

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)
BLUEBAY GLOBAL CONVERTIBLE BOND FUND (CANADA)

December 31, 2018

Holdings	Security		Cost	Fair Value	% of Net Assets	
EQUITIES						
Australia						
29 027 764	Paladin Resources Ltd.		\$ 10 192	\$ 5 023		
			10 192	5 023	0.6	
France						
505	Carrefour S.A., Call @ 14.00 December 20, 2019		96	154		
627	Carrefour S.A., Call @ 18.00 December 20, 2019		135	51		
1 998	Total S.A., Call @ 52.00 December 18, 2020		1 270	709		
444	Vinci S.A., Call @ 80.00 December 20, 2019		420	193		
			1 921	1 107	0.1	
Italy						
802	ENI S.p.A., Call @ 16.00 December 19, 2019		352	161		
			352	161	–	
Spain						
11 200	Iberdrola S.A., Call @ 6.50 December 18, 2020		732	1 296		
			732	1 296	0.2	
United Kingdom						
307	Glencore Plc., Call @ 3.50 March 15, 2019		187	21		
86 941	TechnipFMC Plc.		3 909	2 388		
			4 096	2 409	0.3	
United States						
2 726	Crown Castle International Corp., Preferred Series A, 6.875%		3 582	3 915		
			3 582	3 915	0.5	
TOTAL EQUITIES						
			20 875	13 911	1.7	
Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
BONDS						
Australia						
2 522	Paladin Energy Ltd. USD	9.000	25-Jan-2023	\$ 3 119	\$ 3 150	
3 900	Seven Group Holdings Ltd., Convertible AUD	2.200	05-Mar-2025	3 890	3 433	
				7 009	6 583	0.8
Bermuda						
1 967	Golar LNG Ltd., Convertible USD	2.750	15-Feb-2022	2 631	2 480	
				2 631	2 480	0.3
China						
86 000	China Evergrande Group, Convertible HKD	4.250	14-Feb-2023	13 518	13 190	
61 000	China Railway Construction Corp. Ltd., Convertible CNY	1.500	21-Dec-2021	11 606	12 029	
5 140	China Yangtze Power International BVI 1 Ltd., Convertible USD	0.000	09-Nov-2021	6 961	7 530	
17 250	CRRC Corp Ltd., Convertible USD	0.000	05-Feb-2021	23 050	23 607	
11 423	Ctrip.com International Ltd., Convertible USD	1.990	01-Jul-2025	16 120	15 108	
78 000	Harvest International Co., Convertible HKD	0.000	21-Nov-2022	12 846	12 871	
8 573	Huazhu Group Ltd., Convertible USD	0.375	01-Nov-2022	11 600	11 477	
16 000	Kunlun Energy Co. Ltd., Convertible CNY	1.625	25-Jul-2019	3 141	3 991	
14 626	Shanghai Port Group BVI Holding Co. Ltd., Convertible USD	0.000	09-Aug-2021	18 711	19 840	
1 423	Strategic International Group Ltd., Convertible EUR	0.000	21-Jul-2022	2 497	2 437	
3 860	Vipshop Holdings Ltd., Convertible USD	1.500	15-Mar-2019	5 504	5 204	
32 000	Zhongsheng Group Holdings Ltd., Convertible HKD	0.000	23-May-2023	5 241	5 142	
				130 795	132 426	15.9

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



December 31, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
France						
57	Elis S.A., Convertible EUR	0.000	06-Oct-2023	\$ 3 956	\$ 2 709	
84	Genfit, Convertible EUR	3.500	16-Oct-2022	3 685	3 374	
				7 641	6 083	0.7
Germany						
13 100	Deutsche Wohnen SE, Convertible EUR	0.600	05-Jan-2026	20 358	21 680	
3 000	Fresenius SE & Co. KGaA, Convertible EUR	0.000	24-Sep-2019	5 210	4 924	
1 800	LEG Immobilien AG, Convertible EUR	0.875	01-Sep-2025	2 711	3 007	
10 700	RAG-Stiftung, Convertible EUR	0.000	02-Oct-2024	16 446	16 056	
10 250	Siemens Financieringsmaatschappij N.V., Convertible USD	1.650	16-Aug-2019	14 888	14 592	
1 800	Symrise AG, Convertible EUR	0.238	20-Jun-2024	2 672	2 997	
				62 285	63 256	7.6
Hong Kong						
1 750	Asia View Ltd., Convertible USD	1.500	08-Aug-2019	2 006	2 755	
6 623	Bagan Capital Ltd., Convertible USD	0.000	23-Sep-2021	8 640	8 765	
3 400	China Overseas Finance Investment Cayman V Ltd., Convertible USD	0.000	05-Jan-2023	4 629	4 948	
3 851	PB Issuer No. 4 Ltd., Convertible USD	3.250	03-Jul-2021	4 870	5 166	
				20 145	21 634	2.6
Italy						
4 000	Prysmian S.p.A., Convertible EUR	0.000	17-Jan-2022	6 118	5 714	
5 000	Snam S.p.A., Convertible EUR	0.000	20-Mar-2022	7 456	7 787	
				13 574	13 501	1.6
Japan						
144 000	AEON Financial Service Co. Ltd., Convertible JPY	0.000	13-Sep-2019	1 709	1 794	
620 000	ANA Holdings Inc., Convertible JPY	0.000	19-Sep-2024	7 172	7 825	
200 000	CyberAgent Inc., Convertible JPY	0.000	19-Feb-2025	2 685	2 686	
200 000	Ezaki Glico Co. Ltd., Convertible JPY	0.000	30-Jan-2024	2 397	2 546	
1 000 000	Kansai Paint Co. Ltd., Convertible JPY	0.000	17-Jun-2022	12 087	12 674	
1 020 000	Kyushu Electric Power Co. Inc., Convertible JPY	0.000	31-Mar-2020	12 125	13 153	
370 000	LINE Corp., Convertible JPY	0.000	19-Sep-2025	4 102	4 290	
1 220 000	Mitsubishi Chemical Holdings Corp., Convertible JPY	0.000	29-Mar-2024	14 921	15 475	
4 800	Mitsui OSK Lines Ltd., Convertible USD	0.000	24-Apr-2020	5 619	6 156	
2 650	NHK Spring Co. Ltd., Convertible USD	0.000	20-Sep-2019	3 102	3 585	
220 000	Relo Group Inc., Convertible JPY	0.000	22-Mar-2021	2 843	2 817	
240 000	SBI Holdings Inc. JPY	0.000	13-Sep-2023	3 124	3 039	
569 000	Sony Corp., Convertible JPY	0.000	30-Sep-2022	6 946	8 510	
460 000	Takashimaya Co. Ltd., Convertible JPY	0.000	06-Dec-2028	5 594	5 759	
150 000	Terumo Corp., Convertible JPY	0.000	06-Dec-2021	1 772	3 044	
5 500	The Gunma Bank Ltd., Convertible USD	0.000	11-Oct-2019	6 700	7 256	
5 000	The Shizuoka Bank Ltd., Convertible USD	1.234	25-Jan-2023	6 508	6 588	
450 000	Toray Industries Inc., Convertible JPY	0.000	31-Aug-2021	6 012	6 082	
510 000	Yamada Denki Co. Ltd., Convertible JPY	0.000	28-Jun-2019	5 666	6 534	
5 800	Yamaguchi Financial Group Inc., Convertible USD	0.000	26-Mar-2020	7 635	7 802	
				118 719	127 615	15.4
Luxembourg						
400 000	Deutsche Bank Luxembourg S.A. JPY	0.000	07-Jun-2020	3 399	—	
				3 399	—	—
Netherlands						
4 400	Civitas Properties Finance BV EUR	4.000	24-Nov-2022	6 706	6 710	
9 855	NXP Semiconductors N.V., Convertible USD	1.000	01-Dec-2019	13 451	13 494	
4 600	QIAGEN N.V., Convertible USD	0.875	19-Mar-2021	8 039	7 909	
1 200	QIAGEN N.V., Convertible USD	1.000	13-Nov-2024	1 575	1 631	
3 600	STMicroelectronics N.V., Convertible USD	0.000	03-Jul-2022	5 004	4 958	
				34 775	34 702	4.2

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



December 31, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
Norway						
4 978	Ship Finance International Ltd., Convertible USD	5.750	15-Oct-2021	\$ 6 503	\$ 6 335	
5 200	Telenor East Holding II A.S., Convertible USD	0.250	20-Sep-2019	7 038	6 922	
				13 541	13 257	1.6
Philippines						
7 200	AYC Finance Ltd., Convertible USD	0.500	02-May-2019	11 032	10 086	
				11 032	10 086	1.2
Singapore						
4 750	Suntec Real Estate Investment Trust, Convertible SGD	1.750	30-Nov-2024	4 438	4 568	
				4 438	4 568	0.6
South Africa						
4 700	Ichor Coal NV, Convertible EUR	8.000	07-Jun-2019	7 027	4 080	
2 000	Sibanye Gold Ltd., Convertible USD	1.875	26-Sep-2023	2 390	2 095	
				9 417	6 175	0.7
South Korea						
8 800	LG Chem Ltd., Convertible EUR	0.000	16-Apr-2021	13 571	13 727	
				13 571	13 727	1.7
Spain						
2 900	Cellnex Telecom S.A., Convertible EUR	1.500	16-Jan-2026	4 538	4 635	
				4 538	4 635	0.6
Switzerland						
7 800	Sika AG, Convertible CHF	0.150	05-Jun-2025	10 481	11 040	
				10 481	11 040	1.3
Taiwan						
5 000	United Microelectronics Corp., Convertible USD	0.000	18-May-2020	6 185	6 656	
3 200	Zhen Ding Technology Holding Ltd., Convertible USD	0.000	26-Jun-2019	4 264	4 495	
				10 449	11 151	1.3
Thailand						
2 702	Sea Ltd., Convertible USD	2.250	01-Jul-2023	3 727	3 207	
				3 727	3 207	0.4
United Arab Emirates						
5 900	Aabar Investments PJSC, Convertible EUR	0.500	27-Mar-2020	8 467	8 474	
3 200	DP World Ltd., Convertible USD	1.750	19-Jun-2024	4 110	4 161	
				12 577	12 635	1.5
United Kingdom						
3 400	BP Capital Markets Plc., Convertible GBP	1.000	28-Apr-2023	7 052	7 270	
1 900	Helical Bar Jersey Ltd., Convertible GBP	4.000	17-Jun-2019	3 512	3 333	
1 500	J Sainsbury Plc., Convertible GBP	2.875	Perpetual	2 821	2 698	
400	PHP Finance Jersey Ltd., Convertible GBP	4.250	20-May-2019	764	805	
				14 149	14 106	1.7
United States						
8 708	Akamai Technologies Inc., Convertible	0.125	01-May-2025	11 276	10 933	
7 541	Atlassian Inc., Convertible	0.625	01-May-2023	10 939	13 104	
5 412	BioMarin Pharmaceutical Inc., Convertible	1.500	15-Oct-2020	7 688	8 239	
3 881	DexCom Inc., Convertible	0.750	01-Dec-2023	5 327	5 366	
6 274	DISH Network Corp., Convertible	3.375	15-Aug-2026	8 800	6 938	
2 281	Dycom Industries Inc., Convertible	0.750	15-Sep-2021	3 387	2 907	
2 718	Ensco Jersey Finance Ltd., Convertible	3.000	31-Jan-2024	3 565	2 463	
4 273	Exact Sciences Corp., Convertible	1.000	15-Jan-2025	5 328	6 420	
2 715	Extra Space Storage LP, Convertible	3.125	01-Oct-2035	3 562	4 018	
2 818	FireEye Inc., Convertible	0.875	01-Jun-2024	3 612	3 877	
3 973	GCI Liberty Inc., Convertible	1.750	30-Sep-2046	5 372	5 309	
4 573	Herbalife Nutrition Ltd., Convertible	2.000	15-Aug-2019	5 923	8 625	
3 227	Illumina Inc., Convertible	0.500	15-Jun-2021	5 724	5 805	

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



December 31, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
United States (cont.)						
4 750	Jazz Investments I Ltd., Convertible	1.500	15-Aug-2024	\$ 5 993	\$ 5 888	
3 240	JPMorgan Chase Financial Co LLC, Convertible	0.250	01-May-2023	4 169	4 011	
4 704	Liberty Media Corp., Convertible	1.375	15-Oct-2023	7 360	6 893	
2 118	Liberty Media Corp. - Liberty Formula One, Convertible	1.000	30-Jan-2023	3 240	2 985	
2 587	Live Nation Entertainment Inc., Convertible	2.500	15-Mar-2023	3 560	3 605	
5 034	Lumentum Holdings Inc., Convertible	0.250	15-Mar-2024	7 534	6 929	
17 464	Microchip Technology Inc., Convertible	1.625	15-Feb-2027	23 178	23 363	
1 946	Neurocrine Biosciences Inc., Convertible	2.250	15-May-2024	3 457	3 178	
5 684	New Relic Inc., Convertible	0.500	01-May-2023	8 394	7 788	
3 135	Nuance Communications Inc., Convertible	1.000	15-Dec-2035	4 202	3 728	
6 058	Nutanix Inc., Convertible	0.000	15-Jan-2023	8 249	9 077	
3 060	NuVasive Inc., Convertible	2.250	15-Mar-2021	4 566	4 407	
5 903	ON Semiconductor Corp., Convertible	1.000	01-Dec-2020	8 503	8 905	
13 125	Palo Alto Networks Inc., Convertible	0.750	01-Jul-2023	17 255	17 811	
5 499	Pure Storage Inc., Convertible	0.125	15-Apr-2023	7 826	7 010	
4 642	RingCentral Inc., Convertible	0.000	15-Mar-2023	7 011	7 531	
1 267	Sarepta Therapeutics Inc., Convertible	1.500	15-Nov-2024	2 208	2 897	
10 205	Splunk Inc., Convertible	0.500	15-Sep-2023	13 503	13 874	
4 047	Square Inc., Convertible	0.500	15-May-2023	6 031	5 763	
3 310	Starwood Property Trust Inc., Convertible	4.375	01-Apr-2023	4 428	4 485	
11 967	Tesla Inc., Convertible	1.250	03-Jan-2021	14 245	18 393	
2 022	The Priceline Group Inc., Convertible	0.350	15-Jun-2020	3 787	3 725	
3 850	Transocean Inc., Convertible	0.500	30-Jan-2023	5 788	4 993	
3 187	Viavi Solutions Inc., Convertible	1.000	01-Mar-2024	4 243	4 304	
1 290	Wayfair Inc., Convertible	1.125	01-Nov-2024	1 900	1 797	
2 902	Workday Inc., Convertible	0.250	01-Oct-2022	4 103	4 860	
1 700	Wright Medical Group N.V., Convertible	2.250	15-Nov-2021	2 635	3 189	
2 708	Zendesk Inc., Convertible	0.250	15-Mar-2023	4 130	4 201	
				272 001	279 594	33.7
Vietnam						
3 384	No Va Land Investment Group Corp., Convertible USD	5.500	27-Apr-2023	4 258	4 294	
				4 258	4 294	0.5
TOTAL BONDS				785 152	796 755	95.9
Holdings	Security			Cost	Fair Value	% of Net Assets
OTHER INVESTMENTS						
(550)	The S&P 500 Index Future, Written Put @ 2,200.00 February 15, 2019			\$ (2 365)	\$ (972)	
550	The S&P 500 Index Future, Put @ 2,300.00 February 15, 2019			3 921	1 806	
TOTAL OTHER INVESTMENTS				1 556	834	0.1
SHORT-TERM INVESTMENTS*				2 154	2 154	0.3
TOTAL INVESTMENTS				809 737	813 654	98.0
UNREALIZED GAIN ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)				-	9 474	1.1
UNREALIZED LOSS ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)				-	(34 549)	(4.2)
TOTAL PORTFOLIO				\$ 809 737	788 579	94.9
FUTURES CONTRACTS MARGIN RECEIVABLE					20 560	2.5
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					21 835	2.6
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					\$ 830 974	100.0

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



December 31, 2018

SCHEDULE A

Foreign Exchange Contracts

Contracts	Maturity Date	Unrealized Gain
Bought CHF 416 Sold CAD 564 @ 0.7372	23-Jan-2019	\$ 14
Bought CHF 507 Sold CAD 684 @ 0.7408	23-Jan-2019	21
Bought CHF 790 Sold CAD 1 073 @ 0.7362	23-Jan-2019	26
Bought CNY 328 Sold CAD 61 @ 5.3713	23-Jan-2019	4
Bought CNY 16 220 Sold CAD 3 150 @ 5.1495	23-Jan-2019	72
Bought EUR 10 000 Sold CAD 15 046 @ 0.6646	23-Jan-2019	617
Bought EUR 3 500 Sold CAD 5 248 @ 0.6669	23-Jan-2019	234
Bought EUR 2 500 Sold CAD 3 759 @ 0.6651	23-Jan-2019	157
Bought EUR 1 210 Sold CAD 1 833 @ 0.6601	23-Jan-2019	62
Bought EUR 2 500 Sold CAD 3 784 @ 0.6607	23-Jan-2019	132
Bought EUR 1 117 Sold CAD 1 683 @ 0.6636	23-Jan-2019	66
Bought EUR 4 000 Sold CAD 6 109 @ 0.6547	23-Jan-2019	156
Bought EUR 1 240 Sold CAD 1 897 @ 0.6535	23-Jan-2019	45
Bought EUR 3 000 Sold CAD 4 566 @ 0.6571	23-Jan-2019	133
Bought EUR 1 000 Sold CAD 1 521 @ 0.6574	23-Jan-2019	45
Bought EUR 7 000 Sold CAD 10 762 @ 0.6504	23-Jan-2019	201
Bought EUR 2 000 Sold CAD 3 108 @ 0.6434	23-Jan-2019	24
Bought GBP 1 500 Sold CAD 2 579 @ 0.5817	23-Jan-2019	33
Bought GBP 857 Sold CAD 1 456 @ 0.5886	23-Jan-2019	36
Bought GBP 1 500 Sold CAD 2 555 @ 0.5872	23-Jan-2019	57
Bought GBP 1 500 Sold CAD 2 543 @ 0.5899	23-Jan-2019	69
Bought GBP 2 000 Sold CAD 3 440 @ 0.5814	23-Jan-2019	42
Bought HKD 15 600 Sold CAD 2 606 @ 5.9853	23-Jan-2019	114
Bought HKD 2 702 Sold CAD 456 @ 5.9306	23-Jan-2019	16
Bought HKD 12 076 Sold CAD 2 076 @ 5.8166	23-Jan-2019	29
Bought HKD 11 000 Sold CAD 1 886 @ 5.8330	23-Jan-2019	32
Bought HKD 28 800 Sold CAD 4 929 @ 5.8432	23-Jan-2019	93
Bought HKD 21 000 Sold CAD 3 610 @ 5.8173	23-Jan-2019	52
Bought HKD 1 110 Sold CAD 193 @ 5.7559	23-Jan-2019	1
Bought JPY 300 000 Sold CAD 3 503 @ 85.6497	23-Jan-2019	238
Bought JPY 149 000 Sold CAD 1 746 @ 85.3218	23-Jan-2019	112
Bought JPY 200 900 Sold CAD 2 372 @ 84.6961	23-Jan-2019	133
Bought JPY 110 000 Sold CAD 1 284 @ 85.6809	23-Jan-2019	88
Bought JPY 2 500 Sold CAD 29 @ 85.3178	23-Jan-2019	2
Bought JPY 98 800 Sold CAD 1 165 @ 84.7718	23-Jan-2019	66
Bought JPY 720 000 Sold CAD 8 546 @ 84.2497	23-Jan-2019	432
Bought JPY 100 000 Sold CAD 1 181 @ 84.6789	23-Jan-2019	66
Bought JPY 140 000 Sold CAD 1 654 @ 84.6228	23-Jan-2019	91
Bought JPY 850 000 Sold CAD 10 206 @ 83.2804	23-Jan-2019	392
Bought JPY 152 000 Sold CAD 1 837 @ 82.7455	23-Jan-2019	58
Bought JPY 88 200 Sold CAD 1 080 @ 81.6832	23-Jan-2019	20
Bought JPY 202 400 Sold CAD 2 489 @ 81.3153	23-Jan-2019	35
Bought SEK 1 603 Sold CAD 235 @ 6.8245	23-Jan-2019	12
Bought SGD 11 295 Sold CAD 10 727 @ 1.0530	23-Jan-2019	586
Bought SGD 1 400 Sold CAD 1 342 @ 1.0433	23-Jan-2019	60
Bought SGD 2 500 Sold CAD 2 406 @ 1.0389	23-Jan-2019	98
Bought SGD 4 210 Sold CAD 4 122 @ 1.0214	23-Jan-2019	95
Bought SGD 480 Sold CAD 468 @ 1.0252	23-Jan-2019	13
Bought USD 3 386 Sold CAD 4 429 @ 0.7645	23-Jan-2019	191
Bought USD 3 488 Sold CAD 4 559 @ 0.7651	23-Jan-2019	200
Bought USD 6 133 Sold CAD 7 984 @ 0.7682	23-Jan-2019	384

SCHEDULE A (cont.)

Foreign Exchange Contracts

Contracts	Maturity Date	Unrealized Gain
Bought USD 1 310 Sold CAD 1 716 @ 0.7636	23-Jan-2019	\$ 72
Bought USD 2 200 Sold CAD 2 883 @ 0.7632	23-Jan-2019	119
Bought USD 5 077 Sold CAD 6 698 @ 0.7580	23-Jan-2019	229
Bought USD 4 000 Sold CAD 5 285 @ 0.7569	23-Jan-2019	173
Bought USD 7 280 Sold CAD 9 634 @ 0.7556	23-Jan-2019	298
Bought USD 2 910 Sold CAD 3 848 @ 0.7563	23-Jan-2019	122
Bought USD 1 580 Sold CAD 2 095 @ 0.7540	23-Jan-2019	60
Bought USD 3 000 Sold CAD 3 959 @ 0.7577	23-Jan-2019	134
Bought USD 3 000 Sold CAD 3 980 @ 0.7537	23-Jan-2019	113
Bought USD 3 760 Sold CAD 4 985 @ 0.7543	23-Jan-2019	145
Bought USD 15 000 Sold CAD 20 134 @ 0.7450	23-Jan-2019	332
Bought USD 1 800 Sold CAD 2 386 @ 0.7544	23-Jan-2019	70
Bought USD 3 840 Sold CAD 5 105 @ 0.7522	23-Jan-2019	134
Bought USD 20 000 Sold CAD 26 714 @ 0.7487	23-Jan-2019	573
Bought USD 3 000 Sold CAD 4 007 @ 0.7488	23-Jan-2019	87
Bought USD 3 050 Sold CAD 4 082 @ 0.7473	23-Jan-2019	80
Bought USD 3 360 Sold CAD 4 518 @ 0.7437	23-Jan-2019	66
Bought USD 30 000 Sold CAD 40 325 @ 0.7439	23-Jan-2019	606
Bought USD 3 250 Sold CAD 4 393 @ 0.7398	23-Jan-2019	41
Bought USD 2 840 Sold CAD 3 853 @ 0.7371	23-Jan-2019	22
Bought USD 7 000 Sold CAD 9 519 @ 0.7354	23-Jan-2019	32
Bought USD 1 820 Sold CAD 2 472 @ 0.7362	23-Jan-2019	11
		\$ 9 474

Contracts	Maturity Date	Unrealized Loss
Bought AUD 460 Sold CAD 445 @ 1.0345	23-Jan-2019	\$ (2)
Bought CAD 18 458 Sold CNY 98 824 @ 0.1868	23-Jan-2019	(1 172)
Bought CAD 5 969 Sold USD 4 589 @ 1.3007	23-Jan-2019	(292)
Bought CAD 16 910 Sold USD 13 000 @ 1.3008	23-Jan-2019	(827)
Bought CAD 45 164 Sold HKD 271 800 @ 0.1662	23-Jan-2019	(2 226)
Bought CAD 23 270 Sold SGD 24 599 @ 0.9460	23-Jan-2019	(1 366)
Bought CAD 235 Sold SEK 1 603 @ 0.1465	23-Jan-2019	(12)
Bought CAD 9 009 Sold AUD 9 680 @ 0.9306	23-Jan-2019	(298)
Bought CAD 12 889 Sold CHF 9 743 @ 1.3229	23-Jan-2019	(663)
Bought CAD 170 044 Sold EUR 112 525 @ 1.5112	23-Jan-2019	(6 197)
Bought CAD 28 535 Sold GBP 16 626 @ 1.7163	23-Jan-2019	(411)
Bought CAD 6 508 Sold USD 5 000 @ 1.3015	23-Jan-2019	(314)
Bought CAD 3 530 Sold USD 2 691 @ 1.3118	23-Jan-2019	(141)
Bought CAD 3 984 Sold USD 3 040 @ 1.3106	23-Jan-2019	(164)
Bought CAD 3 266 Sold USD 2 500 @ 1.3066	23-Jan-2019	(145)
Bought CAD 5 226 Sold USD 4 000 @ 1.3065	23-Jan-2019	(232)
Bought CAD 5 214 Sold USD 4 000 @ 1.3034	23-Jan-2019	(244)
Bought CAD 7 369 Sold USD 5 650 @ 1.3042	23-Jan-2019	(340)
Bought CAD 1 959 Sold USD 1 500 @ 1.3058	23-Jan-2019	(88)
Bought CAD 8 323 Sold USD 6 360 @ 1.3086	23-Jan-2019	(355)
Bought CAD 2 157 Sold JPY 184 860 @ 0.0117	23-Jan-2019	(148)
Bought CAD 2 873 Sold USD 2 177 @ 1.3196	23-Jan-2019	(97)
Bought CAD 4 156 Sold USD 3 134 @ 1.3262	23-Jan-2019	(120)
Bought CAD 3 902 Sold USD 2 939 @ 1.3276	23-Jan-2019	(108)



December 31, 2018

SCHEDULE A (cont.)

Foreign Exchange Contracts

Contracts	Maturity Date	Unrealized Loss
Bought CAD 8 553 Sold USD 6 485 @ 1.3189	23-Jan-2019	\$ (295)
Bought CAD 590 Sold JPY 50 000 @ 0.0118	23-Jan-2019	(33)
Bought CAD 4 889 Sold USD 3 660 @ 1.3358	23-Jan-2019	(105)
Bought CAD 6 685 Sold USD 5 000 @ 1.3371	23-Jan-2019	(137)
Bought CAD 8 018 Sold USD 5 900 @ 1.3590	23-Jan-2019	(32)
Bought CAD 589 114 Sold USD 440 850 @ 1.3363	28-Mar-2019	(11 552)
Bought CAD 126 403 Sold JPY 10 610 561 @ 0.0119	28-Mar-2019	(6 433)
		<u>\$ (34 549)</u>
TOTAL FOREIGN EXCHANGE		<u>\$ (25 075)</u>

All counterparties have a credit rating of at least A.

* Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at a rate of 1.70% and mature on March 7, 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	\$ 813 654	\$ 991 978
Cash	18 990	92 354
Due from investment dealers	398	–
Subscriptions receivable	1 423	980
Futures contracts margin receivable	20 560	–
Unrealized gain on foreign exchange contracts	9 474	20 582
Dividends receivable, interest accrued and other assets	2 160	2 550
TOTAL ASSETS	866 659	1 108 444
LIABILITIES		
Redemptions payable	669	844
Futures contracts margin payable	–	19 365
Unrealized loss on foreign exchange contracts	34 549	1 082
Distributions payable	19	27
Accounts payable and accrued expenses	448	622
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	35 685	21 940
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 830 974	\$ 1 086 504
Investments at cost	\$ 809 737	\$ 964 085
NAV		
SERIES A	\$ 28 622	\$ 42 758
ADVISOR SERIES	\$ 51 759	\$ 81 492
ADVISOR T5 SERIES	\$ 1 669	\$ 2 215
SERIES T5	\$ 224	\$ 276
SERIES H	\$ 873	\$ 2 977
SERIES D	\$ 4 475	\$ 5 659
SERIES F	\$ 123 798	\$ 203 368
SERIES FT5	\$ 3 310	\$ 5 543
SERIES I	\$ 15 866	\$ 36 027
SERIES O	\$ 600 378	\$ 706 189
NAV PER UNIT		
SERIES A	\$ 10.42	\$ 11.81
ADVISOR SERIES	\$ 10.40	\$ 11.80
ADVISOR T5 SERIES	\$ 9.37	\$ 10.32
SERIES T5	\$ 9.35	\$ 10.32
SERIES H	\$ 10.55	\$ 11.93
SERIES D	\$ 10.75	\$ 12.10
SERIES F	\$ 10.83	\$ 12.18
SERIES FT5	\$ 9.86	\$ 10.72
SERIES I	\$ 10.93	\$ 12.28
SERIES O	\$ 11.23	\$ 12.53

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	\$ 884	\$ 708
Interest for distribution purposes	7 811	10 406
Derivative income	(27 336)	6 967
Net realized gain (loss) on investments	70 419	29 716
Change in unrealized gain (loss) on investments	(68 551)	1 304
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	(16 773)	49 101
Net gain (loss) on foreign cash balances	(1 100)	9 045
TOTAL OTHER INCOME (LOSS)	(1 100)	9 045
TOTAL INCOME (LOSS)	(17 873)	58 146
EXPENSES (see notes – Fund Specific Information)		
Management fees	3 795	5 284
Administration fees	2 127	2 252
Independent Review Committee costs	2	3
GST/HST	612	782
Transaction costs	165	44
Withholding tax	260	192
TOTAL EXPENSES	6 961	8 557
INCREASE (DECREASE) IN NAV	\$ (24 834)	\$ 49 589
INCREASE (DECREASE) IN NAV		
SERIES A	\$ (1 205)	\$ 1 781
ADVISOR SERIES	\$ (2 116)	\$ 3 642
ADVISOR T5 SERIES	\$ (64)	\$ 80
SERIES T5	\$ (10)	\$ 18
SERIES H	\$ (33)	\$ 406
SERIES D	\$ (144)	\$ 191
SERIES F	\$ (5 192)	\$ 10 609
SERIES FT5	\$ (130)	\$ 247
SERIES I	\$ (943)	\$ 2 515
SERIES O	\$ (14 997)	\$ 30 100
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ (0.39)	\$ 0.44
ADVISOR SERIES	\$ (0.37)	\$ 0.45
ADVISOR T5 SERIES	\$ (0.34)	\$ 0.36
SERIES T5	\$ (0.37)	\$ 0.47
SERIES H	\$ (0.21)	\$ 0.58
SERIES D	\$ (0.36)	\$ 0.48
SERIES F	\$ (0.33)	\$ 0.54
SERIES FT5	\$ (0.26)	\$ 0.43
SERIES I	\$ (0.37)	\$ 0.60
SERIES O	\$ (0.26)	\$ 0.58



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	\$ (24 834)	\$ 49 589
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	1 827	1 211
Non-cash distributions from underlying funds	–	–
Net realized loss (gain) on investments	(70 246)	(29 689)
Change in unrealized loss (gain) on investments	68 551	(1 304)
(Increase) decrease in accrued receivables	390	1 055
Increase (decrease) in accrued payables	(174)	(132)
(Increase) decrease in margin accounts	(39 925)	15 606
Cost of investments purchased	(1 017 185)	(969 405)
Proceeds from sale and maturity of investments	1 239 554	1 065 350
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	157 958	132 281
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	191 292	317 976
Cash paid on redemption of redeemable units	(399 976)	(361 129)
Distributions paid to holders of redeemable units	(22 638)	(10 234)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (231 322)	\$ (53 387)
Net increase (decrease) in cash for the period	(73 364)	78 894
Cash (bank overdraft), beginning of period	92 354	13 460
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 18 990	\$ 92 354
Interest received (paid)	\$ 10 028	\$ 12 672
Dividends received, net of withholding taxes	\$ 624	\$ 516



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	\$ 42 758	\$ 54 395	\$ 81 492	\$ 112 654	\$ 2 215	\$ 2 421	\$ 276	\$ 491
INCREASE (DECREASE) IN NAV	(1 205)	1 781	(2 116)	3 642	(64)	80	(10)	18
Early redemption fees	–	–	–	–	–	–	–	–
Proceeds from redeemable units issued	1 875	4 653	1 801	3 793	134	137	59	36
Reinvestments of distributions to holders of redeemable units	2 110	962	3 739	1 828	26	26	2	6
Redemption of redeemable units	(14 540)	(17 949)	(28 867)	(38 344)	(533)	(332)	(87)	(255)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(10 555)	(12 334)	(23 327)	(32 723)	(373)	(169)	(26)	(213)
Distributions from net income	–	–	–	–	(8)	–	(1)	–
Distributions from net gains	(2 376)	(1 084)	(4 290)	(2 081)	(101)	(55)	(15)	(7)
Distributions from capital	–	–	–	–	–	(62)	–	(13)
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(2 376)	(1 084)	(4 290)	(2 081)	(109)	(117)	(16)	(20)
NET INCREASE (DECREASE) IN NAV	(14 136)	(11 637)	(29 733)	(31 162)	(546)	(206)	(52)	(215)
NAV AT END OF PERIOD	\$ 28 622	\$ 42 758	\$ 51 759	\$ 81 492	\$ 1 669	\$ 2 215	\$ 224	\$ 276

For the periods ended December 31 (see note 2 in the generic notes)	Series H		Series D		Series F		Series FT5	
	2018	2017	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 2 977	\$ 10 849	\$ 5 659	\$ 4 802	\$ 203 368	\$ 258 593	\$ 5 543	\$ 6 263
INCREASE (DECREASE) IN NAV	(33)	406	(144)	191	(5 192)	10 609	(130)	247
Early redemption fees	–	–	–	–	1	1	–	–
Proceeds from redeemable units issued	24	310	1 126	1 550	35 599	58 848	911	2 990
Reinvestments of distributions to holders of redeemable units	66	73	351	136	7 464	3 200	51	51
Redemption of redeemable units	(2 084)	(8 584)	(2 151)	(879)	(105 977)	(122 728)	(2 805)	(3 704)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(1 994)	(8 201)	(674)	807	(62 913)	(60 679)	(1 843)	(663)
Distributions from net income	–	–	–	–	–	(51)	–	–
Distributions from net gains	(77)	(77)	(366)	(141)	(11 465)	(5 104)	(245)	(136)
Distributions from capital	–	–	–	–	–	–	(15)	(168)
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(77)	(77)	(366)	(141)	(11 465)	(5 155)	(260)	(304)
NET INCREASE (DECREASE) IN NAV	(2 104)	(7 872)	(1 184)	857	(79 570)	(55 225)	(2 233)	(720)
NAV AT END OF PERIOD	\$ 873	\$ 2 977	\$ 4 475	\$ 5 659	\$ 123 798	\$ 203 368	\$ 3 310	\$ 5 543



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

For the periods ended December 31 (see note 2 in the generic notes)	Series I		Series O		Total	
	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 36 027	\$ 57 679	\$ 706 189	\$ 580 047	\$ 1 086 504	\$ 1 088 194
INCREASE (DECREASE) IN NAV	(943)	2 515	(14 997)	30 100	(24 834)	49 589
Early redemption fees	—	—	—	—	1	1
Proceeds from redeemable units issued	3 377	5 726	153 661	249 882	198 567	327 925
Reinvestments of distributions to holders of redeemable units	1 807	747	35 422	12 637	51 038	19 666
Redemption of redeemable units	(22 324)	(29 712)	(227 266)	(146 489)	(406 634)	(368 976)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(17 140)	(23 239)	(38 183)	116 030	(157 028)	(21 384)
Distributions from net income	(3)	(37)	(1 114)	(2 469)	(1 126)	(2 557)
Distributions from net gains	(2 075)	(891)	(51 517)	(17 519)	(72 527)	(27 095)
Distributions from capital	—	—	—	—	(15)	(243)
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(2 078)	(928)	(52 631)	(19 988)	(73 668)	(29 895)
NET INCREASE (DECREASE) IN NAV	(20 161)	(21 652)	(105 811)	126 142	(255 530)	(1 690)
NAV AT END OF PERIOD	\$ 15 866	\$ 36 027	\$ 600 378	\$ 706 189	\$ 830 974	\$ 1 086 504



December 31, 2018

Series H and Series I units have been capped and are no longer available for purchase by new investors effective June 30, 2016. Existing investors who hold Series H and Series I units of the Fund can continue to make additional investments into these series.

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide total returns consisting of interest income and modest capital appreciation by investing primarily in global convertible bonds issued by entities domiciled or carrying out business activities anywhere in the world.

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:

Rating	December 31 2018	December 31 2017
A	11.7	7.3
BBB	4.1	8.3
BB	4.2	6.6
B	8.1	9.7
CCC	0.9	–
Unrated	71.0	68.1
Total	100.0	100.0

Concentration risk (%)

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

Investment mix	December 31 2018	December 31 2017
United States	34.2	29.5
China	15.9	10.8
Japan	15.4	16.8
Germany	7.6	5.6
Netherlands	4.2	2.1
Hong Kong	2.6	2.3
United Kingdom	2.0	5.0
Norway	1.6	2.7
Taiwan	1.3	3.2
France	0.8	1.9
South Africa	0.7	0.7
Singapore	0.5	1.8
Malaysia	–	1.9
Other Countries	10.7	6.2
Cash/Other	2.5	9.5
Total	100.0	100.0

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

Interest rate risk (%)

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

Term to maturity	December 31 2018	December 31 2017
Less than 1 year	12.9	8.6
1 – 5 years	63.7	59.5
5 – 10 years	22.6	28.3
> 10 years	0.8	3.6
Total	100.0	100.0

As at December 31, 2018, 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 3.0% (December 31, 2017 – 3.2%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Currency risk (% of NAV)

Since the currency risk of the Fund has been hedged using foreign exchange contracts, the Fund has minimal sensitivity to changes in foreign exchange rates.

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	4 749	9 996	–	14 745
Underlying funds	–	–	–	–
Fixed-income				
and debt securities	–	796 755	–	796 755
Short-term investments	–	2 154	–	2 154
Derivatives – assets	–	9 474	–	9 474
Derivatives – liabilities	–	(34 549)	–	(34 549)
Total financial instruments	4 749	783 830	–	788 579
% of total portfolio	0.6	99.4	–	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	7 201	17 778	–	24 979
Underlying funds	–	–	–	–
Fixed-income				
and debt securities	–	962 020	–	962 020
Short-term investments	–	4 979	–	4 979
Derivatives – assets	–	20 582	–	20 582
Derivatives – liabilities	–	(1 082)	–	(1 082)
Total financial instruments	7 201	1 004 277	–	1 011 478
% of total portfolio	0.7	99.3	–	100.0

For the periods ended December 31, 2018 and 2017, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.



December 31, 2018

**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	1.65%	0.20%
Advisor Series	1.65%	0.20%
Advisor T5 Series	1.65%	0.20%
Series T5	1.65%	0.20%
Series H	1.45%	0.20%
Series D	1.05%	0.20%
Series F	0.90%	0.20%
Series FT5	0.90%	0.20%
Series I	0.70%	0.20%
Series O	n/a*	0.20%

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

**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	111	105
Series T5	111	105
Series H	115	106
Series FT5	110	104
Value of all units	4	5

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.

	2018	2017
For the periods ended December 31 (see note 2 in the generic notes)		
Series A		
Opening units	3 621	4 637
Issued number of units	158	385
Reinvested number of units	202	81
Redeemed number of units	(1 233)	(1 482)
Ending number of units	2 748	3 621

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

	2018	2017
Advisor Series		
Opening units	6 907	9 610
Issued number of units	152	311
Reinvested number of units	359	155
Redeemed number of units	(2 443)	(3 169)
Ending number of units	4 975	6 907
Advisor T5 Series		
Opening units	215	231
Issued number of units	12	13
Reinvested number of units	3	2
Redeemed number of units	(52)	(31)
Ending number of units	178	215
Series T5		
Opening units	27	47
Issued number of units	6	3
Reinvested number of units	–	1
Redeemed number of units	(9)	(24)
Ending number of units	24	27
Series H		
Opening units	249	917
Issued number of units	3	25
Reinvested number of units	6	6
Redeemed number of units	(175)	(699)
Ending number of units	83	249
Series D		
Opening units	468	402
Issued number of units	91	126
Reinvested number of units	33	11
Redeemed number of units	(176)	(71)
Ending number of units	416	468
Series F		
Opening units	16 701	21 553
Issued number of units	2 891	4 721
Reinvested number of units	688	263
Redeemed number of units	(8 845)	(9 836)
Ending number of units	11 435	16 701
Series FT5		
Opening units	517	579
Issued number of units	87	271
Reinvested number of units	5	5
Redeemed number of units	(273)	(338)
Ending number of units	336	517
Series I		
Opening units	2 934	4 777
Issued number of units	270	458
Reinvested number of units	165	61
Redeemed number of units	(1 918)	(2 362)
Ending number of units	1 451	2 934



December 31, 2018

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

	2018	2017
Series 0		
Opening units	56 374	47 293
Issued number of units	12 186	19 549
Reinvested number of units	3 144	1 008
Redeemed number of units	(18 230)	(11 476)
Ending number of units	53 474	56 374

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	165	100	44	100
Related-party brokerage commissions*	–	–	–	–
Commission arrangements†	–	–	–	–

* 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.

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
BlueBay Global Convertible Bond Class (Canada)	8.4	9.4
RBC Core Plus Bond Pool	1.6	–
RBC Strategic Income Bond Fund	11.3	8.6
Total	21.3	18.0

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)	9 474	(34 549)
Amounts set-off in the Statements of Financial Position	–	–
Net amounts presented in the Statements of Financial Position	9 474	(34 549)
Related amounts not set-off	(9 474)	9 474
Collateral (received) pledged	–	20 560
Net amount	–	(4 515)

December 31, 2017	Assets	Liabilities
Gross amounts – assets (liabilities)	20 582	(1 082)
Amounts set-off in the Statements of Financial Position	–	–
Net amounts presented in the Statements of Financial Position	20 582	(1 082)
Related amounts not set-off	(1 082)	1 082
Collateral (received) pledged	(19 365)	–
Net amount	135	–

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

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

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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.

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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.”

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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.

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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.

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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

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.