

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 10, 2022



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

## To the Unitholders and Trustee of

**RBC FUNDS**

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 Government Bond Fund  
 RBC \$U.S. Short-Term Corporate Bond Fund  
 RBC Short-Term Global Bond Fund  
 RBC Vision Fossil Fuel Free Short-Term Bond Fund  
 RBC Monthly Income Bond Fund  
 RBC Canadian Bond Index Fund  
*(renamed RBC Canadian Bond Index ETF Fund)*  
 RBC Canadian Government Bond Index Fund  
 RBC Bond Fund  
 RBC Vision Bond Fund  
 RBC Vision Fossil Fuel Free Bond Fund  
 RBC Global Bond Fund  
 RBC \$U.S. Global Bond 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 \$U.S. Global Investment Grade Corporate Bond Fund (Canada)  
 BlueBay European High Yield Bond Fund (Canada)  
 BlueBay Global High Yield Bond Fund (Canada)  
 BlueBay \$U.S. Global High Yield Bond Fund (Canada)  
*(formerly, BlueBay Canadian Institutional Global High Yield Bond Fund)*  
 BlueBay Emerging Markets Bond Fund (Canada)  
 BlueBay Emerging Markets Local Currency Bond Fund (Canada)  
 BlueBay Emerging Markets Corporate Bond Fund  
 BlueBay Emerging Markets High Yield Corporate Bond Fund (Canada)  
 BlueBay Global Convertible Bond Fund (Canada)  
 RBC Conservative Bond Pool  
 RBC Core Bond Pool  
 RBC \$U.S. Core Bond Pool  
 RBC Core Plus Bond Pool  
 RBC \$U.S. 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 Vision Fossil Fuel Free Balanced Fund  
 RBC Emerging Markets Balanced Fund  
 RBC Conservative Growth & Income Fund  
 RBC Balanced Growth & Income Fund  
 RBC Global Growth & Income Fund  
 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 Global Very Conservative Portfolio  
 RBC Global Conservative Portfolio  
 RBC Global Balanced Portfolio  
 RBC \$U.S. Global Balanced Portfolio  
 RBC Global Growth Portfolio  
 RBC Global All-Equity Portfolio  
 RBC Global Choices Very Conservative Portfolio  
 RBC Global Choices Conservative Portfolio  
 RBC Global Choices Balanced Portfolio  
 RBC Global Choices Growth Portfolio  
 RBC Global Choices All-Equity Portfolio  
 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 Retirement 2055 Portfolio  
 RBC Retirement 2060 Portfolio  
 RBC Target 2025 Education Fund  
 RBC Target 2030 Education Fund  
 RBC Target 2035 Education Fund  
 RBC Canadian Dividend Fund  
 RBC Canadian Equity Fund  
 RBC Vision Canadian Equity Fund  
 RBC QUBE Canadian Equity Fund  
 RBC QUBE Low Volatility Canadian Equity Fund  
 RBC Vision QUBE Fossil Fuel Free Low Volatility Canadian Equity Fund  
 RBC Trend 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 Mid-Cap Equity Fund  
*(formerly, RBC Private Canadian Mid-Cap Equity Pool)*  
 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  
*(renamed RBC U.S. Equity Currency Neutral Index ETF 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  
*(renamed RBC International Equity Currency Neutral Index ETF 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 China Equity Fund  
 RBC Japanese Equity Fund  
 RBC Emerging Markets Multi-Strategy Equity Fund  
 RBC Emerging Markets Dividend Fund  
 RBC Emerging Markets ex-China Dividend Fund  
 RBC Emerging Markets Equity Fund  
 RBC Emerging Markets Equity Focus Fund  
 RBC Vision Fossil Fuel Free Emerging Markets Equity Fund  
 RBC QUBE Low Volatility 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 Vision Global Equity Fund  
 RBC Vision Fossil Fuel Free Global Equity Fund  
 RBC Global Equity Focus Fund  
 RBC Global Equity Focus Currency Neutral Fund  
 RBC Global Equity Leaders Fund  
 RBC QUBE Global Equity Fund  
 RBC QUBE Low Volatility Global Equity Fund  
 RBC QUBE Low Volatility Global Equity Currency Neutral Fund  
 RBC O'Shaughnessy Global 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 POOLS**

RBC Private Short-Term Income Pool  
 RBC Private Canadian Corporate Bond Pool  
 RBC Private Income Pool  
 RBC Private Canadian Dividend Pool  
 RBC Private Fundamental Canadian Equity Pool  
 RBC Private Canadian 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

**RBC ALTERNATIVE FUNDS**

BlueBay Global Alternative Bond Fund (Canada)

**PH&N 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

**PH&N FUNDS (cont.)**

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 Conservative Equity Income 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 Small Float 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 LifeTime 2060 Fund  
 Phillips, Hager & North Conservative Pension Trust  
 Phillips, Hager & North Balanced Pension Trust  
 Phillips, Hager & North Growth Pension Trust  
 Phillips, Hager & North Canadian Equity Pension Trust  
 Phillips, Hager & North Canadian Equity Plus Pension Trust  
 (individually, a Fund)

**Our opinion**

In our opinion, the accompanying December 31, 2021 financial statements of each Fund 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 Fund 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 significant accounting policies and other explanatory information.

**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 Fund 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 Fund. The other information comprises the 2021 Annual Management Report of Fund Performance of each Fund.

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 Fund, 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 Fund 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.

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## 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 Fund 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 Fund 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 Fund 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 Fund.

## 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 Fund.

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 Fund, 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 Fund.
- 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 Fund 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 Fund 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 Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of each Fund, 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 10, 2022



SCHEDULE OF INVESTMENT PORTFOLIO (in \$000s)  
**RBC VISION FOSSIL FUEL FREE BOND FUND**

December 31, 2021

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
<b>BONDS</b>						
<b>CANADIAN BONDS</b>						
<b>CORPORATE</b>						
86	407 East Development Group General Partnership	4.473	23-Jun-2045	\$ 100	\$ 98	
5	407 International Inc.	3.720	11-May-2048	6	6	
10	407 International Inc.	2.840	07-Mar-2050	10	10	
20	Aéroports de Montréal	3.360	24-Apr-2047	23	21	
20	Aéroports de Montréal	3.030	21-Apr-2050	19	20	
70	Alberta Powerline LP	4.065	01-Dec-2053	78	80	
159	Alberta Powerline LP	4.065	01-Mar-2054	178	182	
95	Alectra Inc.	2.488	17-May-2027	99	98	
65	Alectra Inc.	1.751	11-Feb-2031	63	62	
180	Bank of Montreal	2.850	06-Mar-2024	187	185	
20	Bank of Nova Scotia	2.380	01-May-2023	21	20	
10	Bank of Nova Scotia	2.490	23-Sep-2024	10	10	
280	Bell Canada	2.700	27-Feb-2024	288	286	
45	Bell Canada	3.800	21-Aug-2028	49	49	
225	Brookfield Property Finance ULC	4.300	01-Mar-2024	237	230	
90	Brookfield Renewable Partners ULC	4.250	15-Jan-2029	104	100	
225	Brookfield Renewable Partners ULC	3.380	15-Jan-2030	238	239	
20	Brookfield Renewable Partners ULC	4.290	05-Nov-2049	22	23	
125	Brookfield Renewable Partners ULC	3.330	13-Aug-2050	119	124	
90	Bruce Power LP	3.000	21-Jun-2024	95	93	
250	Bruce Power LP	3.969	23-Jun-2026	269	269	
105	Bruce Power LP	2.680	21-Dec-2028	105	107	
165	Bruce Power LP	4.000	21-Jun-2030	182	181	
80	Bruce Power LP	4.132	21-Jun-2033	93	89	
40	Bruce Power LP	4.746	21-Jun-2049	49	50	
985	Cameco Corp.	4.190	24-Jun-2024	1 033	1 031	
60	Canadian Imperial Bank of Commerce	2.430	09-Jun-2023	62	61	
154	Clover LP	4.216	31-Mar-2034	167	164	
16	Comber Wind Financial Corp.	5.132	15-Nov-2030	19	18	
36	Dufferin Wind Power Inc.	4.317	30-Nov-2033	39	39	
500	Fortified Trust	1.964	23-Oct-2026	500	501	
208	Grand Renewable Solar LP	3.926	31-Jan-2035	227	224	
55	Greater Toronto Airports Authority	1.540	03-May-2028	53	53	
20	Greater Toronto Airports Authority	2.730	03-Apr-2029	21	21	
78	Greater Toronto Airports Authority	6.450	30-Jul-2029	96	91	
238	Health Montreal Collective LP	6.721	30-Sep-2049	328	329	
146	Hospital Infrastructure Partners NOH Partnership	5.439	31-Jan-2045	180	177	
315	Hydro One Inc.	0.710	16-Jan-2023	315	314	
525	Hydro One Inc.	1.760	28-Feb-2025	532	528	
100	Hydro One Inc.	3.020	05-Apr-2029	108	106	
470	Hydro One Inc.	1.690	16-Jan-2031	449	447	
175	Hydro One Inc.	2.230	17-Sep-2031	174	173	
10	Hydro One Inc.	5.360	20-May-2036	14	13	
25	Hydro One Inc.	3.630	25-Jun-2049	28	28	
125	Hydro One Inc.	2.710	28-Feb-2050	116	118	
25	Hydro One Inc.	3.100	15-Sep-2051	25	25	
10	Hydro Ottawa Holdings Inc.	2.614	03-Feb-2025	11	10	
287	Kingston Solar LP	3.571	31-Jul-2035	302	301	
85	Lievre Power Finance Corp.	4.046	31-Dec-2061	85	86	
10	Lower Mattagami Energy LP	3.416	20-Jun-2024	11	10	

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



December 31, 2021

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
<b>CORPORATE (cont.)</b>						
465	Lower Mattagami Energy LP	2.307	21-Oct-2026	\$ 480	\$ 476	
60	Lower Mattagami Energy LP	2.433	14-May-2031	60	61	
32	Melancthon Wolfe Wind LP	3.834	31-Dec-2028	34	33	
125	Northwestern Hydro Acquisition Co. II LP	3.877	31-Dec-2036	138	136	
190	Northwestern Hydro Acquisition Co. III LP	3.940	31-Dec-2038	211	208	
640	Ontario Power Generation Inc.	2.893	08-Apr-2025	679	664	
60	Ontario Power Generation Inc.	3.315	04-Oct-2027	67	64	
470	Ontario Power Generation Inc.	3.215	08-Apr-2030	508	499	
95	Ontario Power Generation Inc.	4.248	18-Jan-2049	113	113	
74	Plenary Health Bridgepoint LP	7.246	31-Aug-2042	107	104	
246	Plenary Health Care Partnerships Humber LP	4.895	31-May-2039	292	286	
149	Plenary Health Hamilton LP	5.796	31-May-2043	189	187	
32	Plenary Properties LTAP LP	6.288	31-Jan-2044	42	43	
10	PSS Generating Station LP	4.795	24-Oct-2067	13	13	
385	RioCan Real Estate Investment Trust	3.725	18-Apr-2023	404	395	
175	RioCan Real Estate Investment Trust	3.209	29-Sep-2023	182	179	
10	Royal Bank of Canada*	2.352	02-Jul-2024	10	10	
470	Royal Bank of Canada*	2.609	01-Nov-2024	490	481	
100	Sinai Health System	3.527	09-Jun-2056	109	112	
20	Sinai Health System	3.209	08-Apr-2060	22	21	
297	SNC-Lavalin Group Inc.	6.632	30-Jun-2044	402	395	
40	TCHC Issuer Trust	5.395	22-Feb-2040	56	54	
10	TELUS Corp.	2.850	13-Nov-2031	10	10	
10	Teranet Holdings LP	3.544	11-Jun-2025	11	10	
175	THP Partnership	4.394	31-Oct-2046	202	200	
5	Toronto Hydro Corp.	2.520	25-Aug-2026	5	5	
85	Toronto Hydro Corp.	2.430	11-Dec-2029	87	87	
100	Toronto Hydro Corp.	3.270	18-Oct-2051	101	107	
5	Toronto-Dominion Bank	3.005	30-May-2023	5	5	
190	Toronto-Dominion Bank	2.850	08-Mar-2024	200	195	
15	Toyota Credit Canada Inc.	2.310	23-Oct-2024	16	15	
10	Unity Health Toronto	3.308	01-Jun-2061	10	11	
5	Vancouver Airport Authority	1.760	20-Sep-2030	5	5	
5	Winnipeg Airport Authority Inc.	3.040	03-Feb-2051	5	5	
				12 804	12 689	29.7
<b>FEDERAL</b>						
78	Canada Housing Trust No. 1	2.350	15-Sep-2023	80	80	
530	Canada Housing Trust No. 1	0.950	15-Jun-2025	532	522	
248	Canada Housing Trust No. 1	1.250	15-Jun-2026	249	245	
427	Canada Housing Trust No. 1	1.550	15-Dec-2026	427	427	
95	Government of Canada	1.000	01-Sep-2022	95	95	
700	Government of Canada	0.250	01-May-2023	696	695	
1 809	Government of Canada	0.500	01-Nov-2023	1 797	1 794	
1 347	Government of Canada	0.750	01-Feb-2024	1 337	1 340	
2 717	Government of Canada	1.000	01-Sep-2026	2 676	2 685	
200	Government of Canada	1.500	01-Jun-2031	201	201	
117	Government of Canada	0.500	01-Dec-2050	130	139	
588	Government of Canada	2.000	01-Dec-2051	619	633	
117	Government of Canada	1.750	01-Dec-2053	112	118	
231	Government of Canada	2.750	01-Dec-2064	273	300	
				9 224	9 274	21.7
<b>PROVINCIAL/MUNICIPAL</b>						
10	Carleton University	3.264	05-Jul-2061	10	10	
35	City of Ottawa	2.500	11-May-2051	35	34	
17	City of Toronto	2.200	21-Dec-2031	17	17	
5	City of Vancouver	2.300	05-Nov-2031	5	5	

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



December 31, 2021

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
<b>PROVINCIAL/MUNICIPAL (cont.)</b>						
102	First Nations Finance Authority	3.050	01-Jun-2028	\$ 110	\$ 110	
160	First Nations Finance Authority	1.710	16-Jun-2030	158	157	
45	Hospital for Sick Children	5.217	16-Dec-2049	63	65	
40	Hospital for Sick Children	3.416	07-Dec-2057	40	45	
17	McGill University	6.150	22-Sep-2042	25	26	
10	McMaster University	3.255	17-Jun-2051	10	11	
10	McMaster University	3.405	17-Jun-2071	10	11	
8	Municipal Finance Authority of British Columbia	1.350	30-Jun-2026	8	8	
81	Ontario School Boards Financing Corp.	7.200	09-Jun-2025	93	89	
210	Ontario School Boards Financing Corp.	5.070	18-Apr-2031	244	239	
140	Ontario School Boards Financing Corp.	5.376	25-Jun-2032	161	164	
905	Province of Alberta	3.100	01-Jun-2050	974	1 005	
20	Province of Manitoba	4.050	05-Sep-2045	24	25	
363	Province of Manitoba	2.850	05-Sep-2046	376	383	
385	Province of New Brunswick	3.050	14-Aug-2050	408	424	
228	Province of Newfoundland and Labrador	2.650	17-Oct-2050	213	220	
145	Province of Ontario	2.600	02-Jun-2025	156	151	
1 236	Province of Ontario	2.400	02-Jun-2026	1 306	1 281	
125	Province of Ontario	2.600	02-Jun-2027	133	131	
781	Province of Ontario	1.350	02-Dec-2030	737	741	
3 248	Province of Ontario	2.150	02-Jun-2031	3 266	3 283	
275	Province of Ontario	2.250	02-Dec-2031	279	279	
827	Province of Ontario	5.600	02-Jun-2035	1 157	1 140	
1 185	Province of Ontario	4.600	02-Jun-2039	1 548	1 548	
713	Province of Ontario	3.500	02-Jun-2043	830	836	
928	Province of Ontario	1.900	02-Dec-2051	786	821	
94	Province of Quebec	8.500	01-Apr-2026	129	121	
133	Province of Quebec	2.500	01-Sep-2026	138	139	
198	Province of Quebec	2.750	01-Sep-2028	216	210	
335	Province of Quebec	6.250	01-Jun-2032	476	464	
806	Province of Quebec	3.500	01-Dec-2045	938	961	
250	Province of Quebec	3.500	01-Dec-2048	290	302	
379	Province of Quebec	3.100	01-Dec-2051	428	434	
366	Province of Saskatchewan	3.100	02-Jun-2050	400	408	
105	Queen's University	6.100	19-Nov-2032	142	138	
35	The 55 Ontario School Board Trust	5.900	02-Jun-2033	46	47	
55	University of British Columbia	6.650	01-Dec-2031	74	74	
66	University of British Columbia	4.817	26-Jul-2035	80	81	
				16 539	16 638	<b>39.0</b>
<b>TOTAL CANADIAN BONDS</b>				<b>38 567</b>	<b>38 601</b>	<b>90.4</b>
<b>UNITED KINGDOM BONDS</b>						
10	Heathrow Funding Ltd. CAD	2.694	13-Oct-2027	10	10	
25	Heathrow Funding Ltd. CAD	3.400	08-Mar-2028	27	26	
<b>TOTAL UNITED KINGDOM BONDS</b>				<b>37</b>	<b>36</b>	<b>0.1</b>
<b>UNITED STATES BONDS</b>						
240	AT&T Inc. CAD	4.000	25-Nov-2025	264	257	
35	AT&T Inc. CAD	4.850	25-May-2047	38	40	
40	AT&T Inc. CAD	5.100	25-Nov-2048	46	47	
85	Bank of America Corp. CAD	3.515	24-Mar-2026	93	89	
20	JPMorgan Chase & Co. CAD	1.896	05-Mar-2028	20	20	
155	Metropolitan Life Global Funding I CAD	3.394	09-Apr-2030	167	166	
135	Nestlé Holdings Inc. CAD	2.192	26-Jan-2029	135	137	
170	New York Life Global Funding CAD	2.000	17-Apr-2028	170	169	
465	Verizon Communications Inc. CAD	2.375	22-Mar-2028	468	466	
<b>TOTAL UNITED STATES BONDS</b>				<b>1 401</b>	<b>1 391</b>	<b>3.2</b>
<b>TOTAL BONDS</b>				<b>40 005</b>	<b>40 028</b>	<b>93.7</b>

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



December 31, 2021

Par Value (000s)	Security	Yield %	Maturity	Cost	Fair Value	% of Net Assets
<b>SHORT-TERM INVESTMENTS</b>						
75	Government of Canada Treasury Bills	0.149	17-Mar-2022	\$ 75	\$ 75	
350	Government of Canada Treasury Bills	0.319	12-May-2022	349	349	
325	Government of Canada Treasury Bills	0.260	09-Jun-2022	325	325	
175	Province of Alberta	0.227	22-Feb-2022	175	175	
175	Province of Alberta	0.168	01-Mar-2022	175	175	
175	Province of Alberta	0.168	15-Mar-2022	175	175	
200	Province of Ontario	0.152	02-Mar-2022	200	200	
1 000	Province of Ontario	0.185	16-Mar-2022	1 000	1 000	
<b>TOTAL SHORT-TERM INVESTMENTS</b>				2 474	2 474	<b>5.8</b>
<b>TOTAL INVESTMENTS</b>				\$ 42 479	42 502	<b>99.5</b>
<b>OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>					197	<b>0.5</b>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>					\$ 42 699	<b>100.0</b>

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





**Statement of Financial Position**

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	December 31 2021
<b>ASSETS</b>	
Investments at fair value	\$ 42 502
Cash	16
Subscriptions receivable	181
Dividends receivable, interest accrued and other assets	158
<b>TOTAL ASSETS</b>	<b>42 857</b>
<b>LIABILITIES</b>	
Due to investment dealers	41
Redemptions payable	111
Accounts payable and accrued expenses	6
<b>TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>	<b>158</b>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")</b>	<b>\$ 42 699</b>
Investments at cost	\$ 42 479
<b>NAV</b>	
<b>SERIES A</b>	<b>\$ 4 955</b>
<b>SERIES D</b>	<b>\$ 1 790</b>
<b>SERIES F</b>	<b>\$ 3 341</b>
<b>SERIES O</b>	<b>\$ 32 613</b>
<b>NAV PER UNIT</b>	
<b>SERIES A</b>	<b>\$ 9.71</b>
<b>SERIES D</b>	<b>\$ 9.70</b>
<b>SERIES F</b>	<b>\$ 9.70</b>
<b>SERIES O</b>	<b>\$ 9.70</b>

**Statement of Comprehensive Income**

(in \$000s except per unit amounts)

For the period ended December 31 (see note 2 in the generic notes)	2021
<b>INCOME (see note 3 in the generic notes)</b>	
Interest for distribution purposes	\$ 465
Net realized gain (loss) on investments	(114)
Change in unrealized gain (loss) on investments	23
<b>TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES</b>	<b>374</b>
Securities lending revenue (see note 7 in the generic notes)	2
<b>TOTAL OTHER INCOME (LOSS)</b>	<b>2</b>
<b>TOTAL INCOME (LOSS)</b>	<b>376</b>
<b>EXPENSES (see notes – Fund Specific Information)</b>	
Management fees	27
Administration fees	5
Independent Review Committee costs	2
GST/HST	3
<b>TOTAL EXPENSES</b>	<b>37</b>
<b>INCREASE (DECREASE) IN NAV</b>	<b>\$ 339</b>
<b>INCREASE (DECREASE) IN NAV</b>	
<b>SERIES A</b>	<b>\$ 50</b>
<b>SERIES D</b>	<b>\$ 5</b>
<b>SERIES F</b>	<b>\$ 48</b>
<b>SERIES O</b>	<b>\$ 236</b>
<b>INCREASE (DECREASE) IN NAV PER UNIT</b>	
<b>SERIES A</b>	<b>\$ 0.19</b>
<b>SERIES D</b>	<b>\$ 0.63</b>
<b>SERIES F</b>	<b>\$ 0.35</b>
<b>SERIES O</b>	<b>\$ 0.13</b>



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

For the period ended December 31 (see note 2 in the generic notes)	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase (decrease) in NAV	\$ 339
<b>ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS</b>	
Interest for distribution purposes	(7)
Non-cash dividends	–
Non-cash distributions from underlying funds	–
Net realized loss (gain) on investments	114
Change in unrealized loss (gain) on investments	(23)
(Increase) decrease in accrued receivables	(158)
Increase (decrease) in accrued payables	6
(Increase) decrease in margin accounts	–
Cost of investments purchased*	(98 305)
Proceeds from sale and maturity of investments*	55 760
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>(42 274)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from issue of redeemable units*	44 461
Cash paid on redemption of redeemable units*	(2 060)
Distributions paid to holders of redeemable units	(111)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>\$ 42 290</b>
Net increase (decrease) in cash for the period	16
Cash (bank overdraft), beginning of period	–
<b>CASH (BANK OVERDRAFT), END OF PERIOD</b>	<b>\$ 16</b>
Interest received (paid) <sup>†</sup>	\$ 300
Income from investment trusts received (paid) <sup>†‡</sup>	\$ –
Dividends received (paid) <sup>†‡</sup>	\$ –

\* Excludes in-kind transactions.

<sup>†</sup> Classified as part of operating activities.

<sup>‡</sup> Net of withholding taxes, if applicable.



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

For the period ended December 31 (see note 2 in the generic notes)	Series A 2021	Series D 2021	Series F 2021
<b>NAV AT BEGINNING OF PERIOD</b>	\$ —	\$ —	\$ —
<b>INCREASE (DECREASE) IN NAV</b>	<b>50</b>	<b>5</b>	<b>48</b>
Early redemption fees	—	—	—
Proceeds from redeemable units issued	5 818	1 785	4 018
Reinvestments of distributions to holders of redeemable units	21	1	5
Redemption of redeemable units	(913)	—	(707)
<b>NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS</b>	<b>4 926</b>	<b>1 786</b>	<b>3 316</b>
Distributions from net income	(21)	(1)	(23)
Distributions from net gains	—	—	—
Distributions from capital	—	—	—
<b>TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS</b>	<b>(21)</b>	<b>(1)</b>	<b>(23)</b>
<b>NET INCREASE (DECREASE) IN NAV</b>	<b>4 955</b>	<b>1 790</b>	<b>3 341</b>
<b>NAV AT END OF PERIOD</b>	<b>\$ 4 955</b>	<b>\$ 1 790</b>	<b>\$ 3 341</b>

For the period ended December 31 (see note 2 in the generic notes)	Series O 2021	Total 2021
<b>NAV AT BEGINNING OF PERIOD</b>	\$ —	\$ —
<b>INCREASE (DECREASE) IN NAV</b>	<b>236</b>	<b>339</b>
Early redemption fees	—	—
Proceeds from redeemable units issued	33 443	45 064
Reinvestments of distributions to holders of redeemable units	266	293
Redemption of redeemable units	(973)	(2 593)
<b>NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS</b>	<b>32 736</b>	<b>42 764</b>
Distributions from net income	(359)	(404)
Distributions from net gains	—	—
Distributions from capital	—	—
<b>TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS</b>	<b>(359)</b>	<b>(404)</b>
<b>NET INCREASE (DECREASE) IN NAV</b>	<b>32 613</b>	<b>42 699</b>
<b>NAV AT END OF PERIOD</b>	<b>\$ 32 613</b>	<b>\$ 42 699</b>



December 31, 2021

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

The Fund seeks to provide current income and stability of capital by investing primarily in a well-diversified portfolio of fixed-income securities issued by Canadian governments and corporations, but excludes securities of issuers directly engaged in the extraction, processing and transportation of fossil fuels such as coal, oil and natural gas.

The Fund was started January 14, 2021.

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

**Credit risk (%)**

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

	December 31 2021
Rating	
AAA	24.5
AA	38.7
A	22.6
BBB	13.4
BB	0.6
Unrated	0.2
<b>Total</b>	<b>100.0</b>

**Concentration risk (%)**

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

	December 31 2021
Investment mix	
Provincial/Municipal Bonds	39.0
Corporate Bonds	29.7
Federal Bonds	21.7
Foreign Bonds	3.3
Cash/Other	6.3
<b>Total</b>	<b>100.0</b>

**Interest rate risk (%)**

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

	December 31 2021
Term to maturity	
Less than 1 year	0.7
1 – 5 years	40.2
5 – 10 years	22.7
> 10 years	36.4
<b>Total</b>	<b>100.0</b>

As at December 31, 2021, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 8.1%. In practice, 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, 2021.

December 31, 2021	Level 1	Level 2	Level 3	Total
<b>Equities</b>	–	–	–	–
<b>Underlying funds</b>	–	–	–	–
<b>Fixed-income and debt securities</b>	–	40 028	–	40 028
<b>Short-term investments</b>	–	2 474	–	2 474
<b>Derivatives – assets</b>	–	–	–	–
<b>Derivatives – liabilities</b>	–	–	–	–
<b>Total financial instruments</b>	–	42 502	–	42 502
<b>% of total portfolio</b>	–	100.0	–	100.0

For the period ended December 31, 2021, 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	0.90%	0.05%
Series D	0.50%	0.05%
Series F	0.40%	0.05%
Series O	n/a*	0.02%

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



December 31, 2021

**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 2021
<b>Units held</b>	
Series A	101
Series D	101
Series F	101
Series O	508 161
<b>Value of all units</b>	<b>4 932</b>

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

The non-capital and capital losses for the Fund were approximately:

	As at December 31, 2021
Capital losses	60
Non-capital losses	–

**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 period ended December 31  
(see note 2 in the generic notes) 2021

<b>Series A</b>	
Opening units	–
Issued number of units	603
Reinvested number of units	2
Redeemed number of units	(95)
Ending number of units	510
<b>Series D</b>	
Opening units	–
Issued number of units	185
Reinvested number of units	–
Redeemed number of units	–
Ending number of units	185
<b>Series F</b>	
Opening units	–
Issued number of units	417
Reinvested number of units	1
Redeemed number of units	(73)
Ending number of units	345

For the period ended December 31  
(see note 2 in the generic notes) 2021

<b>Series O</b>	
Opening units	–
Issued number of units	3 435
Reinvested number of units	28
Redeemed number of units	(101)
Ending number of units	3 362

**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 2021
Fair value of securities loaned	7 964
Fair value of collateral received	8 123

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 Statement of Comprehensive Income.

	December 31 2021	
	\$	%
Gross revenue	3	100
RBC IS (paid)	(1)	(25)
Tax withheld	–	–
Fund revenue	2	75

**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 2021
RBC Vision Fossil Fuel Free Balanced Fund	38.4

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## 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 10, 2022.

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 were available to all investors through authorized dealers with an initial sales charge or low-load sales charge option. Effective August 4, 2020, such Advisor Series and Advisor T5 Series were re-designated as Series A and Series T5, respectively. 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 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, 2021 and December 31, 2020, as applicable, and for the 12-month periods ended December 31, 2021 and December 31, 2020, 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 accordance with International Financial Reporting Standards (“IFRS”). The significant accounting policies of the Funds are as follows:

**Classification and Measurement of Financial Assets, Liabilities and Derivatives** Each of the Funds classifies its 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 fair value through profit and loss (“FVTPL”). Derivative assets and liabilities are also measured at FVTPL.

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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.

Collateral received represents amounts held by a counterparty or custodian on behalf of the Funds and accordingly not presented in the Statements of Financial Position. Collateral pledged represents amounts held by the Funds' custodian/counterparty on behalf of the counterparty and can be in the form of cash and securities. Cash pledged as collateral is included in the Statements of Financial Position, while securities pledged as collateral are identified on the respective Fund's Schedule of Investment Portfolio.

**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.

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.

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**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, vendor fair value factors and prices of underlying funds that are not daily traded; 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, debentures and other debt securities are valued at the mid 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 cost plus accrued interest, which approximates fair value.

*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."

*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 (loss)" 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



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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 (loss)” 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 (loss)” 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 (loss)” in the Statements of Comprehensive Income. Credit default swap contracts are valued based on quotations from independent sources.

**Underlying Funds** – Underlying funds that are not exchange-traded 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.

**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.

**Margin** Margin accounts represent margin deposits held with brokers in respect of derivatives contracts.

**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 Government Bond Fund, RBC \$U.S. Short-Term Corporate Bond Fund, RBC \$U.S. Global 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 \$U.S. Global Investment Grade Corporate Bond Fund (Canada), BlueBay \$U.S. Global 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 Emerging Markets High Yield Corporate Bond Fund (Canada), RBC \$U.S. Core Bond Pool, RBC \$U.S. Core Plus Bond Pool, RBC U.S. Monthly Income Fund and RBC \$U.S. Global Balanced Portfolio (collectively, the “USD Funds”) have their subscriptions, redemptions and performance denominated in U.S. dollars and, consequently, the U.S. dollar is the functional currency for these Funds.

**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 USD Funds) 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 (loss)” in the Statements of Comprehensive Income.

**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:

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	RSD – Serbian dinar
EUR – Euro	RUB – Russian ruble
GBP – Pound sterling	SEK – Swedish krona
HKD – Hong Kong dollar	SGD – Singapore dollar
HUF – Hungarian forint	THB – Thailand baht
IDR – Indonesian rupiah	TRY – Turkish new lira
ILS – Israeli new shekel	TWD – New Taiwan dollar
INR – Indian rupee	UAH – Ukrainian hryvnia
JPY – Japanese yen	USD – United States dollar
KRW – South Korean won	UYU – Uruguay peso
KZT – Kazakhstan tenge	ZAR – South African rand

**In-Kind Transactions** In accordance with IAS 7, the Funds exclude non-cash transactions from their operating and financing activities within the Statements of Cash Flow. The primary difference between amounts issued and redeemed within the Statements of Changes in NAV and the Statements of Cash Flow relates to in-kind transactions. Similarly, the “Cost of investments purchased” and “Proceeds from sale and maturity of investments” within the Statements of Cash Flow appropriately exclude these in-kind transactions.

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#### 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.

The financial markets experienced significant volatility as a result of the developing COVID-19 global pandemic. The effects of the pandemic and its impact on individual companies, nations and the market in general can not necessarily be foreseen at the present time and may have an adverse impact on the financial performance of the Funds. The impact of the pandemic may be short-term or may last for an extended period of time.

In February 2022, Russian forces invaded Ukraine, resulting in an armed conflict and economic sanctions on Russia. Price volatility, trading restrictions, including the potential

for extended halting of Russian market trading, and general default risk related to Russian securities may have an adverse impact on the financial performance of a Fund. The manager is actively monitoring the situation.

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

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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.

Certain Funds trade in debt securities, some of which are variable rate and have an inter-bank linked interest rate. Such debt securities may potentially be transitioned to an alternative benchmark before the Funds dispose of their investments. The impact of this transition, if any, will be captured in the change in fair value of these investments and is not expected to be significant to each Fund.

#### **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. The currency risk as disclosed in the Fund Specific Information in the Notes to Financial Statements represents the monetary and non-monetary foreign exchange exposure of a Fund.

#### **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. It is the intention of the Funds to pay out all net income and realized capital gains each year so that the Funds will not be subject to income taxes. Accordingly, no provision for income taxes is recorded.

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

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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.

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 any costs and expenses of the Independent Review Committee (“IRC”) of the Funds that are not related to annual fees, meeting fees and reimbursement for expenses to members of the IRC, the cost of any new government or regulatory requirements introduced and any borrowing costs (collectively, “other fund costs”), and taxes (including, but not limited to, GST/HST). RBC GAM, not the Funds, is responsible for the costs related to annual fees, meeting fees and reimbursement for expenses to members of the IRC. Other fund costs are 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 funds”). A Fund will not invest in units of an underlying 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 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 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:

- RBC \$U.S. Short-Term Government Bond Fund
- RBC \$U.S. Short-Term Corporate Bond Fund (for the underlying fund)
- RBC Bond Fund (for a portion of the Fund)
- RBC \$U.S. Investment Grade Corporate Bond Fund
- RBC Global Corporate Bond Fund (for a portion of the Fund)
- BlueBay Global Investment Grade Corporate Bond Fund (Canada) (for a portion of the Fund)
- BlueBay \$U.S. Global Investment Grade Corporate Bond Fund (Canada) (for a portion of the Fund)
- BlueBay \$U.S. Global High Yield Bond Fund (Canada) (for a portion of the Fund)
- RBC U.S. Monthly Income Fund (for a portion of the Fund)
- RBC U.S. Small-Cap Core Equity Fund
- RBC U.S. Small-Cap Value Equity Fund
- BlueBay Global Alternative Bond Fund (Canada) (for a portion of the Fund)
- Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund

RBC Global Asset Management (UK) Limited is the sub-advisor for:

- RBC Short-Term Global Bond Fund (for a portion of the Fund)
- RBC Bond Fund (for a portion of the Fund)
- RBC Global Bond Fund (for a portion of the Fund)
- RBC \$U.S. Global Bond Fund (for a portion of the Fund)
- RBC Global Corporate Bond Fund (for a portion of the Fund)
- RBC Global High Yield Bond Fund (for a portion of the Fund)
- RBC Emerging Markets Bond Fund (for a portion of the Fund)
- RBC U.S. Monthly Income Fund (for a portion of the Fund)

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RBC Balanced Fund (for a portion of the Fund)  
 RBC Global Balanced Fund (for a portion of the Fund)  
 RBC Vision Balanced Fund (for a portion of the Fund)  
 RBC International Dividend Growth Fund  
 RBC International Equity Fund (for the European equity portion of the Fund)  
 RBC International Equity Currency Neutral Fund (for the European equity portion of the underlying fund)  
 RBC European Dividend Fund  
 RBC European Equity Fund  
 RBC European Mid-Cap Equity Fund  
 RBC Emerging Markets Multi-Strategy Equity Fund (for the underlying funds)  
 RBC Emerging Markets Dividend Fund  
 RBC Emerging Markets ex-China Dividend Fund  
 RBC Emerging Markets Equity Fund  
 RBC Emerging Markets Equity Focus Fund  
 RBC Vision Fossil Fuel Free 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 Vision Global Equity Fund  
 RBC Vision Fossil Fuel Free Global Equity Fund  
 RBC Global Equity Focus Fund  
 RBC Global Equity Focus Currency Neutral Fund (for the underlying fund)  
 RBC Global Equity Leaders Fund  
 Phillips, Hager & North Overseas Equity Fund  
 Phillips, Hager & North Global Equity Fund

RBC Global Asset Management (Asia) Limited is the sub-advisor for:  
 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 International Equity Currency Neutral Fund (for the Asian equity portion of the underlying fund)  
 RBC Asian Equity Fund (for the underlying funds)  
 RBC Asia Pacific ex-Japan Equity Fund  
 RBC China Equity Fund  
 RBC Japanese Equity Fund

BlueBay Asset Management LLP is the sub-advisor for:  
 BlueBay Global Monthly Income Bond Fund  
 BlueBay Global Sovereign Bond Fund (Canada)  
 BlueBay Global Investment Grade Corporate Bond Fund (Canada) (for a portion of the Fund)  
 BlueBay \$U.S. Global Investment Grade Corporate Bond Fund (Canada) (for a portion of the Fund)  
 BlueBay European High Yield Bond Fund (Canada)  
 BlueBay Global High Yield Bond Fund (Canada)  
 BlueBay \$U.S. Global High Yield Bond Fund (Canada) (for a portion of the Fund)  
 BlueBay Emerging Markets Bond Fund (Canada)  
 BlueBay Emerging Markets Local Currency Bond Fund (Canada)  
 BlueBay Emerging Markets Corporate Bond Fund  
 BlueBay Emerging Markets High Yield Corporate Bond Fund (Canada)  
 BlueBay Global Convertible Bond Fund (Canada)  
 BlueBay Global Alternative Bond Fund (Canada) (for a portion of the Fund)

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.

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**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.

**Mortgage Administrator Agent**

Royal Bank administers mortgages on behalf of the Funds. Royal Bank earns a fee, which is paid by the manager from the fixed administration fee paid by the Funds.

**Other Related-Party Transactions**

Pursuant to applicable securities legislation, the Funds relied on the standing instructions from the IRC 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 IRC 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.