

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

We have maintained appropriate procedures and controls to ensure that timely 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.

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



Damon G. Williams, FSA, FCIA, CFA
Chief Executive Officer
RBC Global Asset Management Inc.
March 11, 2019



Heidi Johnston, CPA, CA
Chief Financial Officer
RBC GAM Funds

To the Unitholders and Trustee of

RBC FUNDS & RBC PRIVATE POOLS

RBC Canadian T-Bill Fund
 RBC Canadian Money Market Fund
 RBC Premium Money Market Fund
 RBC \$U.S. Money Market Fund
 RBC Premium \$U.S. Money Market Fund
 RBC Canadian Short-Term Income Fund
 RBC \$U.S. Short-Term Corporate Bond Fund
 RBC Monthly Income Bond Fund
 RBC Canadian Bond Index Fund
 RBC Canadian Government Bond Index Fund
 RBC Bond Fund
 RBC Vision Bond Fund
 RBC Global Bond Fund
 RBC Global Bond & Currency Fund
 RBC \$U.S. Investment Grade Corporate Bond Fund
 RBC Global Corporate Bond Fund
 RBC High Yield Bond Fund
 RBC \$U.S. High Yield Bond Fund
 RBC Global High Yield Bond Fund
 RBC Strategic Income Bond Fund
 RBC \$U.S. Strategic Income Bond Fund
 RBC Emerging Markets Foreign Exchange Fund
 RBC Emerging Markets Bond Fund
 RBC Emerging Markets Bond Fund (CAD Hedged)
 BlueBay Global Monthly Income Bond Fund
 BlueBay Global Sovereign Bond Fund (Canada)
 BlueBay Global Investment Grade Corporate Bond Fund (Canada)
 BlueBay European High Yield Bond Fund (Canada)
 BlueBay Emerging Markets Bond Fund (Canada)
 BlueBay Emerging Markets Local Currency Bond Fund (Canada)
 BlueBay Emerging Markets Corporate Bond Fund
 BlueBay Global Convertible Bond Fund (Canada)
 BlueBay \$U.S. Global Convertible Bond Fund (Canada)
 RBC Conservative Bond Pool
 RBC Core Bond Pool
 RBC Core Plus Bond Pool
 RBC Managed Payout Solution
 RBC Managed Payout Solution – Enhanced
 RBC Managed Payout Solution – Enhanced Plus
 RBC Monthly Income Fund
 RBC U.S. Monthly Income Fund
 RBC Balanced Fund
 RBC Global Balanced Fund
 RBC Vision Balanced Fund
 RBC Conservative Growth & Income Fund
 RBC Balanced Growth & Income Fund
 RBC Global Growth & Income Fund
 RBC Retirement Income Solution
 RBC Retirement 2020 Portfolio
 RBC Retirement 2025 Portfolio
 RBC Retirement 2030 Portfolio
 RBC Retirement 2035 Portfolio
 RBC Retirement 2040 Portfolio
 RBC Retirement 2045 Portfolio
 RBC Retirement 2050 Portfolio
 RBC Select Very Conservative Portfolio
 RBC Select Conservative Portfolio
 RBC Select Balanced Portfolio
 RBC Select Growth Portfolio
 RBC Select Aggressive Growth Portfolio
 RBC Select Choices Conservative Portfolio
 RBC Select Choices Balanced Portfolio
 RBC Select Choices Growth Portfolio
 RBC Select Choices Aggressive Growth Portfolio
 RBC Target 2020 Education Fund

RBC Target 2025 Education Fund
 RBC Target 2030 Education Fund
 RBC Target 2035 Education Fund
 RBC Canadian Dividend Fund
 RBC Canadian Equity Fund
 RBC QUBE Canadian Equity Fund
 RBC QUBE Low Volatility Canadian Equity Fund
 RBC Trend Canadian Equity Fund
 RBC Vision Canadian Equity Fund
 RBC Canadian Index Fund
 RBC O'Shaughnessy Canadian Equity Fund
 RBC O'Shaughnessy All-Canadian Equity Fund
 RBC Canadian Equity Income Fund
 RBC Canadian Small & Mid-Cap Resources Fund
 RBC North American Value Fund
 RBC North American Growth Fund
 RBC U.S. Dividend Fund
 RBC U.S. Dividend Currency Neutral Fund
 RBC U.S. Equity Fund
 RBC U.S. Equity Currency Neutral Fund
 RBC QUBE U.S. Equity Fund
 RBC QUBE Low Volatility U.S. Equity Fund
 RBC QUBE Low Volatility U.S. Equity Currency Neutral Fund
 RBC U.S. Equity Value Fund
 RBC U.S. Index Fund
 RBC U.S. Index Currency Neutral Fund
 RBC O'Shaughnessy U.S. Value Fund (Unhedged)
 RBC O'Shaughnessy U.S. Value Fund
 RBC U.S. Mid-Cap Growth Equity Fund
 RBC U.S. Mid-Cap Growth Equity Currency Neutral Fund
 RBC U.S. Mid-Cap Value Equity Fund
 RBC U.S. Small-Cap Core Equity Fund
 RBC U.S. Small-Cap Value Equity Fund
 RBC O'Shaughnessy U.S. Growth Fund
 RBC O'Shaughnessy U.S. Growth Fund II
 RBC Life Science and Technology Fund
 RBC International Dividend Growth Fund
 RBC International Equity Fund
 RBC International Equity Currency Neutral Fund
 RBC International Index Currency Neutral Fund
 RBC O'Shaughnessy International Equity Fund
 RBC European Dividend Fund
 RBC European Equity Fund
 RBC European Mid-Cap Equity Fund
 RBC Asian Equity Fund
 RBC Asia Pacific ex-Japan Equity Fund
 RBC Japanese Equity Fund
 RBC Emerging Markets Multi-Strategy Equity Fund
 RBC Emerging Markets Dividend Fund
 RBC Emerging Markets Equity Fund
 RBC Emerging Markets Small-Cap Equity Fund
 RBC Global Dividend Growth Fund
 RBC Global Dividend Growth Currency Neutral Fund
 RBC Global Equity Fund
 RBC Global Equity Focus Fund
 RBC Global Equity Focus Currency Neutral Fund
 RBC QUBE Global Equity Fund
 RBC QUBE Low Volatility Global Equity Fund
 RBC QUBE Low Volatility Global Equity Currency Neutral Fund
 RBC Vision Global Equity Fund
 RBC Vision Fossil Fuel Free Global Equity Fund
 RBC O'Shaughnessy Global Equity Fund
 RBC QUBE All Country World Equity Fund
 RBC QUBE Low Volatility All Country World Equity Fund
 RBC Global Energy Fund
 RBC Global Precious Metals Fund
 RBC Global Resources Fund
 RBC Global Technology Fund

RBC Private Short-Term Income Pool
 RBC Private Canadian Corporate Bond Pool
 RBC Private Income Pool
 RBC Private Canadian Dividend Pool
 RBC Private Canadian Growth and Income Equity Pool (renamed RBC Private Fundamental Canadian Equity Pool)
 RBC Private Canadian Equity Pool
 RBC Private Canadian Growth Equity Pool
 RBC Private Canadian Mid-Cap Equity Pool
 RBC Private U.S. Large-Cap Value Equity Pool
 RBC Private U.S. Large-Cap Value Equity Currency Neutral Pool
 RBC Private U.S. Growth Equity Pool
 RBC Private U.S. Large-Cap Core Equity Pool
 RBC Private U.S. Large-Cap Core Equity Currency Neutral Pool
 RBC Private U.S. Small-Cap Equity Pool
 RBC Private EAFE Equity Pool
 RBC Private Overseas Equity Pool
 RBC Private World Equity Pool

PHILLIPS, HAGER & NORTH INVESTMENT FUNDS

Phillips, Hager & North Canadian Money Market Fund
 Phillips, Hager & North \$U.S. Money Market Fund
 Phillips, Hager & North Short Term Bond & Mortgage Fund
 Phillips, Hager & North Bond Fund
 Phillips, Hager & North Total Return Bond Fund
 Phillips, Hager & North Inflation-Linked Bond Fund
 Phillips, Hager & North High Yield Bond Fund
 Phillips, Hager & North Long Inflation-linked Bond Fund
 Phillips, Hager & North Monthly Income Fund
 Phillips, Hager & North Balanced Fund
 Phillips, Hager & North Dividend Income Fund
 Phillips, Hager & North Canadian Equity Fund
 Phillips, Hager & North Canadian Equity Value Fund
 Phillips, Hager & North Canadian Equity Underlying Fund
 Phillips, Hager & North Canadian Equity Underlying Fund II
 Phillips, Hager & North Canadian Growth Fund
 Phillips, Hager & North Canadian Income Fund
 Phillips, Hager & North Vintage Fund
 Phillips, Hager & North U.S. Dividend Income Fund
 Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund
 Phillips, Hager & North U.S. Equity Fund
 Phillips, Hager & North Currency-Hedged U.S. Equity Fund
 Phillips, Hager & North U.S. Growth Fund
 Phillips, Hager & North Overseas Equity Fund
 Phillips, Hager & North Currency-Hedged Overseas Equity Fund
 Phillips, Hager & North Global Equity Fund
 Phillips, Hager & North LifeTime 2015 Fund
 Phillips, Hager & North LifeTime 2020 Fund
 Phillips, Hager & North LifeTime 2025 Fund
 Phillips, Hager & North LifeTime 2030 Fund
 Phillips, Hager & North LifeTime 2035 Fund
 Phillips, Hager & North LifeTime 2040 Fund
 Phillips, Hager & North LifeTime 2045 Fund
 Phillips, Hager & North LifeTime 2050 Fund
 Phillips, Hager & North LifeTime 2055 Fund
 Phillips, Hager & North Balanced Pension Trust
 Phillips, Hager & North Conservative Equity Income Fund
 Phillips, Hager & North Canadian Equity Pension Trust
 Phillips, Hager & North Small Float Fund
 Phillips, Hager & North Canadian Equity Plus Pension Trust

(collectively, the "Funds", individually the "Fund")

Our opinion

In our opinion, the accompanying December 31, 2018 annual financial statements of each of the Funds present fairly, in all material respects, the financial position of each Fund, its financial performance and its cash flows as at and for the periods indicated in note 2 in accordance with International Financial Reporting Standards ("IFRS").

What we have audited

The financial statements of each of the Funds comprise:

- the statements of financial position as at the period-end dates indicated in note 2;
- the statements of comprehensive income for the periods indicated in note 2;
- the statements of cash flow for the periods indicated in note 2;
- the statements of changes in net assets attributable to holders of redeemable units ("NAV") for the periods indicated in note 2; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of each of the Funds in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information of each of the Funds. The other information comprises the 2018 Annual Management Report of Fund Performance of each of the Funds.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of each of the Funds, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of each of the Funds or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of each of the Funds in accordance with 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.

In preparing the financial statements, management is responsible for assessing the ability of each of the Funds to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate any of the Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of each of the Funds.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole for each Fund are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements of each of the Funds.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of each of the Funds, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 internal control of each of the Funds.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of each of the Funds to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements of each of the Funds or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause any of the Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of each of the Funds, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

March 11, 2019



SCHEDULE OF INVESTMENT PORTFOLIO (in \$000s)
RBC CANADIAN DIVIDEND FUND

December 31, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
EQUITIES				
Communication Services				
5 328 484	BCE Inc.	\$ 168 096	\$ 287 365	
5 127 552	Quebecor Inc., Class B	69 269	147 366	
4 486 002	Rogers Communications Inc., Class B	197 762	313 841	
7 032 183	Shaw Communications Inc., Class B	144 515	173 765	
7 085 016	TELUS Corp.	172 965	320 597	
		<u>752 607</u>	<u>1 242 934</u>	7.3
Consumer Discretionary				
39 947	Home Depot Inc.	9 236	9 375	
1 268 112	Magna International Inc., Class A	26 190	78 585	
1 720 705	Recipe Unlimited Corp.	47 280	45 031	
2 132 456	Restaurant Brands International Inc.	140 407	152 087	
		<u>223 113</u>	<u>285 078</u>	1.7
Consumer Staples				
3 581 455	Alimentation Couche-Tard Inc.	175 780	243 217	
1 503 126	George Weston Ltd.	133 364	135 356	
4 128 094	Loblaw Companies Ltd.	173 954	252 268	
4 511 158	Maple Leaf Foods Inc.	71 792	123 290	
2 194 524	Saputo Group Inc.	91 444	86 003	
		<u>646 334</u>	<u>840 134</u>	4.9
Energy				
5 151 764	ARC Resources Ltd.	106 626	41 730	
10 546 118	Bonavista Energy Corp.	131 635	12 656	
11 961 319	Canadian Natural Resources Ltd.	436 093	394 007	
19 757 989	Enbridge Inc.	834 813	837 937	
8 936 154	Husky Energy Inc.	245 411	126 090	
6 242 152	Imperial Oil Ltd.	191 594	215 917	
2 810 454	Keyera Corp.	104 447	72 538	
5 127 626	Pembina Pipeline Corp.	191 659	207 720	
8 848 109	PrairieSky Royalty Ltd.	279 253	156 346	
2 474 840	ShawCor Ltd.	96 722	41 033	
10 043 387	Suncor Energy Inc.	339 222	382 954	
10 385 907	TransCanada Corp.	440 542	506 313	
		<u>3 398 017</u>	<u>2 995 241</u>	17.6
Financials				
6 240 164	Bank of Montreal	328 403	556 560	
15 703 694	Bank of Nova Scotia	820 556	1 068 636	
12 511 892	Brookfield Asset Management Inc., Class A	260 861	654 622	
298 361	Brookfield Asset Management Inc., Preferred Series 9, 5.630%	7 491	5 251	
4 086 579	Canadian Imperial Bank of Commerce	329 905	415 523	
5 970 790	Element Fleet Management Corp.	39 539	41 258	
364 999	Fairfax Financial Holdings Ltd.	205 630	219 357	
100 000	Industrial Alliance Insurance & Financial Services Inc.	4 817	4 357	
1 494 983	Intact Financial Corp.	85 106	148 287	

Holdings	Security	Cost	Fair Value	% of Net Assets
Financials (cont.)				
22 144 507	Manulife Financial Corporation	\$ 417 650	\$ 428 939	
3 014 084	National Bank of Canada	133 822	168 939	
2 114 716	Onex Corporation	86 568	157 229	
6 411 694	Power Corporation of Canada	156 362	157 279	
14 774 084	Royal Bank of Canada*	813 412	1 380 490	
6 075 534	Sun Life Financial Inc.	222 075	275 161	
18 548 214	Toronto-Dominion Bank	678 083	1 258 682	
		<u>4 590 280</u>	<u>6 940 570</u>	40.8
Health Care				
495 739	Abbott Laboratories	41 694	48 952	
137 816	Anthem Inc.	46 484	49 413	
199 734	Bristol-Myers Squibb Co.	14 901	14 170	
2 806 377	Chartwell Retirement Residences Real Estate Investment Trust	20 425	38 363	
242 896	Johnson & Johnson	44 371	42 798	
396 072	Medtronic Plc.	44 044	49 192	
		<u>211 919</u>	<u>242 888</u>	1.4
Industrials				
2 178 039	Brookfield Business Partners LP	64 200	90 563	
7 607 626	Canadian National Railway Co.	225 810	769 207	
1 625 929	Canadian Pacific Railway Ltd.	131 842	393 865	
21 971	Northrop Grumman Corp.	8 957	7 345	
3 590 294	SNC-Lavalin Group Inc.	184 927	164 866	
4 301 145	Thomson Reuters Corp.	134 859	283 574	
57 923	United Technologies Corp.	9 453	8 418	
		<u>760 048</u>	<u>1 717 838</u>	10.1
Information Technology				
600 800	Open Text Corp.	26 581	26 736	
		<u>26 581</u>	<u>26 736</u>	0.2
Materials				
981 406	Agnico Eagle Mines Ltd.	55 881	54 075	
3 791 618	Barrick Gold Corp.	80 380	69 880	
943 975	CCL Industries, Class B	58 999	47 255	
576 131	First Quantum Minerals Ltd.	9 243	6 360	
3 387 893	Goldcorp Inc.	74 525	45 296	
3 981 925	Nutrien Ltd.	259 741	255 321	
3 008 388	Teck Resources Ltd., Class B	79 961	88 417	
		<u>618 730</u>	<u>566 604</u>	3.3
Real Estate				
1 895 497	Allied Properties Real Estate Investment Trust	62 988	84 008	
5 287 892	Brookfield Property Partners LP	126 326	116 439	
11 599 386	Choice Properties Real Estate Investment Trust	139 133	133 625	
4 404 520	First Capital Realty Inc.	73 618	83 025	
		<u>402 065</u>	<u>417 097</u>	2.5

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



December 31, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
Utilities				
3 145 800	AltaGas Canada Inc.	\$ 45 614	\$ 51 025	
3 673 900	AltaGas Ltd.	56 844	51 067	
4 283 008	Atco Ltd., Class I, Non-Voting	101 061	165 367	
2 606 835	Brookfield Infrastructure Partners LP	110 371	122 912	
2 709 495	Brookfield Renewable Partners LP	76 580	95 781	
502 438	Brookfield Renewable Power Inc., Preferred Series 2, 1.729 %	12 382	8 139	
3 339 380	Canadian Utilities Ltd., Class A	107 448	104 589	
1 144 490	Emera Inc.	53 465	50 026	
(5 000)	Emera Inc., Written Call @ 44.00 January 18, 2019	(445)	(325)	
5 552 217	Fortis Inc.	206 420	252 681	
(5 000)	Fortis Inc., Written Call @ 46.00 January 18, 2019	(325)	(283)	
1 512 700	Hydro One Ltd.	29 588	30 632	
14 259 433	TransAlta Corp.	116 850	79 710	
		915 853	1 011 321	5.9
TOTAL EQUITIES		12 545 547	16 286 441	95.7

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
BONDS						
CORPORATE						
47 775	Canaccord Genuity Group Inc., Convertible	6.250	31-Dec-2023	\$ 47 775	\$ 47 154	
TOTAL BONDS				47 775	47 154	0.3
SHORT-TERM INVESTMENTS[†]				647 074	647 074	3.8
TOTAL INVESTMENTS				13 240 396	16 980 669	99.8
UNREALIZED GAIN ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)				–	923	–
UNREALIZED LOSS ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)				–	(6 334)	–
TOTAL PORTFOLIO				\$13 240 396	16 975 258	99.8
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					41 058	0.2
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					\$17 016 316	100.0



December 31, 2018

SCHEDULE A

Foreign Exchange Contracts

Contracts	Maturity Date	Unrealized Gain
Bought USD 1 310 Sold CAD 1 701 @ 0.7700	14-Jan-2019	\$ 86
Bought USD 800 Sold CAD 1 072 @ 0.7462	14-Jan-2019	20
Bought USD 812 Sold CAD 1 107 @ 0.7333	16-Jan-2019	1
Bought USD 8 492 Sold CAD 11 282 @ 0.7527	24-Jan-2019	303
Bought USD 1 200 Sold CAD 1 627 @ 0.7376	11-Feb-2019	10
Bought USD 1 250 Sold CAD 1 697 @ 0.7364	04-Mar-2019	7
Bought USD 16 920 Sold CAD 22 625 @ 0.7478	19-Mar-2019	432
Bought USD 2 000 Sold CAD 2 689 @ 0.7438	19-Mar-2019	37
Bought USD 2 225 Sold CAD 3 005 @ 0.7405	19-Mar-2019	27

\$ 923

Contracts	Maturity Date	Unrealized Loss
Bought CAD 14 029 Sold USD 10 870 @ 1.2906	04-Jan-2019	\$ (810)
Bought CAD 3 009 Sold USD 2 300 @ 1.3083	04-Jan-2019	(131)
Bought CAD 14 278 Sold USD 11 000 @ 1.2980	16-Jan-2019	(733)
Bought CAD 15 369 Sold USD 12 000 @ 1.2808	18-Jan-2019	(1 006)
Bought CAD 2 937 Sold USD 2 250 @ 1.3054	24-Jan-2019	(133)
Bought CAD 28 775 Sold USD 22 000 @ 1.3080	24-Jan-2019	(1 240)
Bought CAD 1 290 Sold USD 1 000 @ 1.2895	28-Jan-2019	(75)
Bought CAD 463 Sold USD 353 @ 1.3110	28-Jan-2019	(19)
Bought CAD 1 480 Sold USD 1 140 @ 1.2983	29-Jan-2019	(75)
Bought CAD 1 315 Sold USD 965 @ 1.3626	04-Feb-2019	(1)
Bought CAD 10 402 Sold USD 7 942 @ 1.3098	05-Feb-2019	(430)
Bought CAD 751 Sold USD 575 @ 1.3065	11-Feb-2019	(33)
Bought CAD 9 647 Sold USD 7 372 @ 1.3086	14-Feb-2019	(405)
Bought CAD 3 642 Sold USD 2 726 @ 1.3361	19-Feb-2019	(75)
Bought CAD 547 Sold USD 413 @ 1.3253	20-Feb-2019	(16)
Bought CAD 12 208 Sold USD 9 300 @ 1.3127	21-Feb-2019	(472)
Bought CAD 263 Sold USD 200 @ 1.3163	25-Feb-2019	(9)
Bought CAD 5 310 Sold USD 4 000 @ 1.3276	11-Mar-2019	(142)
Bought CAD 1 651 Sold USD 1 250 @ 1.3204	12-Mar-2019	(53)
Bought CAD 5 578 Sold USD 4 170 @ 1.3378	19-Mar-2019	(104)
Bought CAD 4 973 Sold USD 3 734 @ 1.3318	20-Mar-2019	(116)
Bought CAD 12 891 Sold USD 9 648 @ 1.3362	22-Mar-2019	(256)

\$ (6 334)

TOTAL FOREIGN EXCHANGE

\$ (5 411)

All counterparties have a credit rating of at least A.

* Investment in related party (see note 8 in the generic notes).

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 1.54% to 2.26% and mature between January 3, 2019 and April 4, 2019.



Statements of Financial Position

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	December 31 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 16 980 669	\$ 18 761 917
Cash	10 284	16 137
Due from investment dealers	10 556	22 921
Subscriptions receivable	5 665	16 904
Unrealized gain on foreign exchange contracts	923	2 039
Dividends receivable, interest accrued and other assets	56 538	47 277
TOTAL ASSETS	17 064 635	18 867 195
LIABILITIES		
Due to investment dealers	19 881	9 444
Redemptions payable	6 220	8 629
Unrealized loss on foreign exchange contracts	6 334	2 330
Distributions payable	554	543
Accounts payable and accrued expenses	15 330	18 041
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	48 319	38 987
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 17 016 316	\$ 18 828 208
Investments at cost	\$ 13 240 396	\$ 12 630 667
NAV		
SERIES A	\$ 8 612 577	\$ 10 700 074
ADVISOR SERIES	\$ 167 442	\$ 195 933
ADVISOR T5 SERIES	\$ 1 737	\$ 2 646
SERIES T5	\$ 15 054	\$ 14 650
SERIES T8	\$ 87 571	\$ 114 561
SERIES D	\$ 637 339	\$ 707 172
SERIES F	\$ 1 603 230	\$ 1 235 540
SERIES FT5	\$ 13 184	\$ 9 749
SERIES FT8	\$ 8 458	\$ 10 143
SERIES I	\$ 28 689	\$ 32 709
SERIES O	\$ 5 841 035	\$ 5 805 031
NAV PER UNIT		
SERIES A	\$ 65.87	\$ 72.96
ADVISOR SERIES	\$ 66.27	\$ 73.41
ADVISOR T5 SERIES	\$ 56.34	\$ 65.01
SERIES T5	\$ 52.54	\$ 60.61
SERIES T8	\$ 8.93	\$ 10.65
SERIES D	\$ 65.94	\$ 73.06
SERIES F	\$ 67.85	\$ 75.17
SERIES FT5	\$ 60.02	\$ 68.50
SERIES FT8	\$ 9.13	\$ 10.78
SERIES I	\$ 66.62	\$ 73.82
SERIES O	\$ 67.14	\$ 74.41

Statements of Comprehensive Income

(in \$000s except per unit amounts)

For the periods ended December 31 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Dividends	\$ 584 977	\$ 529 369
Interest for distribution purposes	17 142	11 891
Income from investment trusts	12 582	5 085
Derivative income	(5 068)	12 584
Net realized gain (loss) on investments	523 052	477 880
Change in unrealized gain (loss) on investments	(2 396 097)	620 746
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	(1 263 412)	1 657 555
Securities lending revenue (see note 7 in the generic notes)	1 250	1 343
Net gain (loss) on foreign cash balances	1 015	1 873
TOTAL OTHER INCOME (LOSS)	2 265	3 216
TOTAL INCOME (LOSS)	(1 261 147)	1 660 771
EXPENSES (see notes – Fund Specific Information)		
Management fees	166 234	176 116
Administration fees	13 526	13 680
Independent Review Committee costs	2	3
GST/HST	17 785	18 765
Transaction costs	4 988	4 578
Withholding tax	292	616
TOTAL EXPENSES	202 827	213 758
INCREASE (DECREASE) IN NAV	\$ (1 463 974)	\$ 1 447 013
INCREASE (DECREASE) IN NAV		
SERIES A	\$ (841 488)	\$ 780 037
ADVISOR SERIES	\$ (16 118)	\$ 13 853
ADVISOR T5 SERIES	\$ (179)	\$ 175
SERIES T5	\$ (1 420)	\$ 971
SERIES T8	\$ (8 541)	\$ 8 013
SERIES D	\$ (55 172)	\$ 54 389
SERIES F	\$ (122 024)	\$ 80 361
SERIES FT5	\$ (1 006)	\$ 601
SERIES FT8	\$ (650)	\$ 709
SERIES I	\$ (2 346)	\$ 3 033
SERIES O	\$ (415 030)	\$ 504 871
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ (6.12)	\$ 5.11
ADVISOR SERIES	\$ (6.21)	\$ 5.17
ADVISOR T5 SERIES	\$ (5.02)	\$ 4.80
SERIES T5	\$ (5.47)	\$ 4.48
SERIES T8	\$ (0.82)	\$ 0.78
SERIES D	\$ (5.71)	\$ 5.68
SERIES F	\$ (5.87)	\$ 6.45
SERIES FT5	\$ (5.35)	\$ 6.38
SERIES FT8	\$ (0.65)	\$ 0.94
SERIES I	\$ (5.36)	\$ 6.04
SERIES O	\$ (4.94)	\$ 6.54



Statements of Cash Flow (in \$000s)

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

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ (1 463 974)	\$ 1 447 013
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	–	–
Non-cash distributions from underlying funds	–	–
Net realized loss (gain) on investments	(518 206)	(473 423)
Change in unrealized loss (gain) on investments	2 396 097	(620 746)
(Increase) decrease in accrued receivables	(9 261)	(3 555)
Increase (decrease) in accrued payables	(2 711)	512
(Increase) decrease in margin accounts	–	–
Cost of investments purchased	(14 401 958)	(14 150 299)
Proceeds from sale and maturity of investments	14 333 237	13 951 954
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	333 224	151 456
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	1 817 431	1 761 620
Cash paid on redemption of redeemable units	(2 131 834)	(1 896 139)
Distributions paid to holders of redeemable units	(24 674)	(18 407)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (339 077)	\$ (152 926)
Net increase (decrease) in cash for the period	(5 853)	(1 470)
Cash (bank overdraft), beginning of period	16 137	17 607
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 10 284	\$ 16 137
Interest received (paid)	\$ 16 765	\$ 11 837
Dividends received, net of withholding taxes	\$ 575 801	\$ 530 337



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

For the periods ended December 31 (see note 2 in the generic notes)	Series A		Advisor Series		Advisor T5 Series		Series T5	
	2018	2017	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 10 700 074	\$ 10 743 946	\$ 195 933	\$ 185 720	\$ 2 646	\$ 2 252	\$ 14 650	\$ 10 695
INCREASE (DECREASE) IN NAV	(841 488)	780 037	(16 118)	13 853	(179)	175	(1 420)	971
Early redemption fees	3	8	—	—	—	—	—	—
Proceeds from redeemable units issued	606 546	929 277	23 219	34 528	251	1 404	5 012	5 603
Reinvestments of distributions to holders of redeemable units	111 339	102 885	2 037	1 748	28	21	202	130
Redemption of redeemable units	(1 848 671)	(1 749 536)	(35 424)	(38 024)	(892)	(1 089)	(2 598)	(2 098)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(1 130 783)	(717 366)	(10 168)	(1 748)	(613)	336	2 616	3 635
Distributions from net income	(115 226)	(106 543)	(2 205)	(1 892)	(27)	(23)	(180)	(133)
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	(90)	(94)	(612)	(518)
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(115 226)	(106 543)	(2 205)	(1 892)	(117)	(117)	(792)	(651)
NET INCREASE (DECREASE) IN NAV	(2 087 497)	(43 872)	(28 491)	10 213	(909)	394	404	3 955
NAV AT END OF PERIOD	\$ 8 612 577	\$ 10 700 074	\$ 167 442	\$ 195 933	\$ 1 737	\$ 2 646	\$ 15 054	\$ 14 650

For the periods ended December 31 (see note 2 in the generic notes)	Series T8		Series D		Series F		Series FT5	
	2018	2017	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 114 561	\$ 104 268	\$ 707 172	\$ 633 384	\$ 1 235 540	\$ 591 601	\$ 9 749	\$ 1 970
INCREASE (DECREASE) IN NAV	(8 541)	8 013	(55 172)	54 389	(122 024)	80 361	(1 006)	601
Early redemption fees	—	—	6	1	2	—	—	—
Proceeds from redeemable units issued	13 760	25 987	100 344	116 048	699 948	677 146	9 349	9 821
Reinvestments of distributions to holders of redeemable units	3 911	4 095	12 691	10 788	24 651	12 380	35	15
Redemption of redeemable units	(27 299)	(18 988)	(114 430)	(96 181)	(199 541)	(107 152)	(4 287)	(2 322)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(9 628)	11 094	(1 389)	30 656	525 060	582 374	5 097	7 514
Distributions from net income	(8 821)	(1 069)	(13 272)	(11 257)	(35 346)	(18 796)	(273)	(121)
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	(7 745)	—	—	—	—	(383)	(215)
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(8 821)	(8 814)	(13 272)	(11 257)	(35 346)	(18 796)	(656)	(336)
NET INCREASE (DECREASE) IN NAV	(26 990)	10 293	(69 833)	73 788	367 690	643 939	3 435	7 779
NAV AT END OF PERIOD	\$ 87 571	\$ 114 561	\$ 637 339	\$ 707 172	\$ 1 603 230	\$ 1 235 540	\$ 13 184	\$ 9 749



Statements of Changes in NAV (cont.) (in \$000s)

For the periods ended December 31 (see note 2 in the generic notes)	Series FT8		Series I		Series O		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 10 143	\$ 6 268	\$ 32 709	\$ 36 235	\$ 5 805 031	\$ 5 210 089	\$ 18 828 208	\$ 17 526 428
INCREASE (DECREASE) IN NAV	(650)	709	(2 346)	3 033	(415 030)	504 871	(1 463 974)	1 447 013
Early redemption fees	—	—	—	—	—	—	11	9
Proceeds from redeemable units issued	2 799	5 151	198	2 208	954 235	557 191	2 415 661	2 364 364
Reinvestments of distributions to holders of redeemable units	387	298	231	300	181 547	149 940	337 059	282 600
Redemption of redeemable units	(3 359)	(1 627)	(1 326)	(8 303)	(501 078)	(465 724)	(2 738 905)	(2 491 044)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(173)	3 822	(897)	(5 795)	634 704	241 407	13 826	155 929
Distributions from net income	(224)	(155)	(777)	(764)	(183 670)	(151 336)	(360 021)	(292 089)
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	(638)	(501)	—	—	—	—	(1 723)	(9 073)
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(862)	(656)	(777)	(764)	(183 670)	(151 336)	(361 744)	(301 162)
NET INCREASE (DECREASE) IN NAV	(1 685)	3 875	(4 020)	(3 526)	36 004	594 942	(1 811 892)	1 301 780
NAV AT END OF PERIOD	\$ 8 458	\$ 10 143	\$ 28 689	\$ 32 709	\$ 5 841 035	\$ 5 805 031	\$ 17 016 316	\$ 18 828 208



December 31, 2018

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide long-term returns consisting of regular dividend income and modest long-term capital growth.

Financial instrument risk and capital management (see note 5 in the generic notes)

Concentration risk (%)

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

	December 31 2018	December 31 2017
Investment mix		
Financials	40.8	43.7
Energy	17.6	20.1
Industrials	10.1	8.3
Communication Services	7.3	4.3
Utilities	5.9	4.7
Consumer Staples	4.9	4.0
Materials	3.3	3.3
Real Estate	2.5	2.8
Consumer Discretionary	1.7	3.3
Health Care	1.4	0.7
Bonds	0.3	0.4
Information Technology	0.2	0.2
Cash/Other	4.0	4.2
Total	100.0	100.0

Other price risk (% impact on NAV)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's NAV, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	December 31 2018	December 31 2017
S&P/TSX Capped Composite		
Total Return Index	+ or - 0.9	+ or - 0.9

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

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, 2018 and 2017.

December 31, 2018	Level 1	Level 2	Level 3	Total
Equities	16 286 441	–	–	16 286 441
Underlying funds	–	–	–	–
Fixed-income				
and debt securities	–	47 154	–	47 154
Short-term investments	–	647 074	–	647 074
Derivatives – assets	–	923	–	923
Derivatives – liabilities	–	(6 334)	–	(6 334)
Total financial instruments	16 286 441	688 817	–	16 975 258
% of total portfolio	95.9	4.1	–	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	17 696 240	265 023	–	17 961 263
Underlying funds	–	–	–	–
Fixed-income				
and debt securities	–	81 509	–	81 509
Short-term investments	–	719 145	–	719 145
Derivatives – assets	–	2 039	–	2 039
Derivatives – liabilities	–	(2 330)	–	(2 330)
Total financial instruments	17 696 240	1 065 386	–	18 761 626
% of total portfolio	94.3	5.7	–	100.0

For the period ended December 31, 2018, there were transfers of \$265,023 of financial instruments into Level 1 from Level 2. The securities transferred into Level 1 relate to the exchange of a restricted-trading, discount-priced security for a listed, actively-traded equity position. For the period ended December 31, 2017, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Management fees and administration fees (see note 8 in the generic notes)

Management fees and 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 NAV of each series of the Fund.

	Management fees	Administration fees
Series A	1.50%	0.10%
Advisor Series	1.50%	0.10%
Advisor T5 Series	1.50%	0.10%
Series T5	1.50%	0.10%
Series T8	1.50%	0.10%
Series D	0.85%	0.10%
Series F	0.60%	0.10%
Series FT5	0.60%	0.10%
Series FT8	0.60%	0.10%
Series I	0.44%	0.02%
Series O	n/a*	0.02%

* Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.



December 31, 2018

**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 2018	December 31 2017
Units held		
Advisor T5 Series	19	18
Series FT5	19	18
Series FT8	122	112
Value of all units	3	4

Taxes (\$000s) (see note 6 in the generic notes)

The Fund had no capital or non-capital losses as at December 31, 2018.

Redeemable units (000s)

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)

	2018	2017
Series A		
Opening units	146 666	156 870
Issued number of units	8 559	13 298
Reinvested number of units	1 603	1 462
Redeemed number of units	(26 072)	(24 964)
Ending number of units	130 756	146 666
Advisor Series		
Opening units	2 669	2 695
Issued number of units	326	490
Reinvested number of units	29	25
Redeemed number of units	(497)	(541)
Ending number of units	2 527	2 669
Advisor T5 Series		
Opening units	41	35
Issued number of units	4	23
Reinvested number of units	–	–
Redeemed number of units	(14)	(17)
Ending number of units	31	41
Series T5		
Opening units	242	181
Issued number of units	86	94
Reinvested number of units	4	2
Redeemed number of units	(45)	(35)
Ending number of units	287	242
Series T8		
Opening units	10 760	9 714
Issued number of units	1 391	2 442
Reinvested number of units	394	388
Redeemed number of units	(2 738)	(1 784)
Ending number of units	9 807	10 760

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

	2018	2017
Series D		
Opening units	9 680	9 240
Issued number of units	1 415	1 654
Reinvested number of units	182	153
Redeemed number of units	(1 611)	(1 367)
Ending number of units	9 666	9 680
Series F		
Opening units	16 438	8 387
Issued number of units	9 578	9 359
Reinvested number of units	344	170
Redeemed number of units	(2 729)	(1 478)
Ending number of units	23 631	16 438
Series FT5		
Opening units	142	30
Issued number of units	143	147
Reinvested number of units	1	–
Redeemed number of units	(66)	(35)
Ending number of units	220	142
Series FT8		
Opening units	941	583
Issued number of units	277	480
Reinvested number of units	38	28
Redeemed number of units	(330)	(150)
Ending number of units	926	941
Series I		
Opening units	443	523
Issued number of units	4	31
Reinvested number of units	3	4
Redeemed number of units	(19)	(115)
Ending number of units	431	443
Series O		
Opening units	78 018	74 600
Issued number of units	13 296	7 854
Reinvested number of units	2 555	2 090
Redeemed number of units	(6 873)	(6 526)
Ending number of units	86 996	78 018

Transaction costs (\$000s except %)

Transaction costs, including brokerage commissions, in consideration of portfolio transactions for the periods ended:

	December 31 2018		December 31 2017	
	\$	%	\$	%
Total transaction costs	4 988	100	4 578	100
Related-party brokerage commissions*	1 162	23	1 006	22
Commission arrangements [†]	553	11	381	8

* See note 8 in the generic notes.

[†] Commission arrangements are part of commission amounts paid to dealers. The Fund uses commission arrangements (formerly known as "soft dollars") for research and/or order execution goods and services.

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



December 31, 2018

**Securities lending revenue (\$000s except %)
(see note 7 in the generic notes)**

Fair value of securities on loan and collateral received as at:

	December 31 2018	December 31 2017
Fair value of securities loaned	1 051 083	1 013 460
Fair value of collateral received	1 072 104	1 033 730

The table below provides a reconciliation of the gross revenue generated from the securities lending transactions of the Fund to the securities lending revenue disclosed in the Statements of Comprehensive Income.

	December 31 2018		December 31 2017	
	\$	%	\$	%
Gross revenue	1 693	100	1 969	100
RBC IS (paid)	(423)	(25)	(545)	(28)
Tax withheld	(20)	(1)	(81)	(4)
Fund revenue	1 250	74	1 343	68

**Investments by other related investment funds (%)
(see note 8 in the generic notes)**

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

	December 31 2018	December 31 2017
RBC Managed Payout Solution	1.5	1.5
RBC Managed Payout Solution – Enhanced	2.3	2.2
RBC Managed Payout Solution – Enhanced Plus	2.3	2.4
RBC Select Aggressive Growth Portfolio	0.6	0.5
RBC Select Balanced Portfolio	9.8	8.0
RBC Select Choices Balanced Portfolio	0.1	0.1
RBC Select Choices Conservative Portfolio	–	–
RBC Select Conservative Portfolio	8.2	6.9
RBC Select Growth Portfolio	2.3	1.9
RBC Select Very Conservative Portfolio	2.5	2.3
RBC Target 2020 Education Fund	–	0.1
RBC Target 2025 Education Fund	0.2	0.2
RBC Target 2030 Education Fund	0.2	0.2
RBC Target 2035 Education Fund	–	–
Total	30.0	26.3

**Offsetting financial assets and liabilities (\$000s)
(see note 3 in the generic notes)**

The following is a summary of the amounts for which the Fund has a legal right to offset in the event of default, insolvency or bankruptcy. “Net amount” represents the impact to the Fund if all set-off rights were to be exercised.

December 31, 2018	Assets	Liabilities
Gross amounts – assets (liabilities)	923	(6 334)
Amounts set-off in the Statements of Financial Position	–	–
Net amounts presented in the Statements of Financial Position	923	(6 334)
Related amounts not set-off	(612)	612
Collateral (received) pledged	–	1 051
Net amount	311	(4 671)

December 31, 2017	Assets	Liabilities
Gross amounts – assets (liabilities)	2 039	(2 330)
Amounts set-off in the Statements of Financial Position	–	–
Net amounts presented in the Statements of Financial Position	2 039	(2 330)
Related amounts not set-off	(818)	818
Collateral (received) pledged	–	–
Net amount	1 221	(1 512)

1. The Funds

The Funds (“Fund” or “Funds”) are open-ended mutual fund trusts governed by the laws of the Province of Ontario or British Columbia. RBC GAM is the manager and portfolio manager of the Funds and its head office is located at 155 Wellington Street West, 22nd Floor, Toronto, Ontario. RBC GAM is also the trustee of those Funds governed by the laws of the Province of Ontario. These financial statements were approved for issuance by the Board of Directors of RBC GAM on March 11, 2019.

The Funds may issue an unlimited number of units in some or all of Series A, Advisor Series, Advisor T5 Series, Series T5, Series T8, Series H, Series D, Series DZ, Series F, Series FT5, Series FT8, Series I, Series N and Series O.

Series A units have no sales charges and are available to all investors through authorized dealers.

Advisor Series units and Advisor T5 Series units are available to all investors through authorized dealers with an initial sales charge or low-load sales charge option. For certain of the Funds, Advisor Series units and Advisor T5 Series units are available with a deferred sales charge option. Under the initial sales charge option, investors pay a sales charge ranging from 0% to 5% of the amount invested. Under the deferred sales charge or low-load sales charge option, sales charges may be applicable, as described in the Simplified Prospectus.

Series T5 units and Series T8 units have no sales charges and are available to all investors through authorized dealers.

Series H units have no sales charges, have lower fees than Series A units and are only available to investors who invest and maintain the required minimum balance through authorized dealers.

Series D units and Series DZ units have no sales charges and have lower fees than Series A units. Series D units and Series DZ units may be available to investors who have accounts with RBC Direct Investing Inc., Phillips, Hager & North Investment Funds Ltd. (“PH&N IF”) or certain other authorized dealers (primarily discount brokers).

Series F units, Series FT5 units and Series FT8 units have no sales charges and have lower fees than Series A units. Series F units, Series FT5 units and Series FT8 units are only available to investors who have fee-based accounts with their dealer.

Series I units have no sales charges, have lower fees than Series F units, Series FT5 units and Series FT8 units and are only available to investors who invest and maintain the required minimum balance and who have accounts with dealers who have signed a fee-based agreement with RBC GAM.

Series N units are only available to related mutual funds.

Series O units are only available to large private or institutional investors or dealers. No management fees are payable by the Funds in respect to Series O units. Unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

2. Financial year

The information provided in these financial statements and notes thereto is as at December 31, 2018 and December 31, 2017, as applicable, and for the 12-month periods ended December 31, 2018 and December 31, 2017, as applicable, except for Funds or series established during either period, in which case the information for the Fund, or series, is provided for the period from the start date as described in the Notes to Financial Statements – Fund Specific Information of the Fund.

3. Summary of significant accounting policies

These financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”). The significant accounting policies of the Funds, which are investment entities, are as follows:

Adoption of New Accounting Standards Effective January 1, 2018, the Funds adopted IFRS 9 Financial Instruments. The new standard requires financial assets to be classified as amortized cost and fair value, with changes in fair value through profit and loss (“FVTPL”) or fair value through other comprehensive income (“FVOCI”) based on the entity’s business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Assessment and decision on the business model approach used is an accounting judgment. IFRS 9 also introduces a new expected credit loss impairment model.

The adoption of IFRS 9 has been applied retrospectively without the use of hindsight and did not result in a change to the measurement of financial instruments, in either the current or comparative period. The Funds’ financial assets previously designated at FVTPL under IAS 39 Financial Instruments are now mandatorily classified and measured at

December 31, 2018

FVTPL. The Funds' financial assets and liabilities previously classified as FVTPL under the held for trading category continue to be classified as held for trading and measured at FVTPL. Other financial assets and liabilities will continue to be measured at amortized cost. There was no material impact on the adoption of the new impairment model.

In addition, certain comparative figures in the Statements of Comprehensive Income have been revised to meet the disclosure requirements on initial application of IFRS 9. Amounts previously recorded as "Net gain (loss) on foreign currencies and other net assets," "Other derivatives" and "Net gain (loss) from futures contracts" are now recorded as "Derivative income." And certain amounts previously recorded as "Other income (loss)" are now recorded as "Income from investment trusts."

Classification and Measurement of Financial Assets, Liabilities and Derivatives Each of the Funds classify their investment portfolio based on the business model for managing the portfolio and the contractual cash flow characteristics. The investment portfolio of financial assets and liabilities is managed and performance is evaluated on a fair value basis. The contractual cash flows of the Funds' debt securities that are solely principal and interest are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Funds' business model objectives. Consequently, all investments are measured at FVTPL. Derivative assets and liabilities are also measured at FVTPL.

The Funds' obligation for net assets attributable to holders of redeemable units represents a financial liability and is measured at the redemption amount, which approximates fair value as of the reporting date. All other financial assets and liabilities are measured at amortized cost.

Offsetting Financial Assets and Liabilities In the normal course of business, the Funds may enter into various International Swaps and Derivatives Association master netting agreements or other similar arrangements with certain counterparties that allow for related amounts to be offset in certain circumstances, such as bankruptcy or termination of contracts. Offsetting information, where applicable, is presented in the Notes to Financial Statements – Fund Specific Information.

Classification of Redeemable Units The Funds have multiple features across the different series of the Funds. Consequently, the Funds' outstanding redeemable units are classified as financial liabilities in accordance with the requirements of IAS 32 Financial Instruments: Presentation.

Unconsolidated Structured Entities The Funds may invest in other Funds and exchange-traded funds ("ETFs") managed by the manager or an affiliate of the manager ("sponsored funds") and may invest in other funds and ETFs managed by unaffiliated entities ("unsponsored funds"); collectively, "underlying funds." The underlying funds are determined to be unconsolidated structured entities, as decision making in the underlying fund is not governed by the voting rights or other similar rights held by the Fund. The investments in underlying funds are subject to the terms and conditions of the offering documents of the respective underlying funds and are susceptible to market price risk arising from uncertainties about future values of those underlying funds. The underlying funds' objectives are generally to achieve long-term capital appreciation and/or current income by investing in a portfolio of securities and other funds in line with each of their documented investment strategies. The underlying funds apply various investment strategies to accomplish their respective investment objectives.

The underlying funds finance their operations by issuing redeemable units which are puttable at the unitholder's option, and entitle the unitholder to a proportional stake in the respective underlying funds' NAV.

The Funds do not consolidate their investment in underlying funds but account for these investments at fair value. The manager has determined that the Funds are investment entities in accordance with IFRS 10 Consolidated Financial Statements, since the Funds meet the following criteria:

- (i) The Funds obtain capital from one or more investors for the purpose of providing those investors with investment management services,
- (ii) The Funds commit to their investors that their business purpose is to invest funds solely for the returns from capital appreciation, investment income or both, and
- (iii) The Funds measure and evaluate the performance of substantially all of their investments on a fair value basis.

December 31, 2018

Therefore, the fair value of investments in the underlying funds is included in the Schedule of Investment Portfolio and included in “Investments at fair value” in the Funds’ Statements of Financial Position. The change in fair value of the investment held in the underlying funds is included in “Change in unrealized gain (loss) on investments” in the Statements of Comprehensive Income.

Certain Funds may invest in mortgage-related or other asset-backed securities. These securities include commercial mortgage-backed securities, asset-backed securities, collateralized debt obligations and other securities that directly or indirectly represent a participation in, or are securitized by and payable from, mortgage loans on real property. Mortgage-related securities are created from pools of residential or commercial mortgage loans while asset-backed securities are created from many types of assets, including auto loans, credit card receivables, home equity loans and student loans. The Funds account for these investments at fair value. The fair value of such securities, as disclosed in the Schedule of Investment Portfolio, represents the maximum exposure to losses at that date.

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

Equities – Common shares and preferred shares are valued at the closing price recorded by the security exchange on which the security is principally traded. In circumstances where the closing price is not within the bid-ask spread, management will determine the points within the bid-ask spread that are most representative of the fair value.

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

NHA-approved mortgages are valued at an amount, which produces a yield equivalent to the prevailing rate of return on mortgages of similar type and term.

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

Options – Options give the purchaser the right, but not the obligation, to buy (call) or sell (put) an underlying security or financial instrument at an agreed exercise or strike price during the specified period or on a specified date.

Listed options are valued at the closing price on the recognized exchange on which the option is traded. In circumstances where the closing price is not within the bid-ask spread, management will determine the points within the bid-ask spread that are most representative of the fair value.

Options purchased and options written (sold) are recorded as investments in the Statements of Financial Position. These investments are reported at fair value in the Statements of Financial Position, and unrealized gain or loss at the close of business on each valuation date is recorded in “Change in unrealized gain (loss) on investments” in the Statements of Comprehensive Income.

When an option is exercised and the underlying securities are acquired or delivered, the acquisition cost or sale proceeds are adjusted by the amount of the premium. When an option is closed the Fund will realize a gain or loss equal to the difference between the premium and the cost to close the position. When an option expires, gains or losses are realized equivalent to the amount of premiums received or paid, respectively. The net realized gains (losses) on written and purchased options are included in the Statements of Comprehensive Income in “Net realized gain (loss) on investments.”

December 31, 2018

Warrants – Warrants are valued using a recognized option pricing model, which includes factors such as the terms of the warrant, time value of money and volatility inputs that are significant to such valuation.

Forward Contracts – Forward contracts are valued at the gain or loss that would arise as a result of closing the position at the valuation date. The receivable/payable on forward contracts is recorded separately in the Statements of Financial Position. Any unrealized gain or loss at the close of business on each valuation date is recorded as “Change in unrealized gain (loss) on investments” and realized gain or loss on foreign exchange contracts is included in “Derivative income” in the Statements of Comprehensive Income.

Total Return Swaps – A total return swap is an agreement by which one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the return of an underlying asset, which includes both the income it generates and any capital gains. Total return swap contracts are marked to market daily based upon quotations from the market makers and the change in value, if any, is recorded in “Change in unrealized gain (loss) on investments” in the Statements of Comprehensive Income. When the swap contract is terminated early, the Fund records a realized gain or loss equal to the difference between the current net present value and the executed net present value in “Derivative income” in the Statements of Comprehensive Income. Unrealized gains and losses are recorded as “Receivable on open swap contracts” or “Payable on open swap contracts” in the Statements of Financial Position, as applicable. The risks of total return swap contracts include changes in market conditions and the possible inability of the counterparty to fulfill its obligations under the agreement.

Futures Contracts – Futures contracts entered into by the Funds are financial agreements to purchase or sell a financial instrument at a contracted price on a specified future date. However, the Funds do not intend to purchase or sell the financial instrument on the settlement date; rather, they intend to close out each futures contract before settlement by entering into equal, but offsetting, futures contracts. Futures contracts are valued at the gain or loss that would arise as a result of closing the position at the valuation date. Any gain or loss at the close of business on each valuation date is recorded as “Derivative income” in the Statements of Comprehensive Income. The receivable/payable on futures contracts is recorded separately in the Statements of Financial Position.

Credit Default Swap Contracts – Credit default swaps are agreements between a protection buyer and protection seller. The protection buyer pays a periodic fee in exchange for a payment by the protection seller contingent on the occurrence of a credit event, such as a default, bankruptcy or restructuring, with respect to a referenced entity. Periodic fees paid or received are recorded as “Interest for distribution purposes” in the Statements of Comprehensive Income. When the contract is terminated or expires, the payments received or paid are recorded as “Derivative income” in the Statements of Comprehensive Income. Credit default swap contracts are valued based on quotations from independent sources.

Underlying Funds – Underlying funds that are mutual funds are valued at their respective NAV per unit from fund companies on the relevant valuation dates and underlying funds that are exchange-traded funds are valued at market close on the relevant valuation dates.

Fair Valuation of Investments – The Funds have procedures to determine the fair value of securities and other financial instruments for which market prices are not readily available or which may not be reliably priced. Procedures are in place to determine the fair value of foreign securities traded in countries outside of North America daily to avoid stale prices and to take into account, among other things, any significant events occurring after the close of a foreign market.

Management also has procedures where the Funds primarily employ a market-based approach, which may use related or comparable assets or liabilities, NAV per unit (for exchange-traded funds), recent transactions, market multiples, book values and other relevant information for the investment to determine its fair value. The Funds may also use an income-based valuation approach in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments, but only if they arise as a feature of the instrument itself. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed.

All security valuation techniques are periodically reviewed by the Valuation Committee (“VC”) of the manager and are approved by the manager. The VC provides oversight of the Funds’ valuation policies and procedures.

December 31, 2018

Cash Cash is comprised of cash and deposits with banks and is recorded at amortized cost. The carrying amount of cash approximates its fair value because it is short term in nature.

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 Phillips, Hager & North \$U.S. Money Market Fund, RBC \$U.S. Money Market Fund, RBC Premium \$U.S. Money Market Fund, RBC \$U.S. Short-Term Corporate Bond Fund, RBC \$U.S. Investment Grade Corporate Bond Fund, RBC \$U.S. High Yield Bond Fund, RBC \$U.S. Strategic Income Bond Fund, BlueBay Emerging Markets Bond Fund (Canada), BlueBay Emerging Markets Local Currency Bond Fund (Canada), BlueBay Emerging Markets Corporate Bond Fund, BlueBay \$U.S. Global Convertible Bond Fund (Canada) and RBC U.S. Monthly Income Fund) at the rate of exchange on each valuation date. Gains/losses on foreign cash balances are included in “Net gain (loss) on foreign cash balances” in the Statements of Comprehensive Income. Purchases and sales of investments, income and expenses are translated at the rate of exchange prevailing on the respective dates of such transactions. Realized foreign exchange gains/losses on spot and forward currency contracts are included in “Derivative income” in the Statements of Comprehensive Income.

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. Phillips, Hager & North \$U.S. Money Market Fund, RBC \$U.S. Money Market Fund, RBC Premium \$U.S. Money Market Fund, RBC \$U.S. Short-Term Corporate Bond Fund, RBC \$U.S. Investment Grade Corporate Bond Fund, RBC \$U.S. High Yield Bond Fund, RBC \$U.S. Strategic Income Bond Fund, BlueBay Emerging Markets Bond Fund (Canada), BlueBay Emerging Markets Local Currency Bond Fund (Canada), BlueBay Emerging Markets Corporate Bond Fund, BlueBay \$U.S. Global Convertible Bond Fund (Canada) and RBC U.S. Monthly Income Fund have their subscriptions, redemptions and performance denominated in U.S. dollars and, consequently, the U.S. dollar is the functional currency for these Funds.

Valuation of Series A different NAV is calculated for each series of units of a Fund. The NAV 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 NAV 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 Dividend income is recognized on the ex-dividend date and interest for distribution purposes is coupon interest recognized on an accrual basis and/or imputed interest on zero coupon bonds. “Income from investment trusts” includes income from underlying funds and other trusts. Any premiums paid or discounts received on the purchase of zero coupon bonds are amortized. Interest payments made by the Funds to counterparties on the payable leg of derivative contracts are recorded as “Interest expense” in the Statements of Comprehensive Income.

Increase (Decrease) in NAV per Unit Increase (decrease) in NAV per 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.

Foreign Currencies The following is a list of abbreviations used in the Schedule of Investment Portfolio:

ARS – Argentinian peso	KZT – Kazakhstan tenge
AUD – Australian dollar	MXN – Mexican peso
BRL – Brazilian real	MYR – Malaysian ringgit
CAD – Canadian dollar	NOK – Norwegian krone
CHF – Swiss franc	NZD – New Zealand dollar
CLP – Chilean peso	PEN – Peruvian nuevo sol
CNY – Chinese renminbi	PHP – Philippine peso
COP – Colombian peso	PLN – Polish zloty
CZK – Czech koruna	RON – Romanian leu
DKK – Danish krone	RUB – Russian ruble
EUR – Euro	SEK – Swedish krona
GBP – Pound sterling	SGD – Singapore dollar
HKD – Hong Kong dollar	THB – Thailand baht
HUF – Hungarian forint	TRY – Turkish new lira
IDR – Indonesian rupiah	TWD – New Taiwan dollar
ILS – Israeli new shekel	USD – United States dollar
INR – Indian rupee	UYU – Uruguay peso
JPY – Japanese yen	ZAR – South African rand
KRW – South Korean won	

4. Critical accounting judgments and estimates

The preparation of financial statements requires the use of judgment in applying the Funds' accounting policies and making estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that management has made in preparing the financial statements.

Fair value measurement of securities not quoted in an active market

The Funds have established policies and control procedures that are intended to ensure these estimates are well controlled, independently reviewed and consistently applied from period to period. The estimates of the value of the Funds' assets and liabilities are believed to be appropriate as at the reporting date.

The Funds may hold financial instruments that are not quoted in active markets. Note 3 discusses the policies used by management for the estimates used in determining fair value.

5. Financial instrument risk and capital management

RBC GAM is responsible for managing each Fund's capital, which is its NAV 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 managers, 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. These risks include a Fund's direct risks and pro rata exposure to the risks of underlying funds, as applicable.

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 NAV 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 Funds measure credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any expected credit loss. All other receivables, amounts due from brokers, cash and short-term deposits are held with counterparties with a credit rating of AA/Aa or higher. Management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognized based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Funds. The fair value of fixed-income and debt securities includes a consideration of the

creditworthiness 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. Credit risk exposure is mitigated for those Funds participating in a securities lending program (see note 7). 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.

Currency risk

Currency risk is the risk that the value of investments denominated in currencies, other than the functional currency of a Fund, will fluctuate due to changes in foreign exchange rates. The value of investments denominated in a currency other than the functional currency is affected by changes in the value of the functional currency in relation to the value of the currency in which the investment is denominated. When the value of the functional currency falls in relation to foreign currencies, then the value of the foreign investments rises. When the value of the functional currency rises, the value of the foreign investments falls.

Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment.

6. Taxes

The Funds qualify as open-ended mutual fund trusts or 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. Since the Funds do not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the Statements of Financial Position as a deferred income tax asset. 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.

7. Securities lending revenue

Certain of the Funds lend portfolio securities from time to time in order to earn additional income. Income from securities lending is included in the Statements of Comprehensive Income of a Fund. Each such Fund will have entered into a securities lending program with its custodian, RBC Investor Services Trust ("RBC IS"). The aggregate market value of all securities loaned by a Fund cannot exceed 50% of the assets of a Fund. The Fund receives collateral, with an approved credit rating of at least A, of at least 102% of the value of securities on loan. The Fund is indemnified by RBC IS for any collateral credit or market loss. As such, the credit risk associated with securities lending is considered minimal.

8. Administrative and other related-party transactions**Manager and Portfolio Manager**

RBC GAM is an indirect wholly owned subsidiary of Royal Bank of Canada ("Royal Bank"). RBC GAM is the manager and portfolio manager of the Funds. RBC GAM is responsible for the Funds' day-to-day operations, provides investment advice and portfolio management services to the Funds and appoints distributors for the Funds. RBC GAM is paid a management fee by the Funds as compensation for its services. The management fee is calculated and accrued daily as a percentage of the NAV of each series of units of the Funds. No management fees are paid by the Funds with respect to Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM for investment-counselling services.

December 31, 2018

The Funds pay a fixed administration fee to RBC GAM. The fixed administration fee is calculated and accrued daily as a percentage of the NAV of each series of units of the Funds. 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 interim 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 Independent Review Committee 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 proportionately to each series based upon the relative NAV of each series. 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 ("underlying mutual funds"). A Fund will not invest in units of an underlying mutual fund if the Fund would be required to pay any management or incentive fees in respect of that investment that a reasonable person would believe duplicates a fee payable by the underlying mutual fund for the same service. To the extent a Fund invests in underlying funds managed by RBC GAM or its affiliates, the fees and expenses payable by the underlying funds are in addition to the fees and expenses payable by the Fund. However, a Fund may only invest in one or more underlying funds provided that no management fees or incentive fees are payable that would duplicate a fee payable by the underlying fund for the same service. The Fund's ownership interest in underlying mutual funds is disclosed in the Notes to Financial Statements – Fund Specific Information.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Funds, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange

spread when unitholders switch between series of funds denominated in different currencies. The Funds also maintain bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the Funds in the course of their normal business, all of which are wholly owned subsidiaries of Royal Bank of Canada, are discussed below.

Sub-Advisors

RBC Global Asset Management (U.S.) Inc. is the sub-advisor for the RBC \$U.S. Investment Grade Corporate Bond Fund, RBC U.S. Mid-Cap Growth Equity Fund, RBC U.S. Mid-Cap Growth Equity Currency Neutral Fund, RBC U.S. Mid-Cap Value Equity Fund, RBC U.S. Small-Cap Core Equity Fund, RBC U.S. Small-Cap Value Equity Fund and Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund (for a portion of the Fund). RBC Global Asset Management (UK) Limited is the sub-advisor for the RBC Global Bond Fund (for a portion of the Fund), RBC Global Corporate Bond Fund (for a portion of the Fund), RBC U.S. Monthly Income Fund (for a portion of the Fund), RBC Balanced Fund (for the European equity portion of the Fund), RBC Global Balanced Fund (for the European equity portion of the Fund), RBC International Dividend Growth Fund, RBC International Equity Fund (for the European equity portion of the Fund), RBC European Dividend Fund, RBC European Equity Fund, RBC European Mid-Cap Equity Fund, RBC Emerging Markets Dividend Fund, RBC Emerging Markets Equity Fund, RBC Emerging Markets Small-Cap Equity Fund, RBC Global Dividend Growth Fund, RBC Global Dividend Growth Currency Neutral Fund, RBC Global Equity Fund, RBC Global Equity Focus Fund, RBC Vision Global Equity Fund, RBC Vision Fossil Fuel Free Global Equity Fund, Phillips, Hager & North Overseas Equity Fund and Phillips, Hager & North Global Equity Fund. RBC Investment Management (Asia) Limited is the sub-advisor for the RBC Balanced Fund (for the Asian equity portion of the Fund), RBC Global Balanced Fund (for the Asian equity portion of the Fund), RBC Vision Balanced Fund (for the Asian equity portion of the Fund), RBC International Dividend Growth Fund (for the Asian equity portion of the Fund), RBC International Equity Fund (for the Asian equity portion of the Fund), RBC Asian Equity Fund, RBC Asia Pacific Ex-Japan Equity Fund and RBC Japanese Equity Fund. BlueBay Asset Management LLP is the sub-advisor of the BlueBay Global Monthly Income Bond Fund, BlueBay Global

December 31, 2018

Sovereign Bond Fund (Canada), BlueBay Global Investment Grade Corporate Bond Fund (Canada), BlueBay European High Yield Bond Fund (Canada), BlueBay Emerging Markets Bond Fund (Canada), BlueBay Emerging Markets Local Currency Bond Fund (Canada), BlueBay Emerging Markets Corporate Bond Fund, BlueBay Global Convertible Bond Fund (Canada) and BlueBay \$U.S. Global Convertible Bond Fund (Canada).

The sub-advisors earn a fee which is calculated and accrued daily as a percentage of the NAV of each series of units of the Funds. The sub-advisors are paid by the manager from the management fee paid by the Funds.

Trustee

RBC GAM is the trustee for the Funds governed by the laws of the Province of Ontario. RBC IS is the trustee for the Funds governed by the laws of the Province of British Columbia. The trustee holds title to the Funds' property on behalf of the unitholders. The trustee earns a fee, which is paid by the manager from the fixed administration fee paid by the Funds.

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and PH&N IF are principal distributors of, or may distribute certain series of units of, the Funds. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series, Advisor T5 Series, Series T5, Series T8, Series H and Series D units.

Custodian

RBC IS is the custodian and holds the assets of the Funds. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by the Funds.

Registrars

RBC GAM, RBC IS or Royal Bank (or a combination thereof) are the registrars of the Funds and keep records of who owns the units of the Funds. The registrars also process orders and issue account statements. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Funds.

Brokers and Dealers

The Funds have established or may establish standard brokerage agreements and dealing agreements at market rates with related parties such as RBC Dominion Securities Inc., RBC Capital Markets, LLC, RBC Europe Limited, NBC Securities Inc. and Royal Bank of Canada.

Securities Lending Agent

To the extent a Fund may engage in securities lending transactions, RBC IS may act as the Fund's securities lending agent. Any revenue earned on such securities lending is split between the Fund and the securities lending agent.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Funds relied on the standing instructions from 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 Independent Review Committee 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.