(29 577)	(56 456)
Distributions paid to holders of redeemable units	(155)	(178)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>\$ 9 309</b>	<b>\$ (28 909)</b>
Net increase (decrease) in cash for the year	9	(6)
Cash (bank overdraft), beginning of period	4	10
<b>CASH (BANK OVERDRAFT), END OF PERIOD</b>	<b>\$ 13</b>	<b>\$ 4</b>
Interest received	\$ 1 177	\$ 2 401
Dividends received, net of withholding taxes	\$ –	\$ –

Cash consists of cash and futures contracts margin receivable/payable, as applicable.



**Statements of Changes in NAV** (in \$000s)

For the periods ended December 31 (see note 2 in the generic notes)	Series I		Series J		Series O		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
<b>NAV AT BEGINNING OF PERIOD</b>	\$ 12 765	\$ 8 646	\$ 30 807	\$ 66 094	\$ 7 391	\$ 4 111	\$ 50 963	\$ 78 851
<b>INCREASE (DECREASE) IN NAV</b>	<b>142</b>	<b>186</b>	<b>412</b>	<b>763</b>	<b>84</b>	<b>80</b>	<b>638</b>	<b>1 029</b>
Early redemption fees	–	–	–	–	–	–	–	–
Proceeds from redeemable units issued	2 731	4 525	35 000	20 000	1 310	3 200	39 041	27 725
Reinvestments of distributions to holders of redeemable units	83	162	739	1 551	197	211	1 019	1 924
Redemption of redeemable units	(6 077)	(406)	(20 000)	(56 050)	(3 500)	–	(29 577)	(56 456)
<b>NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS</b>	<b>(3 263)</b>	<b>4 281</b>	<b>15 739</b>	<b>(34 499)</b>	<b>(1 993)</b>	<b>3 411</b>	<b>10 483</b>	<b>(26 807)</b>
Distributions from net income	(240)	(348)	(739)	(1 551)	(197)	(211)	(1 176)	(2 110)
Distributions from net gains	–	–	–	–	–	–	–	–
Distributions from capital	–	–	–	–	–	–	–	–
<b>TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS</b>	<b>(240)</b>	<b>(348)</b>	<b>(739)</b>	<b>(1 551)</b>	<b>(197)</b>	<b>(211)</b>	<b>(1 176)</b>	<b>(2 110)</b>
<b>NET INCREASE (DECREASE) IN NAV</b>	<b>(3 361)</b>	<b>4 119</b>	<b>15 412</b>	<b>(35 287)</b>	<b>(2 106)</b>	<b>3 280</b>	<b>9 945</b>	<b>(27 888)</b>
<b>NAV AT END OF PERIOD</b>	<b>\$ 9 404</b>	<b>\$ 12 765</b>	<b>\$ 46 219</b>	<b>\$ 30 807</b>	<b>\$ 5 285</b>	<b>\$ 7 391</b>	<b>\$ 60 908</b>	<b>\$ 50 963</b>

The accompanying notes are an integral part of these financial statements.



December 31, 2014

**General information (see note 1 in the generic notes)**

The investment objective of the Fund is to provide investors with a high level of interest income while focusing on preserving capital.

**Financial instrument risk and capital management (see note 4 in the generic notes)**

**Credit risk (%)**

The table below summarizes the Fund's credit risk exposure grouped by credit ratings as at:

Rating	December 31 2014	December 31 2013	January 1 2013
AAA	24.8	–	37.8
AA	59.4	69.2	36.4
A	15.8	30.8	25.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

**Concentration risk (%)**

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	December 31 2014	December 31 2013	January 1 2013
Corporate Bonds	69.4	65.8	64.5
Government Notes	30.2	19.3	14.6
Corporate Notes	0.4	3.5	5.5
Provincial Bonds	–	11.4	–
Federal Bonds	–	–	15.4

**Interest rate risk (%)**

The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity as at:

Term to maturity	December 31 2014	December 31 2013	January 1 2013
Less than 1 year	22.5	35.7	94.2
1 – 5 years	77.5	61.6	5.8
5 – 10 years	–	2.7	–
> 10 years	–	–	–
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

As at December 31, 2014, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's net assets may have decreased or increased, respectively, by approximately 0.9% (December 31, 2013 – 0.8%, January 1, 2013 – 0.5%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Please see the generic notes at the back of the financial statements.

**Fair value hierarchy (\$000s except % amounts) (see note 3 in the generic notes)**

The following is a summary of the inputs used as of December 31, 2014, December 31, 2013 and January 1, 2013.

December 31, 2014	Level 1	Level 2	Level 3	Total
<b>Equities</b>	–	–	–	–
<b>Mutual fund units</b>	–	–	–	–
<b>Fixed-income and debt securities</b>	–	42 042	–	42 042
<b>Short-term investments</b>	–	18 554	–	18 554
<b>Derivatives – assets</b>	–	–	–	–
<b>Derivatives – liabilities</b>	–	–	–	–
<b>Total financial instruments</b>	–	60 596	–	60 596
<b>% of total portfolio</b>	–	100.0	–	100.0

December 31, 2013	Level 1	Level 2	Level 3	Total
<b>Equities</b>	–	–	–	–
<b>Mutual fund units</b>	–	–	–	–
<b>Fixed-income and debt securities</b>	–	39 085	–	39 085
<b>Short-term investments</b>	–	11 597	–	11 597
<b>Derivatives – assets</b>	–	–	–	–
<b>Derivatives – liabilities</b>	–	–	–	–
<b>Total financial instruments</b>	–	50 682	–	50 682
<b>% of total portfolio</b>	–	100.0	–	100.0

January 1, 2013	Level 1	Level 2	Level 3	Total
<b>Equities</b>	–	–	–	–
<b>Mutual fund units</b>	–	–	–	–
<b>Fixed-income and debt securities</b>	–	62 450	–	62 450
<b>Short-term investments</b>	–	15 860	–	15 860
<b>Derivatives – assets</b>	–	–	–	–
<b>Derivatives – liabilities</b>	–	–	–	–
<b>Total financial instruments</b>	–	78 310	–	78 310
<b>% of total portfolio</b>	–	100.0	–	100.0

For the periods ended December 31, 2014, December 31, 2013 and January 1, 2013, there were no transfers of financial instruments between Level 1 or Level 2 and Level 3.





December 31, 2014

**Management fees (see note 6 in the generic notes)**

No management fees are payable by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

Management fees of the other series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

Series I	0.11%
Series J	0.08%

**Operating expenses (see note 6 in the generic notes)**

Administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

Series I	0.02%
Series J	0.02%
Series O	0.02%

**Investments by related parties  
(\$000s except unit amounts)**

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	December 31 2014	December 31 2013
<b>Units held</b>		
Series I	1 444	1 412
Series J	117	114
Series O	121	117
<b>Value of all units</b>	<b>15</b>	<b>15</b>

**Taxes (\$000s) (see note 5 in the generic notes)**

The non-capital and capital losses as at December 31, 2014 for the Fund were approximately:

Capital losses	4 380
Non-capital losses	–

**Unitholders' equity (000s)**

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended December 31  
(see note 2 in the generic notes)

	2014	2013
<b>Series I</b>		
Opening units	1 373	919
Issued number of units	296	481
Reinvested number of units	9	17
Redeemed number of units	(657)	(44)
Ending number of units	1 021	1 373

<b>Series J</b>		
Opening units	3 316	6 993
Issued number of units	3 800	2 144
Reinvested number of units	80	166
Redeemed number of units	(2 165)	(5 987)
Ending number of units	5 031	3 316

<b>Series O</b>		
Opening units	813	441
Issued number of units	146	349
Reinvested number of units	22	23
Redeemed number of units	(387)	–
Ending number of units	594	813

**Transition to IFRS (\$000s) (see note 7 in the generic notes)**

Reconciliation of net assets and comprehensive income as previously reported under Canadian GAAP to IFRS:

	December 31 2013	January 1 2013
<b>Net assets</b>		
Net assets as reported under Canadian GAAP	50 935	78 825
Revaluation of investments at FVTPL	28	26
Net assets attributable to holders of redeemable units	50 963	78 851

	December 31 2013
<b>Comprehensive income</b>	
Comprehensive income as reported under Canadian GAAP	1 027
Revaluation of investments at FVTPL (see note 3 and note 7 in the generic notes)	2
Increase (decrease) in net assets attributable to holders of redeemable units	1 029

Please see the generic notes at the back of the financial statements.



## 1. The Funds

The mutual funds (“Fund” or “Funds”) are open-ended mutual fund trusts governed by the laws of the Province of British Columbia and governed by a Master Declaration of Trust. RBC GAM is the manager, portfolio advisor, distributor and one of the registrars of the Funds and its head office is located at 155 Wellington Street West, 22nd Floor, Toronto, Ontario. These financial statements were approved for issuance by the Board of Directors of RBC GAM on March 5, 2015.

The Funds may issue an unlimited number of units in some or all of Series S, Series I, Series J and Series O.

Series S, Series I, Series J and Series O units are only available to large private and institutional investors as may be determined on a case-by-case basis.

## 2. Financial year/period

The information provided in these financial statements and notes thereto is for the 12-month periods ended December 31, 2014, December 31, 2013 and January 1, 2013. In the year a Fund or series is established, “period” represents the period from inception to December 31 of that fiscal year.

## 3. Summary of significant accounting policies

These financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”), which include estimates and assumptions made by management that may affect the reported amounts of assets (primarily valuation of investments), liabilities, income and expenses during the reported periods. Actual results may differ from estimates. The significant accounting policies of the Funds, which are investment entities, are as follows:

**Fair Value Option** Financial instruments are designated as fair value through profit and loss (“FVTPL”) on their initial recognition (the fair value option). Derivative financial instruments are held for trading (“HFT”) and are required to be classified as FVTPL by nature. Other non-derivative financial instruments can be designated as FVTPL if they have a reliably measurable fair value and satisfy some criteria such as (i) it eliminates or significantly reduces an accounting mismatch and (ii) it is part of a portfolio that is managed and its performance is evaluated on a fair value basis. Management’s judgment is that all non-derivative financial instruments are designated as FVTPL since all Funds satisfy the above criteria.

The Funds’ financial assets and liabilities are not offset and the gross amounts are reported in the Statements of Financial Position, even if there is a legally enforceable right to offset the recognized amounts. The Funds may enter into various master netting or similar agreements with counterparties.

Redeemable units are measured at their respective redemption values. All other assets and liabilities are measured at amortized cost.

**Determination of Fair Value** The fair value of a financial instrument is the amount at which the financial instrument could be exchanged in an arm’s-length transaction between knowledgeable and willing parties under no compulsion to act. In determining fair value, a three-tier hierarchy based on inputs is used to value the Funds’ financial instruments. The hierarchy of inputs is summarized below:

*Level 1* – quoted prices (unadjusted) in active markets for identical assets or liabilities;

*Level 2* – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), including broker quotes, vendor prices and vendor fair value factors; and

*Level 3* – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Changes in valuation methods may result in transfers into or out of an investment’s assigned level.

The three-tier hierarchy of investments and derivatives is included in “Notes to Financial Statements – Fund Specific Information.”

Investments are recorded at fair value, which is determined as follows:

*Fixed-Income and Debt Securities* – Bonds, mortgage-backed securities and debentures are valued at the closing price quoted by major dealers or independent pricing vendors in such securities.

*Short-Term Investments* – Short-term investments are valued at fair value, which is approximated at cost plus accrued interest.

*Fair Valuation of Investments (including unlisted securities)* – If the valuation methods described above are not appropriate, RBC GAM will estimate the fair value of an investment using established fair valuation procedures, such as consideration of public information, broker quotes, valuation models,



December 31, 2014

fundamental analysis, matrix pricing, discounts from market prices of similar securities or discounts applied due to restrictions on the disposition of securities, and external fair value service providers.

**Foreign Exchange** The value of investments and other assets and liabilities in foreign currencies is translated into Canadian dollars (U.S. dollars in the case of the RBC Institutional US\$ Cash Fund) at the rate of exchange on each valuation date. Purchases and sales of investments, income and expenses are translated at the rate of exchange prevailing on the respective dates of such transactions.

**Functional Currency** The Funds, with the exceptions below, have their subscriptions, redemptions and performance denominated in Canadian dollars and, consequently, the Canadian dollar is the functional currency for the Funds. RBC Institutional US\$ Cash Fund has its subscriptions, redemptions and performance denominated in U.S. dollars and, consequently, the U.S. dollar is the functional currency for this Fund.

**Valuation of Series** A different net asset value is calculated for each series of units of a Fund. The net asset value of a particular series of units is computed by calculating the value of the series' proportionate share of the assets and liabilities of the Fund common to all series less the liabilities of the Fund attributable only to that series. Expenses directly attributable to a series are charged to that series. Other expenses are allocated proportionately to each series based upon the relative net asset value of each series. Expenses are accrued daily.

**Investment Transactions** Investment transactions are accounted for as of the trade date. Transaction costs, such as brokerage commissions, incurred by the Funds are recorded in the Statements of Comprehensive Income for the period. The unrealized gain and loss on investments is the difference between fair value and average cost for the period. The basis of determining the cost of portfolio assets, and realized and unrealized gains and losses on investments, is average cost which does not include amortization of premiums or discounts on fixed income and debt securities with the exception of zero coupon bonds.

**Income Recognition** Interest for distribution purposes is coupon interest recognized on an accrual basis and/or imputed interest on zero coupon bonds.

**Increase (Decrease) in NAV per Redeemable Unit** Increase (decrease) in NAV per redeemable unit in the Statements of Comprehensive Income represents the increase (decrease) in net assets attributable to holders of redeemable units by series, divided by the average units outstanding per series during the period.

**Early Redemption Fees** Early redemption fees (short-term trading fees) are paid directly to a Fund and are designed to deter excessive trading and its associated costs. With the exception of money market funds, a Fund may apply a fee of 2% of the current value of units if the unitholder redeems or switches out units within seven days of purchasing or previously switching into a Fund. These amounts are included in the Statements of Changes in NAV.

#### 4. Financial instrument risk and capital management

RBC GAM is responsible for managing each Fund's capital, which is its net assets and consists primarily of its financial instruments.

A Fund's investment activities expose it to a variety of financial risks. RBC GAM seeks to minimize potential adverse effects of these risks on a Fund's performance by employing professional, experienced portfolio advisors, daily monitoring of the Fund's holdings and market events, diversifying its investment portfolio within the constraints of its investment objectives, and, in some cases, periodically hedging certain risk exposures through the use of derivatives. To assist in managing risks, RBC GAM also uses internal guidelines, maintains a governance structure that oversees each Fund's investment activities and monitors compliance with the Fund's investment strategies, internal guidelines, and securities regulations.

Financial instrument risk, as applicable to a Fund, is disclosed in its "Notes to Financial Statements – Fund Specific Information."

#### Liquidity risk

Liquidity risk is the possibility that investments in a Fund cannot be readily converted into cash when required. A Fund is exposed to daily cash redemptions of redeemable units. Liquidity risk is managed by investing the majority of a Fund's assets in investments that are traded in an active market and that can be readily disposed. In accordance with securities regulations, a Fund must maintain at least 90% of its assets in liquid investments. In addition, a Fund aims to retain sufficient cash and cash equivalent positions to



maintain liquidity, and has the ability to borrow up to 5% of its net assets for the purpose of funding redemptions. All non-derivative financial liabilities, other than redeemable units, are due within 90 days.

**Credit risk**

Credit risk is the risk that a loss could arise from a security issuer or counterparty not being able to meet its financial obligations. The carrying amount of investments and other assets represents the maximum credit risk exposure as disclosed in a Fund's Statements of Financial Position. The fair value of fixed-income and debt securities includes a consideration of the credit worthiness of the debt issuer. Credit risk exposure to over-the-counter derivative instruments is based on a Fund's unrealized gain on the contractual obligations with the counterparty. RBC GAM monitors each Fund's credit exposure and counterparty ratings daily.

**Concentration risk**

Concentration risk arises as a result of net financial instrument exposures to the same category such as, geographical region, asset type, industry sector or market segment. Financial instruments in the same category have similar characteristics and may be affected similarly by changes in economic or other conditions.

**Interest rate risk**

Interest rate risk is the risk that the fair value of a Fund's interest-bearing investments will fluctuate due to changes in market interest rates. The value of fixed-income and debt securities, such as bonds, debentures, mortgages or other income-producing securities, is affected by interest rates. Generally, the value of these securities increases if interest rates fall and decreases if interest rates rise.

**5. Taxes**

The Funds qualify as open-ended unit trusts under the *Income Tax Act* (Canada). In general, the Funds are subject to income tax, however, no income tax is payable on net income and/or net realized capital gains which are distributed to unitholders. In addition, for mutual fund trusts, income taxes payable on net realized capital gains are refundable on a formula basis when units of the Funds are redeemed.

Capital losses are available to be carried forward indefinitely and applied against future capital gains. Non-capital losses may be carried forward to reduce future taxable income for up to 20 years.

**6. Administrative and other related-party transactions**

***Manager, Portfolio Advisor, Distributor and Registrar***

RBC GAM is an indirect wholly-owned subsidiary of Royal Bank of Canada ("Royal Bank"). RBC GAM is the manager, portfolio advisor, distributor and registrar of the Funds. RBC GAM is responsible for the day-to-day operations, provides investment advice and portfolio management services to the Funds. RBC GAM, as registrar, also keeps records of who owns units of the Funds. RBC GAM is paid a management fee by the Funds as compensation for its services. No management fees are paid by the Funds with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

The Funds pay a fixed administration fee to RBC GAM. RBC GAM in turn pays certain operating expenses of the Funds. These expenses include regulatory filing fees and other day-to-day operating expenses including, but not limited to, recordkeeping, accounting and fund valuation costs, custody fees, audit and legal fees, and the costs of preparing and distributing annual and semi-annual reports, prospectuses, statements and investor communications.

Notwithstanding the fixed administration fee, the Funds also pay certain operating expenses directly, including the costs related to the Board of Governors ("BoG") of the Funds and the cost of any new government or regulatory requirements introduced and any borrowing costs (collectively, *other fund costs*), and taxes (including, but not limited to, GST/HST). Other Fund costs will be allocated among each series of units of a fund in accordance with the services used. RBC GAM may, in some years and in certain cases, absorb a portion of operating expenses. The decision to absorb the operating expenses is reviewed annually and determined at the discretion of RBC GAM, without notice to unitholders.

Certain Funds may invest in units of other Funds managed by RBC GAM or its affiliates.

Affiliates of RBC GAM that provide services to the Funds in the course of their normal businesses are discussed below.

***Brokerage***

The Funds have established standard brokerage agreements at market rates with related-party dealers.

***Trustee and Custodian***

RBC Investor Services Trust ("RBC IS") is the trustee and custodian of the Funds.



December 31, 2014

### **Other Related-Party Transactions**

Pursuant to applicable securities legislation, the Funds relied on the standing instructions from the BoG in its capacity as the Independent Review Committee with respect to one or more of the following related-party transactions:

#### *Related-Party Trading Activities*

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

#### *Inter-Fund Trading*

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the BoG of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the Funds, (iii) is in compliance with RBC GAM policies and procedures; and (iv) achieves a fair and reasonable result for the Funds. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.

## **7. Transition to IFRS**

The effect of the Funds' transition to IFRS from Canadian generally accepted accounting principles ("GAAP") is summarized as follows:

*Statements of cash flows* – All Funds are required under IFRS to provide cash flow statements. Under Canadian GAAP most Funds were exempt from this requirement.

*Revaluation of investments as FVTPL* – Under Canadian GAAP, the fair value of investments was generally required to use bid prices for long positions and ask prices for short positions. Under IFRS, the fair value of investments is generally measured using closing prices – that is, in the same manner in which the daily net asset value per unit is measured for unitholder transaction purposes. As a result, upon adoption of IFRS, adjustments were recognized at January 1, 2013 and December 31, 2013.

All financial assets and financial liabilities were classified as FVTPL upon transition to IFRS. Previously financial assets and financial liabilities were carried at fair value under Canadian GAAP.

Reconciliation of net assets and comprehensive income previously reported under Canadian GAAP to IFRS are disclosed in the Fund Specific Information.

*Classification of redeemable units of the Fund* – Management has determined that the Funds' units do not meet all the criteria in IAS 32, Financial Instruments Presentation to be classified as equity and, therefore, by exception to those criteria, have been reclassified as financial liabilities upon transition to IFRS. Under Canadian GAAP the units were accounted for as equity.

*Investment entity* – Management has determined that the Funds meet the definition of "investment entity" and as a result, investments in other mutual funds managed by RBC GAM are measured at FVTPL. An investment entity is an entity that: obtains funds from one or more investors for the purpose of providing them with investment management services; commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and measures and evaluates the performance of substantially all of its investments on a fair value basis. The most significant judgment that has been made in determining that the Funds meet this definition is that fair value is used as the primary measurement attribute to measure and evaluate the performance of substantially all of their investments.

## **8. Future accounting changes**

The following IFRS standard has been issued, but is not yet in effect:

*IFRS 9* – Financial Instruments. IFRS 9 replaces parts of IAS 39 related to the classification and measurement of financial assets and liabilities.

The new standard is not expected to have a significant impact on the Funds.



December 31, 2014

On January 1, 2011, the Board of Governors became the independent review committee of the RBC Institutional Cash Funds. The Board of Governors was first established in 1994 to provide advice to RBC Global Asset Management Inc. regarding conflicts of interest in fund management. All of the members of the Board of Governors are independent of RBC Global Asset Management Inc. and RBC Financial Group.

In its capacity as the independent review committee, the Board of Governors provides input on conflict of interest matters in respect of RBC Global Asset Management Inc. and the RBC Institutional Cash Funds. At least once per year, the Board of Governors reviews and assesses the adequacy and effectiveness of the fund manager's policies and procedures relating to conflict of interest matters.

The Board of Governors is responsible for reviewing and assessing the independence of its members, the compensation of its members, and the effectiveness of the Board of Governors, its subcommittees and its members. Effective July 1, 2015, the Board of Governors will be referred to as the Independent Review Committee ("IRC") and will no longer be using a subcommittee structure. The IRC will continue to review advisory matters relating to conflicts of interest. This change in structure will have no impact on its ability to effectively fulfill all IRC responsibilities.

The annual report of the Board of Governors describing its activities as the independent review committee of the RBC Institutional Cash Funds is available under Mutual Fund Governance at [www.rbcgam.com/investorinfo](http://www.rbcgam.com/investorinfo) and on SEDAR at [www.sedar.com](http://www.sedar.com).

If you have any questions or comments about the Board of Governors or its subcommittees, please let us know by contacting Melanie Adams, Secretary to the Board of Governors, at the address below.

**Lloyd R. McGinnis, OC, PEng**  
Chair of the Board of Governors

**Board of Governors**

Attention: Melanie Adams  
RBC Global Asset Management Inc.  
P.O. Box 7500, Station A  
Toronto, Ontario M5W 1P9

## Board of Governors

**Lloyd R. McGinnis**  
**Chair of the Board of Governors**  
Director  
Airport Site Development  
Winnipeg Airports Authority

**Michael G. Thorley<sup>1,4</sup>**  
**Vice Chair of the Board of Governors**  
Retired Lawyer  
Toronto, Ontario

**Paul K. Bates<sup>6</sup>**  
Academic and Former Investment  
Industry Executive  
Millgrove, Ontario

**Selwyn B. Kossuth<sup>1,3</sup>**  
Financial Consultant  
Mississauga, Ontario

**Charles F. Macfarlane<sup>1,3</sup>**  
Board Director and Former  
Investment Industry Executive  
and Regulator  
Toronto, Ontario

**Linda S. Petch<sup>1,3</sup>**  
Principal  
Linda S. Petch Governance Services  
Victoria, British Columbia

**Élaine Cousineau Phénix<sup>5</sup>**  
President  
Phénix Capital Inc.  
Montreal, Quebec

**Mary C. Ritchie<sup>2,3</sup>**  
President  
Richford Holdings Ltd.  
Edmonton, Alberta

**Joseph P. Shannon<sup>6</sup>**  
President  
Atlantic Corporation  
Port Hawkesbury, Nova Scotia

**James W. Yuel<sup>6</sup>**  
Chair  
PIC Investment Group Inc.  
Saskatoon, Saskatchewan

<sup>1</sup> Member of the Financial Advisory Committee  
<sup>2</sup> Chair of the Financial Advisory Committee  
<sup>3</sup> Member of the Investment Conflicts Committee  
<sup>4</sup> Chair of the Investment Conflicts Committee  
<sup>5</sup> Chair of the Governance Committee  
<sup>6</sup> Member of the Governance Committee



---

If you have questions regarding RBC Institutional Cash Funds, please contact us using the following options:

**By Phone**

Toll-Free: **1-877-408-6019**

**By Mail**

Head office:

**RBC Global Asset Management Inc.  
155 Wellington Street West  
Suite 2200  
Toronto, Ontario  
M5V 3K7**

For general mutual fund enquiries, write to:

**RBC Global Asset Management Inc.  
P.O. Box 7500, Station A  
Toronto, Ontario  
M5W 1P9**

**On the Internet**

Visit our website at:

**[ic.phn.com](http://ic.phn.com)**

Email us at:

**[institutionalcash@phn.com](mailto:institutionalcash@phn.com)**



**RBC Global  
Asset Management**