

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")

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## 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.

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## Auditor's responsibilities for the audit of the financial statements

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

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

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

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

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

March 11, 2019



SCHEDULE OF INVESTMENT PORTFOLIO (in \$000s)  
**RBC GLOBAL BALANCED FUND**

December 31, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>EQUITIES</b>				
<b>CANADIAN EQUITIES</b>				
<b>Communication Services</b>				
39 968	BCE Inc.	\$ 2 009	\$ 2 155	
17 700	Cineplex Inc.	641	450	
21 150	Quebecor Inc., Class B	260	608	
31 494	Rogers Communications Inc., Class B	1 198	2 203	
44 121	Shaw Communications Inc., Class B	1 032	1 090	
35 971	TELUS Corp.	1 013	1 628	
		6 153	8 134	<b>1.2</b>
<b>Consumer Discretionary</b>				
22 600	Aritzia Inc.	403	371	
37 100	AutoCanada Inc.	414	421	
5 500	Canada Goose Holdings Inc.	466	328	
3 933	Canadian Tire Corp. Ltd., Class A	551	561	
12 790	Dollarama Inc.	313	415	
28 280	Gildan Activewear Inc., Class A	841	1 172	
10 500	Great Canadian Gaming Corp.	520	503	
19 937	Magna International Inc., Class A	538	1 235	
		4 046	5 006	<b>0.7</b>
<b>Consumer Staples</b>				
34 500	Alimentation Couche-Tard Inc.	553	2 343	
8 181	George Weston Ltd.	676	737	
11 582	Loblaw Companies Ltd.	383	708	
11 941	Maple Leaf Foods Inc.	239	326	
16 100	Metro Inc., Class A	630	762	
2 100	Premium Brands Holdings Corp.	156	157	
26 300	Saputo Group Inc.	1 112	1 031	
		3 749	6 064	<b>0.9</b>
<b>Energy</b>				
93 862	Canadian Natural Resources Ltd.	2 298	3 092	
109 490	Enbridge Inc.	4 508	4 643	
75 800	Encana Corp.	811	597	
34 130	Husky Energy Inc.	1 039	482	
21 284	Imperial Oil Ltd.	883	736	
33 300	Parex Resources Inc.	683	544	
30 959	Pembina Pipeline Corp.	1 139	1 254	
28 803	PrairieSky Royalty Ltd.	930	509	
125 184	Suncor Energy Inc.	4 619	4 773	
54 346	TransCanada Corp.	2 421	2 649	
		19 331	19 279	<b>2.9</b>
<b>Financials</b>				
38 903	Bank of Montreal	1 881	3 470	
78 633	Bank of Nova Scotia	3 048	5 351	
68 069	Brookfield Asset Management Inc., Class A	1 331	3 561	
380	Brookfield Asset Management Inc., Class A, Put @ 48.00 January 18, 2019	55	12	
27 811	Canadian Imperial Bank of Commerce	2 106	2 828	

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Financials (cont.)</b>				
104 000	Element Fleet Management Corp.	\$ 748	\$ 719	
1 387	Fairfax Financial Holdings Ltd.	653	834	
7 939	Intact Financial Corp.	572	787	
129 214	Manulife Financial Corporation	2 228	2 503	
20 812	National Bank of Canada	1 012	1 167	
11 138	Onex Corporation	378	828	
66 318	Power Corporation of Canada	1 843	1 627	
92 648	Royal Bank of Canada*	3 819	8 657	
30 603	Sun Life Financial Inc.	977	1 386	
118 711	Toronto-Dominion Bank	3 669	8 056	
		24 320	41 786	<b>6.2</b>
<b>Health Care</b>				
16 700	Canopy Growth Corp.	919	611	
37 400	Chartwell Retirement Residences Real Estate Investment Trust	483	511	
		1 402	1 122	<b>0.2</b>
<b>Industrials</b>				
16 500	Air Canada	218	428	
206 100	Bombardier Inc., Class B	701	418	
22 300	CAE Inc.	342	560	
46 736	Canadian National Railway Co.	1 398	4 725	
11 376	Canadian Pacific Railway Ltd.	2 383	2 756	
24 122	SNC-Lavalin Group Inc.	1 149	1 108	
20 951	Thomson Reuters Corp.	603	1 381	
22 500	Transcontinental Inc., Class A	487	434	
19 051	Waste Connections Inc.	979	1 930	
		8 260	13 740	<b>2.1</b>
<b>Information Technology</b>				
49 999	BlackBerry Ltd.	597	485	
15 763	CGI Group Inc., Class A	448	1 316	
5 500	Kinaxis Inc.	372	362	
26 656	Open Text Corp.	633	1 186	
7 250	Shopify Inc., Class A	917	1 369	
		2 967	4 718	<b>0.7</b>
<b>Materials</b>				
25 700	Agnico Eagle Mines Ltd.	784	1 416	
94 948	Barrick Gold Corp.	2 609	1 750	
48 900	Detour Gold Corp.	729	564	
28 900	Endeavour Mining Corp.	667	646	
58 054	First Quantum Minerals Ltd.	963	641	
84 728	Goldcorp Inc.	2 572	1 133	
51 392	Nutrien Ltd.	3 352	3 295	
173 100	OceanaGold Corp.	756	862	
47 600	Teck Resources Ltd., Class B	1 401	1 399	
40 965	Wheaton Precious Metals Corp.	1 241	1 092	
		15 074	12 798	<b>1.9</b>

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



December 31, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Real Estate</b>				
23 848	Allied Properties Real Estate Investment Trust	\$ 731	\$ 1 057	
39 939	Brookfield Property Partners LP	770	879	
37 207	Choice Properties Real Estate Investment Trust	444	429	
38 400	First Capital Realty Inc.	834	724	
6 600	FirstService Corp.	667	618	
25 200	RioCan Real Estate Investment Trust	638	600	
		<b>4 084</b>	<b>4 307</b>	<b>0.6</b>
<b>Utilities</b>				
45 600	Algonquin Power & Utilities Corp.	462	626	
18 300	Brookfield Infrastructure Partners LP	849	863	
17 240	Canadian Utilities Ltd., Class A	650	540	
7 900	Emera Inc.	361	345	
32 119	Fortis Inc.	1 278	1 462	
79 600	TransAlta Corp.	589	445	
		<b>4 189</b>	<b>4 281</b>	<b>0.6</b>
<b>TOTAL CANADIAN EQUITIES</b>				
		<b>93 575</b>	<b>121 235</b>	<b>18.0</b>
<b>FOREIGN EQUITIES</b>				
<b>UNITED STATES EQUITIES</b>				
<b>Communication Services</b>				
2 800	Alphabet Inc., Class A	3 259	3 998	
33 900	AT&T Inc.	1 404	1 321	
2 100	Charter Communications Inc.	844	817	
18 900	Comcast Corp., Class A	857	879	
11 700	Facebook Inc., Class A	2 203	2 097	
2 900	Netflix Inc.	958	1 060	
9 400	The Walt Disney Company	1 388	1 407	
9 600	Verizon Communications Inc.	756	737	
		<b>11 669</b>	<b>12 316</b>	<b>1.8</b>
<b>Consumer Discretionary</b>				
2 300	Amazon.com, Inc.	3 739	4 716	
7 200	Dollar General Corp.	786	1 063	
8 099	Home Depot Inc.	1 468	1 901	
6 800	McDonald's Corp.	1 330	1 648	
5 400	Nike Inc.	525	546	
4 300	Ross Stores Inc.	452	488	
5 100	Starbucks Corp.	449	449	
7 900	Target Corporation	731	713	
14 400	TJX Companies Inc.	810	880	
		<b>10 290</b>	<b>12 404</b>	<b>1.9</b>
<b>Consumer Staples</b>				
20 500	Altria Group Inc.	1 595	1 382	
13 600	Mondelez International Inc.	693	743	
10 600	PepsiCo Inc.	1 524	1 599	
12 200	Philip Morris International Inc.	1 385	1 112	
24 900	The Coca-Cola Co.	1 437	1 610	
11 800	The Procter & Gamble Co.	1 201	1 481	
11 100	Walmart Inc.	1 283	1 412	
		<b>9 118</b>	<b>9 339</b>	<b>1.4</b>

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Energy</b>				
8 800	Chevron Corp.	\$ 1 260	\$ 1 307	
18 700	ConocoPhillips	1 491	1 592	
7 200	EOG Resources Inc.	945	857	
18 600	Exxon Mobil Corp.	1 943	1 732	
9 900	Marathon Petroleum Corp.	873	798	
4 700	Phillips 66 Company	661	553	
		<b>7 173</b>	<b>6 839</b>	<b>1.0</b>
<b>Financials</b>				
87 900	Bank of America Corp.	1 875	2 960	
9 600	Berkshire Hathaway Inc., Class B	2 070	2 679	
5 700	Citigroup Inc.	517	405	
4 300	CME Group Inc., Class A	929	1 104	
19 400	JPMorgan Chase & Co.	1 616	2 588	
16 900	MetLife Inc.	910	947	
8 400	PNC Bank Corp.	1 431	1 340	
6 200	Prudential Financial Inc.	767	690	
10 500	The Progressive Corp.	903	865	
14 600	Wells Fargo & Company	1 087	919	
		<b>12 105</b>	<b>14 497</b>	<b>2.2</b>
<b>Health Care</b>				
11 700	Abbott Laboratories	976	1 155	
2 700	Amgen Inc.	589	718	
4 500	Anthem Inc.	1 410	1 613	
9 800	Baxter International Inc.	913	881	
2 100	Becton Dickinson & Co.	725	646	
5 700	Boston Scientific Corp.	272	275	
16 500	Bristol-Myers Squibb Co.	1 170	1 171	
20 100	CVS Health Corp.	1 850	1 798	
5 200	Danaher Corp.	709	732	
4 000	Eli Lilly & Co.	484	632	
1 600	Illumina Inc.	692	656	
11 500	Johnson & Johnson	1 682	2 026	
10 300	Medtronic Plc.	1 026	1 279	
11 500	Merck & Co. Inc.	888	1 201	
29 100	Pfizer Inc.	1 349	1 734	
2 600	Thermo Fisher Scientific Inc.	616	794	
8 100	UnitedHealth Group Incorporated	1 186	2 755	
		<b>16 537</b>	<b>20 066</b>	<b>3.0</b>
<b>Industrials</b>				
4 900	Boeing Co.	1 228	2 157	
2 900	Caterpillar Inc.	470	503	
14 900	CSX Corp.	1 398	1 264	
11 700	Delta Air Lines Inc.	891	797	
9 700	Eaton Corp Plc.	968	909	
42 300	General Electric Company	440	437	
5 300	Honeywell International Inc.	899	956	
5 100	Ingersoll-Rand Plc., Class A	672	635	
4 900	Raytheon Company	954	1 026	
7 400	Union Pacific Corp.	1 141	1 396	
3 500	United Technologies Corp.	589	509	
		<b>9 650</b>	<b>10 589</b>	<b>1.6</b>

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



December 31, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Information Technology</b>				
2 700	Accenture Plc., Class A	\$ 602	\$ 520	
3 300	Adobe Inc.	914	1 020	
20 300	Apple Inc.	3 593	4 377	
4 800	Applied Materials Inc.	229	215	
2 900	Broadcom Inc.	857	1 007	
31 000	Cisco Systems Inc.	1 244	1 837	
28 200	HP Inc.	904	788	
21 700	Intel Corp.	1 196	1 391	
4 600	International Business Machines	748	714	
5 100	Mastercard Inc.	787	1 313	
37 400	Microsoft Corp.	2 385	5 191	
800	Lam Research Corp.	156	149	
7 900	PayPal Holdings Inc.	811	908	
2 400	Proofpoint Inc.	284	275	
4 800	Salesforce.com Inc.	750	898	
1 200	ServiceNow Inc.	287	291	
6 300	Texas Instruments Inc.	749	813	
9 000	Visa Inc., Class A	1 134	1 622	
		17 630	23 329	<b>3.5</b>
<b>Materials</b>				
4 900	Air Products & Chemicals Inc.	1 046	1 071	
8 300	LyondellBasell Industries N.V.	1 068	942	
		2 114	2 013	<b>0.3</b>
<b>Real Estate</b>				
5 600	Crown Castle International Corp. Real Estate Investment Trust	763	831	
4 300	Simon Property Group Inc.	1 010	986	
		1 773	1 817	<b>0.3</b>
<b>Utilities</b>				
8 200	American Electric Power	759	837	
5 800	Dominion Energy Inc.	567	566	
3 000	Duke Energy Corp.	300	353	
12 400	Exelon Corp.	656	763	
4 100	NextEra Energy Inc.	664	973	
		2 946	3 492	<b>0.5</b>
<b>TOTAL UNITED STATES EQUITIES</b>		<b>101 005</b>	<b>116 701</b>	<b>17.5</b>
<b>INTERNATIONAL EQUITIES</b>				
<b>Australia</b>				
13 570	Commonwealth Bank of Australia	1 099	945	
16 544	CSL Ltd.	1 607	2 950	
59 860	James Hardie Industries Plc., Subscription Receipts	1 103	890	
		3 809	4 785	<b>0.7</b>
<b>China</b>				
52 000	Tencent Holdings Ltd.	1 207	2 845	
		1 207	2 845	<b>0.4</b>
<b>Denmark</b>				
8 565	Christian Hansen Holding A/S	730	1 035	
39 821	Novo Nordisk A/S	1 771	2 493	
21 101	Novozymes A/S	1 221	1 285	
		3 722	4 813	<b>0.7</b>
<b>Finland</b>				
28 783	Sampo OYJ	1 405	1 735	
		1 405	1 735	<b>0.3</b>

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>France</b>				
4 632	EssilorLuxottica	\$ 791	\$ 802	
5 775	Groupe Danone	559	556	
4 237	LVMH Louis Vuitton Moet-Hennessy	1 423	1 694	
		2 773	3 052	<b>0.5</b>
<b>Germany</b>				
10 353	Bayer AG	1 520	985	
6 069	Continental AG	1 384	1 150	
7 283	Fresenius Medical Care AG & Co. KGaA	935	643	
8 316	Henkel KGaA, Preferred Non-Voting	819	1 240	
8 439	Symrise AG	596	855	
		5 254	4 873	<b>0.7</b>
<b>Hong Kong</b>				
187 200	AIA Group Ltd.	1 119	2 123	
		1 119	2 123	<b>0.3</b>
<b>Ireland</b>				
22 135	CRH Plc.	1 028	800	
12 244	Paddy Power Betfair Plc.	1 238	1 365	
12 946	Ryanair Holdings Plc. ADR	634	1 261	
		2 900	3 426	<b>0.5</b>
<b>Japan</b>				
23 400	Asahi Group Holdings Ltd.	1 499	1 238	
36 900	Bridgestone Corp.	1 429	1 933	
34 100	Daiichi Sankyo Co. Ltd.	1 717	1 489	
298 400	Mitsubishi UFJ Financial Group Inc.	2 174	1 999	
7 700	Nitori Co. Ltd.	1 033	1 317	
33 300	Recruit Holdings Co. Ltd.	1 165	1 098	
3 200	SMC Corp.	1 238	1 315	
26 800	SoftBank Group Corp.	2 228	2 396	
19 700	Suzuki Motor Co. Ltd.	1 304	1 356	
12 000	Symex Corp.	917	778	
318 200	Yahoo! Japan Corp.	1 937	1 081	
34 900	ZOZO Inc.	1 612	873	
		18 253	16 873	<b>2.5</b>
<b>Netherlands</b>				
4 143	ASML Holding N.V.	940	886	
11 997	Heineken N.V.	1 330	1 448	
97 959	ING Groep N.V.	2 177	1 439	
		4 447	3 773	<b>0.6</b>
<b>Spain</b>				
193 230	CaixaBank S.A.	1 201	955	
		1 201	955	<b>0.1</b>
<b>Sweden</b>				
33 487	Assa Abloy AB	878	816	
19 489	Atlas Copco AB	794	633	
42 252	Swedbank AB	1 052	1 287	
		2 724	2 736	<b>0.4</b>
<b>Switzerland</b>				
5 212	Roche Holdings AG Genussscheine	1 496	1 766	
2 716	Schindler Holding AG	295	736	
6 910	Sika AG	691	1 198	
		2 482	3 700	<b>0.6</b>

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



December 31, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Taiwan</b>				
222 000	Taiwan Semiconductor Manufacturing Co. Ltd.	\$ 551	\$ 2 201	
		551	2 201	<b>0.3</b>
<b>United Kingdom</b>				
38 901	Ashtead Group Plc.	1 041	1 108	
109 498	Barratt Developments Plc.	1 037	882	
217 058	BT Group Plc.	1 131	901	
9 730	DCC Plc.	1 218	1 013	
38 181	Hargreaves Lansdown Plc.	759	1 229	
21 521	Imperial Brands Plc.	1 050	892	
28 404	London Stock Exchange Group Plc.	1 042	2 012	
65 140	RELX Plc.	1 259	1 830	
51 331	Royal Dutch Shell Plc., A Shares	1 800	2 066	
32 814	Schroders Plc.	1 730	1 395	
75 397	The Sage Group Plc.	780	789	
35 292	Unilever Plc.	1 825	2 530	
		14 672	16 647	<b>2.5</b>
	<b>TOTAL INTERNATIONAL EQUITIES</b>	66 519	74 537	<b>11.1</b>
	<b>TOTAL FOREIGN EQUITIES</b>	167 524	191 238	<b>28.6</b>
	<b>TOTAL EQUITIES</b>	261 099	312 473	<b>46.6</b>

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>UNDERLYING FUNDS</b>				
34 000	iShares Dow Jones US Real Estate Index Fund	\$ 3 417	\$ 3 478	
958 162	RBC Canadian Small & Mid-Cap Resources Fund*	8 029	4 462	
194 017	RBC Emerging Markets Dividend Fund*	2 012	2 386	
1 455 538	RBC Emerging Markets Equity Fund*	15 897	24 233	
142 877	RBC Emerging Markets Foreign Exchange Fund*	1 405	1 514	
184 436	RBC Emerging Markets Small-Cap Equity Fund*	1 930	2 533	
101 808	RBC High Yield Bond Fund*	1 069	1 030	
164 873	RBC U.S. Mid-Cap Growth Equity Fund*	3 672	6 367	
326 792	RBC U.S. Mid-Cap Value Equity Fund*	3 739	3 776	
76 317	RBC U.S. Small-Cap Core Equity Fund*	851	1 324	
	<b>TOTAL UNDERLYING FUNDS</b>	42 021	51 103	<b>7.6</b>

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
<b>BONDS</b>						
<b>CANADIAN BONDS</b>						
<b>CORPORATE</b>						
600	407 International Inc.	5.750	14-Feb-2036	\$ 620	\$ 743	
250	407 International Inc.	3.830	11-May-2046	276	252	
200	Alectra Inc.	2.488	17-May-2027	200	192	
191	Alliance Pipeline LP	6.765	31-Dec-2025	217	216	
450	AltaGas Ltd.	4.550	17-Jan-2019	473	450	
400	AltaLink LP	3.668	06-Nov-2023	432	416	
300	Bank of Montreal	2.840	04-Jun-2020	311	301	
200	Bank of Montreal	1.880	31-Mar-2021	196	197	
50	Bank of Montreal GBP	1.625	21-Jun-2022	90	87	
250	Bank of Montreal	2.890	20-Jun-2023	250	250	
500	Bank of Nova Scotia	2.270	13-Jan-2020	500	499	
250	Bank of Nova Scotia	2.130	15-Jun-2020	250	248	
500	Bank of Nova Scotia	1.830	27-Apr-2022	500	484	
650	Bank of Nova Scotia	2.360	08-Nov-2022	646	637	
350	Bank of Nova Scotia	2.980	17-Apr-2023	350	351	
500	Bank of Nova Scotia	2.290	28-Jun-2024	500	482	
150	BC Tel	10.650	19-Jun-2021	233	176	
255	BC Tel	9.650	08-Apr-2022	374	304	
100	bcIMC Realty Corp.	2.100	03-Jun-2021	100	99	
300	Bell Canada	3.250	17-Jun-2020	314	302	
350	Bell Canada	2.000	01-Oct-2021	349	340	
290	Bell Canada	3.350	22-Mar-2023	305	290	
500	Bell Canada	3.600	29-Sep-2027	495	492	
800	Bell Canada	6.100	16-Mar-2035	779	943	
350	Brookfield Renewable Energy Partners ULC	5.140	13-Oct-2020	350	362	
100	Brookfield Renewable Energy Partners ULC	5.840	05-Nov-2036	101	110	
400	Caisse Centrale Desjardins	1.748	02-Mar-2020	400	397	
300	Caisse Centrale Desjardins	2.091	17-Jan-2022	300	294	
250	Cameco Corp.	5.670	02-Sep-2019	254	255	
950	Canadian Credit Card Trust II	1.829	24-Mar-2020	950	942	

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Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
<b>CORPORATE (cont.)</b>						
2 000	Canadian Imperial Bank of Commerce	1.660	20-Jan-2020	\$ 2 000	\$ 1 984	
350	Canadian Imperial Bank of Commerce	2.040	21-Mar-2022	350	342	
200	Canadian Imperial Bank of Commerce	2.300	11-Jul-2022	200	196	
450	Canadian Imperial Bank of Commerce	2.970	11-Jul-2023	448	451	
500	Canadian Natural Resources Ltd.	2.890	14-Aug-2020	500	498	
300	Canadian Pacific Railway Ltd.	6.450	17-Nov-2039	300	399	
400	Canadian Real Estate Investment Trust	4.323	15-Jan-2021	400	409	
500	Choice Properties LP	3.600	20-Sep-2021	508	505	
500	Choice Properties Real Estate Investment Trust	3.196	07-Mar-2023	497	493	
1 000	CT Real Estate Investment Trust	3.469	16-Jun-2027	967	952	
1 000	Daimler Canada Finance Inc.	2.230	16-Dec-2021	1 000	977	
600	Enbridge Gas Distribution Inc.	5.210	25-Feb-2036	587	702	
200	Enbridge Inc.	5.375	27-Sep-2077	200	185	
250	Enbridge Pipelines Inc.	4.490	12-Nov-2019	250	255	
300	Federation des Caisses Desjardins du Quebec	2.394	25-Aug-2022	300	295	
200	Ford Credit Canada Co.	2.580	10-May-2021	197	193	
600	Ford Credit Canada Co.	2.766	22-Jun-2022	590	566	
200	Ford Credit Canada Co.	3.742	08-May-2023	200	191	
250	FortisAlberta Inc.	6.220	31-Oct-2034	275	323	
500	FortisBC Energy Inc.	5.900	26-Feb-2035	529	634	
250	Greater Toronto Airports Authority	6.470	02-Feb-2034	282	336	
200	H&R Real Estate Investment Trust	2.923	06-May-2022	198	196	
500	HSBC Bank Canada	1.816	07-Jul-2020	498	493	
450	HSBC Bank Canada	2.170	29-Jun-2022	450	437	
350	Hydro One Inc.	6.930	01-Jun-2032	426	466	
500	Hydro One Inc.	5.360	20-May-2036	606	595	
500	Inter Pipeline Ltd.	3.173	24-Mar-2025	505	482	
1 000	Loblaw Companies Ltd.	5.900	18-Jan-2036	957	1 140	
200	Manulife Bank of Canada	1.915	01-Sep-2021	200	195	
575	Manulife Financial Corporation	5.059	15-Dec-2041	575	619	
2 000	National Bank of Canada	1.957	30-Jun-2022	1 932	1 941	
500	NAV Canada	4.397	18-Feb-2021	500	519	
750	North West Redwater Partnership	2.800	01-Jun-2027	748	711	
400	OMERS Realty Corp.	3.331	05-Jun-2025	400	406	
400	Pembina Pipeline Corp.	3.540	03-Feb-2025	400	396	
250	Penske Truck Leasing Canada Inc.	2.850	07-Dec-2022	250	245	
350	Rogers Communications Inc.	4.700	29-Sep-2020	370	361	
210	Rogers Communications Inc.	5.340	22-Mar-2021	241	220	
300	Rogers Communications Inc.	6.110	25-Aug-2040	301	354	
600	Royal Bank of Canada*	2.030	15-Mar-2021	602	592	
1 000	Royal Bank of Canada*	1.583	13-Sep-2021	984	970	
1 700	Royal Bank of Canada*	2.949	01-May-2023	1 700	1 704	
250	Shaw Communications Inc.	5.650	01-Oct-2019	280	255	
330	Shaw Communications Inc.	3.800	02-Nov-2023	330	332	
500	Shaw Communications Inc.	6.750	09-Nov-2039	509	596	
635	Sun Life Financial Inc.	5.400	29-May-2042	634	731	
300	TELUS Corp.	2.350	28-Mar-2022	294	293	
500	TELUS Corp.	3.750	17-Jan-2025	507	505	
250	Teranet Holdings LP	4.807	16-Dec-2020	270	257	
350	The Manufacturers Life Insurance Co.	2.811	21-Feb-2024	350	350	
340	Thomson Reuters Corp.	3.309	12-Nov-2021	340	343	
350	Toronto-Dominion Bank	2.045	08-Mar-2021	344	346	
1 700	Toronto-Dominion Bank	3.005	30-May-2023	1 700	1 710	
1 000	Toyota Credit Canada Inc.	2.350	18-Jul-2022	1 000	980	
250	TransCanada PipeLines Ltd.	3.690	19-Jul-2023	250	255	
500	Union Gas Ltd.	4.850	25-Apr-2022	557	532	
500	Union Gas Ltd.	3.190	17-Sep-2025	511	502	

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Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
<b>CORPORATE (cont.)</b>						
500	Union Gas Ltd.	5.200	23-Jul-2040	\$ 498	\$ 594	
250	Union Gas Ltd.	4.200	02-Jun-2044	285	262	
500	Wells Fargo Canada Corp.	3.040	29-Jan-2021	501	502	
250	Westcoast Energy Inc.	6.750	15-Dec-2027	283	305	
				43 981	44 689	<b>6.7</b>
<b>FEDERAL</b>						
3 300	Government of Canada	0.500	01-Mar-2022	3 137	3 162	
1 150	Government of Canada	1.750	01-Mar-2023	1 130	1 144	
1 940	Government of Canada	1.500	01-Jun-2023	1 908	1 910	
900	Government of Canada	2.500	01-Jun-2024	904	929	
2 275	Government of Canada	1.000	01-Jun-2027	2 039	2 110	
1 000	Government of Canada	2.000	01-Jun-2028	994	1 003	
615	Government of Canada	5.750	01-Jun-2033	757	896	
450	Government of Canada	3.500	01-Dec-2045	615	569	
				11 484	11 723	<b>1.8</b>
<b>PROVINCIAL</b>						
500	Province of New Brunswick	3.800	14-Aug-2045	524	533	
2 500	Province of Nova Scotia	4.900	01-Jun-2035	2 509	3 059	
2 080	Province of Ontario	4.200	02-Jun-2020	2 230	2 142	
1 250	Province of Ontario	4.000	02-Jun-2021	1 376	1 303	
6 800	Province of Ontario USD	2.500	10-Sep-2021	9 678	9 217	
1 303	Province of Ontario USD	2.400	08-Feb-2022	1 658	1 755	
1 070	Province of Ontario USD	2.250	18-May-2022	1 343	1 431	
3 900	Province of Ontario	3.150	02-Jun-2022	3 936	4 004	
2 000	Province of Ontario USD	2.200	03-Oct-2022	2 491	2 667	
1 300	Province of Ontario	2.850	02-Jun-2023	1 327	1 321	
400	Province of Ontario	3.500	02-Jun-2024	422	419	
1 300	Province of Ontario	2.600	02-Jun-2025	1 347	1 298	
1 520	Province of Ontario	2.400	02-Jun-2026	1 512	1 489	
1 000	Province of Ontario	2.900	02-Jun-2028	988	1 007	
4 500	Province of Ontario	4.700	02-Jun-2037	4 487	5 469	
500	Province of Ontario	4.600	02-Jun-2039	508	607	
2 400	Province of Ontario	3.450	02-Jun-2045	2 270	2 505	
1 000	Province of Ontario	2.900	02-Dec-2046	931	944	
1 100	Province of Ontario	2.800	02-Jun-2048	996	1 019	
180	Province of Quebec GBP	0.875	24-May-2022	292	308	
2 200	Province of Quebec	3.000	01-Sep-2023	2 283	2 254	
600	Province of Quebec	3.750	01-Sep-2024	647	639	
155	Province of Quebec	5.000	01-Dec-2038	187	198	
1 350	Province of Quebec	5.000	01-Dec-2041	1 471	1 758	
500	Province of Quebec	4.250	01-Dec-2043	522	595	
3 100	Province of Quebec	3.500	01-Dec-2045	3 393	3 296	
				49 328	51 237	<b>7.7</b>
<b>TOTAL CANADIAN BONDS</b>				104 793	107 649	<b>16.2</b>
<b>FOREIGN BONDS</b>						
<b>Australia</b>						
2 672	Australia Government AUD	2.250	21-May-2028	2 473	2 554	
				2 473	2 554	<b>0.4</b>
<b>Austria</b>						
1 230	Austria Government EUR	0.500	20-Apr-2027	1 833	1 942	
				1 833	1 942	<b>0.3</b>
<b>Belgium</b>						
2 803	Belgium Government EUR	2.600	22-Jun-2024	4 688	4 984	
315	Belgium Government EUR	4.250	28-Mar-2041	753	739	
				5 441	5 723	<b>0.9</b>

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Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
<b>Denmark</b>						
6 150	Denmark Government DKK	1.500	15-Nov-2023	\$ 1 374	\$ 1 399	
				1 374	1 399	<b>0.2</b>
<b>France</b>						
760	France O.A.T. EUR	3.000	25-Apr-2022	1 268	1 321	
820	France O.A.T. EUR	0.500	25-May-2026	1 206	1 296	
3 105	France O.A.T. EUR	1.250	25-May-2036	4 563	4 855	
435	France O.A.T. EUR	1.750	25-May-2066	603	658	
				7 640	8 130	<b>1.2</b>
<b>Finland</b>						
55	Finland Government EUR	1.375	15-Apr-2047	84	91	
				84	91	<b>-</b>
<b>Germany</b>						
910	Bundesrepublik Deutschland EUR	1.500	04-Sep-2022	1 505	1 528	
598	Bundesrepublik Deutschland EUR	0.500	15-Feb-2026	928	973	
2 090	Bundesrepublik Deutschland EUR	4.000	04-Jan-2037	4 890	5 154	
				7 323	7 655	<b>1.1</b>
<b>Ireland</b>						
400	Ireland Government EUR	3.400	18-Mar-2024	689	731	
250	Ireland Government EUR	1.700	15-May-2037	339	399	
				1 028	1 130	<b>0.2</b>
<b>Italy</b>						
1 594	Buoni Poliennali Del Tesoro EUR	0.650	01-Nov-2020	2 380	2 500	
5 390	Buoni Poliennali Del Tesoro EUR	0.450	01-Jun-2021	8 732	8 374	
6 030	Buoni Poliennali Del Tesoro EUR	1.450	15-Sep-2022	9 189	9 452	
633	Buoni Poliennali Del Tesoro EUR	2.000	01-Feb-2028	898	948	
1 068	Buoni Poliennali Del Tesoro EUR	2.250	01-Sep-2036	1 494	1 488	
585	Buoni Poliennali Del Tesoro EUR	3.450	01-Mar-2048	885	907	
				23 578	23 669	<b>3.5</b>
<b>Japan</b>						
113 000	Development Bank of Japan Inc. JPY	1.700	20-Sep-2022	1 542	1 499	
60 000	Development Bank of Japan Inc. JPY	1.050	20-Jun-2023	794	782	
760	Japan Finance Organization for Municipalities EUR	0.875	22-Sep-2021	1 111	1 219	
183 250	Japan Government Ten Year JPY	0.100	20-Sep-2027	2 087	2 318	
6 200	Japan Government Twenty Year JPY	0.200	20-Jun-2036	72	75	
1 204 700	Japan Government Twenty Year JPY	0.500	20-Sep-2036	14 684	15 242	
70 000	Japan Government Twenty Year JPY	0.600	20-Sep-2037	801	894	
69 000	Japan Government Thirty Year JPY	1.500	20-Dec-2044	888	1 034	
65 400	Japan Government Thirty Year JPY	0.300	20-Jun-2046	740	737	
33 600	Japan Government Forty Year JPY	0.400	20-Mar-2056	334	364	
				23 053	24 164	<b>3.6</b>
<b>Mexico</b>						
35 450	Mexican Bonos MXN	8.500	31-May-2029	2 222	2 425	
				2 222	2 425	<b>0.4</b>
<b>Netherlands</b>						
510	Netherlands Government EUR	0.750	15-Jul-2027	798	829	
400	Netherlands Government EUR	2.750	15-Jan-2047	857	910	
				1 655	1 739	<b>0.3</b>
<b>Portugal</b>						
575	Portugal Obrigacoes do Tesouro EUR	4.800	15-Jun-2020	924	967	
700	Portugal Obrigacoes do Tesouro EUR	2.200	17-Oct-2022	1 086	1 181	
				2 010	2 148	<b>0.3</b>

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Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
<b>Romania</b>						
120	Romanian Government EUR	2.875	28-Oct-2024	\$ 180	\$ 205	
250	Romanian Government EUR	2.875	11-Mar-2029	367	380	
120	Romanian Government EUR	2.500	08-Feb-2030	183	175	
				730	760	<b>0.1</b>
<b>South Korea</b>						
250	The Korea Development Bank AUD	4.500	22-Nov-2019	252	244	
				252	244	<b>—</b>
<b>Spain</b>						
4 867	Spain Government EUR	1.150	30-Jul-2020	7 333	7 794	
3 365	Spain Government EUR	0.450	31-Oct-2022	5 185	5 334	
1 480	Spain Government EUR	0.350	30-Jul-2023	2 264	2 317	
770	Spain Government EUR	1.450	31-Oct-2027	1 101	1 222	
510	Spain Government EUR	4.700	30-Jul-2041	1 042	1 127	
250	Spain Government EUR	2.700	31-Oct-2048	403	399	
				17 328	18 193	<b>2.7</b>
<b>Supranational</b>						
777	Asian Development Bank GBP	0.750	24-Mar-2022	1 283	1 335	
				1 283	1 335	<b>0.2</b>
<b>United Kingdom</b>						
1 890	United Kingdom Gilt GBP	1.250	22-Jul-2027	3 217	3 310	
925	United Kingdom Gilt GBP	4.500	07-Sep-2034	2 169	2 252	
2 245	United Kingdom Gilt GBP	3.250	22-Jan-2044	4 819	5 010	
				10 205	10 572	<b>1.6</b>
<b>United States</b>						
7 550	United States Treasury	1.500	31-Jan-2022	9 680	10 016	
9 981	United States Treasury	1.750	15-May-2023	12 796	13 206	
4 460	United States Treasury	2.375	15-May-2027	5 492	5 966	
3 800	United States Treasury	2.750	15-Feb-2028	4 838	5 217	
1 382	United States Treasury	3.500	15-Feb-2039	2 084	2 067	
400	United States Treasury	4.375	15-Nov-2039	660	670	
6 058	United States Treasury	2.500	15-Feb-2045	7 219	7 500	
623	United States Treasury Inflation Indexed	1.000	15-Feb-2048	795	808	
				43 564	45 450	<b>6.8</b>
<b>TOTAL FOREIGN BONDS</b>				153 076	159 323	<b>23.8</b>
<b>TOTAL BONDS</b>				257 869	266 972	<b>40.0</b>
<b>SHORT-TERM INVESTMENTS<sup>†</sup></b>						
22 120	Bank of Montreal			22 083	22 083	
5 530	Bank of Nova Scotia			5 520	5 520	
3 430	Canadian Imperial Bank of Commerce			3 423	3 423	
5 414	Government of Canada Treasury Bills			5 374	5 374	
6 980	Toronto-Dominion Bank			6 968	6 968	
<b>TOTAL SHORT-TERM INVESTMENTS</b>				43 368	43 368	<b>6.5</b>
<b>TOTAL INVESTMENTS</b>				604 357	673 916	<b>100.7</b>
<b>UNREALIZED GAIN ON FUTURES CONTRACTS (SCHEDULE A)</b>				—	10	<b>—</b>
<b>UNREALIZED LOSS ON FUTURES CONTRACTS (SCHEDULE A)</b>				—	(1 121)	<b>(0.2)</b>
<b>UNREALIZED GAIN ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE B)</b>				—	1 906	<b>0.3</b>
<b>UNREALIZED LOSS ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE B)</b>				—	(8 017)	<b>(1.2)</b>
<b>TOTAL PORTFOLIO</b>				\$ 604 357	666 694	<b>99.6</b>
<b>OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>					2 918	<b>0.4</b>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>					\$ 669 612	<b>100.0</b>

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



December 31, 2018

**SCHEDULE A**

**Futures Contracts**

Number of Contracts	Contracted Value	Unrealized Gain
5	The S&P 500 Mini Index Future, March 2019 Contracts at USD 2 474.92 per contract	\$ 836 \$ 10
		\$ 836 \$ 10
Number of Contracts	Contracted Value	Unrealized Loss
70	Japanese Nikkei 225 Index Future, March 2019 Contracts at JPY 21 270.00 per contract	\$ 8 810 \$ (635)
25	Mini MSCI Emerging Markets Index Future, March 2019 Contracts at USD 974.60 per contract	1 630 (13)
108	The Dow Jones Euro STOXX 50 Future, March 2019 Contracts at EUR 3 101.00 per contract	5 080 (215)
15	The S&P ASX 200 Index Future, March 2019 Contracts at AUD 5 632.54 per contract	2 019 (26)
43	The S&P/TSX 60 Index Future, March 2019 Contracts at CAD 876.50 per contract	7 538 (165)
23	United Kingdom New FTSE 100 Future, March 2019 Contracts at GBP 6 827.50 per contract	2 648 (67)
		\$ 27 725 \$ (1 121)
<b>TOTAL FUTURES</b>		<b>\$ 28 561 \$ (1 111)</b>

\$3 700 Government of Canada Treasury Bills are held as collateral by counterparties with respect to the above futures contracts.

**SCHEDULE B**

**Foreign Exchange Contracts**

Contracts	Maturity Date	Unrealized Gain
Bought CAD 28 Sold USD 21 @ 1.3657	03-Jan-2019	\$ -
Bought CAD 52 Sold JPY 4 200 @ 0.0124	03-Jan-2019	-
Bought CAD 11 Sold GBP 6 @ 1.7395	03-Jan-2019	-
Bought CAD 83 Sold AUD 86 @ 0.9615	03-Jan-2019	-
Bought EUR 8 Sold CAD 12 @ 0.6405	03-Jan-2019	-
Bought JPY 90 000 Sold CAD 1 054 @ 85.3600	08-Jan-2019	67
Bought JPY 30 925 Sold CAD 371 @ 83.2860	08-Jan-2019	14
Bought DKK 485 Sold CAD 97 @ 4.9757	09-Jan-2019	4
Bought PHP 15 010 Sold CAD 354 @ 42.4250	09-Jan-2019	36
Bought PLN 3 550 Sold CAD 1 221 @ 2.9077	10-Jan-2019	74
Bought USD 33 Sold CAD 44 @ 0.7580	11-Jan-2019	2
Bought USD 1 910 Sold CAD 2 527 @ 0.7559	14-Jan-2019	80
Bought USD 975 Sold CAD 1 329 @ 0.7338	14-Jan-2019	2
Bought ZAR 2 057 Sold CAD 194 @ 10.6195	14-Jan-2019	1
Bought AUD 1 850 Sold CAD 1 771 @ 1.0447	15-Jan-2019	8
Bought JPY 170 000 Sold CAD 2 006 @ 84.7407	15-Jan-2019	112
Bought BRL 2 053 Sold CAD 672 @ 3.0547	16-Jan-2019	50
Bought BRL 1 890 Sold CAD 619 @ 3.0520	16-Jan-2019	46
Bought CAD 403 Sold BRL 1 145 @ 0.3520	16-Jan-2019	-
Bought DKK 6 618 Sold CAD 1 331 @ 4.9724	16-Jan-2019	57
Bought EUR 400 Sold CAD 602 @ 0.6643	16-Jan-2019	24
Bought EUR 1 337 Sold CAD 2 065 @ 0.6475	16-Jan-2019	28
Bought JPY 45 000 Sold CAD 555 @ 81.0930	16-Jan-2019	6
Bought EUR 1 839 Sold CAD 2 772 @ 0.6634	17-Jan-2019	107
Bought USD 1 066 Sold EUR 915 @ 1.1650	17-Jan-2019	22
Bought DKK 537 Sold CAD 108 @ 4.9722	18-Jan-2019	5
Bought GBP 1 389 Sold CAD 2 351 @ 0.5907	18-Jan-2019	67
Bought SEK 41 895 Sold CAD 6 118 @ 6.8481	18-Jan-2019	340
Bought USD 20 Sold CAD 26 @ 0.7646	18-Jan-2019	1
Bought GBP 350 Sold CAD 595 @ 0.5884	22-Jan-2019	14
Bought JPY 50 000 Sold CAD 581 @ 86.0697	22-Jan-2019	42
Bought JPY 64 440 Sold CAD 763 @ 84.4802	23-Jan-2019	41
Bought SEK 10 756 Sold CAD 1 608 @ 6.6879	23-Jan-2019	51
Bought GBP 285 Sold CAD 487 @ 0.5856	24-Jan-2019	10
Bought EUR 300 Sold CAD 451 @ 0.6656	25-Jan-2019	19
Bought CAD 9 Sold EUR 6 @ 1.5135	28-Jan-2019	-
Bought USD 33 Sold CAD 43 @ 0.7628	28-Jan-2019	2
Bought USD 2 900 Sold CAD 3 886 @ 0.7463	28-Jan-2019	70
Bought MXN 10 181 Sold CAD 666 @ 15.2885	31-Jan-2019	37
Bought HUF 278 455 Sold CAD 1 309 @ 212.7700	05-Feb-2019	50
Bought USD 906 Sold CAD 1 188 @ 0.7627	08-Feb-2019	48
Bought SEK 2 263 Sold CAD 332 @ 6.8201	11-Feb-2019	18
Bought CAD 38 Sold USD 28 @ 1.3585	12-Feb-2019	-
Bought JPY 285 000 Sold CAD 3 337 @ 85.4080	12-Feb-2019	220
Bought EUR 987 Sold CAD 1 518 @ 0.6501	20-Feb-2019	30
Bought CAD 356 Sold RUB 18 061 @ 0.0197	25-Feb-2019	6
Bought CAD 16 Sold USD 12 @ 1.3253	26-Feb-2019	-
Bought GBP 221 Sold CAD 376 @ 0.5875	26-Feb-2019	9



December 31, 2018

**SCHEDULE B (cont.)**

**Foreign Exchange Contracts**

Contracts	Maturity Date	Unrealized Gain
Bought NOK 4 323 Sold CAD 668 @ 6.4743	27-Feb-2019	\$ 16
Bought CAD 12 Sold GBP 7 @ 1.6948	01-Mar-2019	–
Bought GBP 394 Sold CAD 673 @ 0.5855	01-Mar-2019	14
Bought USD 2 813 Sold CAD 3 820 @ 0.7364	04-Mar-2019	15
Bought CAD 66 Sold AUD 69 @ 0.9595	06-Mar-2019	–
Bought CAD 421 Sold AUD 434 @ 0.9709	11-Mar-2019	4
Bought SEK 2 670 Sold CAD 400 @ 6.6724	11-Mar-2019	13
Bought PLN 887 Sold CAD 314 @ 2.8219	19-Mar-2019	9
Bought USD 1 200 Sold CAD 1 620 @ 0.7405	19-Mar-2019	15
		<b>\$ 1 906</b>

Contracts	Maturity Date	Unrealized Loss
Bought CAD 6 069 Sold JPY 526 084 @ 0.0115	08-Jan-2019	\$ (484)
Bought CAD 647 Sold USD 500 @ 1.2940	08-Jan-2019	(35)
Bought CAD 326 Sold MXN 4 778 @ 0.0682	09-Jan-2019	(6)
Bought CAD 97 Sold DKK 485 @ 0.1999	09-Jan-2019	(5)
Bought CAD 368 Sold PHP 15 010 @ 0.0245	09-Jan-2019	(22)
Bought CAD 1 225 Sold PLN 3 550 @ 0.3450	10-Jan-2019	(70)
Bought CAD 193 Sold SEK 1 302 @ 0.1482	11-Jan-2019	(8)
Bought CAD 1 273 Sold EUR 830 @ 1.5340	11-Jan-2019	(26)
Bought CAD 1 003 Sold USD 760 @ 1.3192	11-Jan-2019	(35)
Bought CAD 2 194 Sold USD 1 718 @ 1.2771	14-Jan-2019	(151)
Bought CAD 125 Sold ZAR 1 400 @ 0.0895	14-Jan-2019	(7)
Bought CAD 61 Sold ZAR 657 @ 0.0926	14-Jan-2019	(1)
Bought CAD 389 Sold SEK 2 710 @ 0.1436	15-Jan-2019	(29)
Bought CAD 584 Sold JPY 51 120 @ 0.0114	15-Jan-2019	(53)
Bought CAD 1 122 Sold AUD 1 190 @ 0.9427	15-Jan-2019	(22)
Bought CAD 119 Sold EUR 80 @ 1.4907	16-Jan-2019	(6)
Bought CAD 474 Sold USD 365 @ 1.2980	16-Jan-2019	(24)
Bought CAD 1 348 Sold DKK 6 618 @ 0.2037	16-Jan-2019	(39)
Bought CAD 1 540 Sold GBP 922 @ 1.6702	17-Jan-2019	(65)
Bought AUD 1 015 Sold CAD 976 @ 1.0394	18-Jan-2019	(1)
Bought CAD 1 025 Sold USD 800 @ 1.2808	18-Jan-2019	(67)
Bought CAD 444 Sold DKK 2 223 @ 0.1996	18-Jan-2019	(23)
Bought CAD 5 460 Sold EUR 3 638 @ 1.5008	18-Jan-2019	(236)
Bought CAD 6 528 Sold GBP 3 772 @ 1.7305	18-Jan-2019	(39)
Bought CAD 803 Sold AUD 865 @ 0.9280	18-Jan-2019	(29)
Bought CAD 303 Sold MXN 4 700 @ 0.0644	18-Jan-2019	(23)
Bought CAD 2 055 Sold SEK 14 007 @ 0.1467	18-Jan-2019	(104)
Bought CAD 608 Sold EUR 400 @ 1.5207	18-Jan-2019	(18)
Bought CAD 202 Sold USD 149 @ 1.3527	18-Jan-2019	(2)
Bought CAD 4 471 Sold JPY 395 588 @ 0.0113	22-Jan-2019	(460)
Bought CAD 1 184 Sold GBP 696 @ 1.7008	22-Jan-2019	(28)
Bought CAD 3 384 Sold USD 2 600 @ 1.3016	22-Jan-2019	(163)
Bought CAD 1 758 Sold USD 1 364 @ 1.2891	23-Jan-2019	(103)
Bought CAD 613 Sold JPY 52 200 @ 0.0117	23-Jan-2019	(38)
Bought CAD 313 Sold DKK 1 544 @ 0.2029	23-Jan-2019	(11)

**SCHEDULE B (cont.)**

**Foreign Exchange Contracts**

Contracts	Maturity Date	Unrealized Loss
Bought CAD 852 Sold GBP 506 @ 1.6830	23-Jan-2019	\$ (29)
Bought CAD 1 308 Sold USD 1 000 @ 1.3078	23-Jan-2019	(57)
Bought CAD 91 Sold SEK 613 @ 0.1478	23-Jan-2019	(4)
Bought CAD 291 Sold GBP 170 @ 1.7119	24-Jan-2019	(5)
Bought CAD 858 Sold USD 657 @ 1.3054	24-Jan-2019	(39)
Bought CAD 732 Sold DKK 3 634 @ 0.2013	24-Jan-2019	(31)
Bought CAD 1 713 Sold USD 1 310 @ 1.3080	24-Jan-2019	(74)
Bought CAD 527 Sold USD 400 @ 1.3184	24-Jan-2019	(18)
Bought CAD 3 750 Sold EUR 2 502 @ 1.4987	25-Jan-2019	(169)
Bought CAD 67 Sold JPY 5 742 @ 0.0116	25-Jan-2019	(5)
Bought CAD 1 696 Sold GBP 1 007 @ 1.6844	25-Jan-2019	(57)
Bought CAD 1 404 Sold EUR 941 @ 1.4923	25-Jan-2019	(70)
Bought CAD 2 534 Sold EUR 1 694 @ 1.4958	25-Jan-2019	(120)
Bought CAD 1 327 Sold USD 1 000 @ 1.3265	25-Jan-2019	(38)
Bought CAD 239 Sold USD 185 @ 1.2895	28-Jan-2019	(14)
Bought CAD 597 Sold GBP 348 @ 1.7143	28-Jan-2019	(9)
Bought CAD 1 822 Sold USD 1 394 @ 1.3068	28-Jan-2019	(80)
Bought CAD 1 466 Sold USD 1 100 @ 1.3326	28-Jan-2019	(35)
Bought CAD 130 Sold SEK 890 @ 0.1462	29-Jan-2019	(7)
Bought CAD 1 233 Sold USD 950 @ 1.2983	29-Jan-2019	(63)
Bought CAD 262 Sold USD 200 @ 1.3077	29-Jan-2019	(11)
Bought CAD 663 Sold USD 500 @ 1.3262	29-Jan-2019	(19)
Bought CAD 5 139 Sold USD 3 970 @ 1.2943	30-Jan-2019	(277)
Bought USD 913 Sold EUR 801 @ 1.1401	30-Jan-2019	(9)
Bought CAD 272 Sold GBP 159 @ 1.7124	31-Jan-2019	(5)
Bought CAD 4 467 Sold EUR 2 944 @ 1.5174	31-Jan-2019	(146)
Bought CAD 443 Sold USD 339 @ 1.3076	31-Jan-2019	(19)
Bought CAD 677 Sold MXN 10 181 @ 0.0665	31-Jan-2019	(26)
Bought CAD 920 Sold USD 699 @ 1.3165	01-Feb-2019	(33)
Bought CAD 10 631 Sold USD 8 143 @ 1.3055	04-Feb-2019	(476)
Bought CAD 152 Sold AUD 161 @ 0.9421	04-Feb-2019	(3)
Bought CAD 285 Sold JPY 24 500 @ 0.0116	04-Feb-2019	(21)
Bought CAD 3 047 Sold USD 2 326 @ 1.3098	05-Feb-2019	(126)
Bought CAD 1 285 Sold HUF 278 455 @ 0.0046	05-Feb-2019	(74)
Bought CAD 15 811 Sold EUR 10 505 @ 1.5051	05-Feb-2019	(655)
Bought CAD 256 Sold JPY 21 794 @ 0.0117	06-Feb-2019	(16)
Bought CAD 5 785 Sold EUR 3 851 @ 1.5022	06-Feb-2019	(252)
Bought CAD 1 606 Sold GBP 930 @ 1.7269	06-Feb-2019	(14)
Bought CAD 1 299 Sold EUR 860 @ 1.5100	06-Feb-2019	(50)
Bought CAD 2 711 Sold USD 2 069 @ 1.3104	07-Feb-2019	(111)
Bought CAD 570 Sold USD 434 @ 1.3137	08-Feb-2019	(22)
Bought CAD 316 Sold JPY 27 056 @ 0.0117	08-Feb-2019	(22)
Bought CAD 309 Sold USD 235 @ 1.3158	08-Feb-2019	(11)
Bought CAD 126 Sold USD 93 @ 1.3526	08-Feb-2019	(1)
Bought CAD 993 Sold JPY 80 000 @ 0.0124	08-Feb-2019	(5)
Bought CAD 1 263 Sold USD 967 @ 1.3065	11-Feb-2019	(55)
Bought CAD 341 Sold SEK 2 263 @ 0.1509	11-Feb-2019	(8)
Bought CAD 675 Sold USD 516 @ 1.3089	12-Feb-2019	(28)
Bought CAD 2 922 Sold USD 2 200 @ 1.3281	12-Feb-2019	(78)



December 31, 2018

**SCHEDULE B (cont.)**

**Foreign Exchange Contracts**

<b>Contracts</b>	<b>Maturity Date</b>	<b>Unrealized Loss</b>
Bought CAD 2 124 Sold EUR 1 400 @ 1.5173	12-Feb-2019	\$ (71)
Bought CAD 946 Sold MXN 14 590 @ 0.0648	13-Feb-2019	(60)
Bought CAD 776 Sold MXN 11 867 @ 0.0654	13-Feb-2019	(42)
Bought CAD 4 199 Sold EUR 2 796 @ 1.5018	14-Feb-2019	(186)
Bought CAD 200 Sold USD 150 @ 1.3321	14-Feb-2019	(5)
Bought CAD 75 Sold SEK 510 @ 0.1470	15-Feb-2019	(4)
Bought CAD 439 Sold SEK 2 961 @ 0.1483	15-Feb-2019	(18)
Bought CAD 2 203 Sold EUR 1 430 @ 1.5407	19-Feb-2019	(40)
Bought CAD 1 333 Sold USD 1 006 @ 1.3253	20-Feb-2019	(38)
Bought CAD 3 301 Sold EUR 2 180 @ 1.5142	20-Feb-2019	(119)
Bought CAD 1 369 Sold EUR 907 @ 1.5095	21-Feb-2019	(54)
Bought CAD 612 Sold USD 466 @ 1.3127	21-Feb-2019	(24)
Bought CAD 383 Sold JPY 32 390 @ 0.0118	21-Feb-2019	(22)
Bought CAD 1 395 Sold GBP 819 @ 1.7039	22-Feb-2019	(31)
Bought CAD 3 471 Sold EUR 2 296 @ 1.5117	25-Feb-2019	(132)
Bought CAD 2 102 Sold USD 1 597 @ 1.3163	25-Feb-2019	(75)
Bought CAD 259 Sold SEK 1 770 @ 0.1463	25-Feb-2019	(15)
Bought RUB 18 061 Sold CAD 358 @ 50.5000	25-Feb-2019	(7)
Bought CAD 391 Sold JPY 33 000 @ 0.0119	26-Feb-2019	(21)
Bought CAD 1 257 Sold GBP 740 @ 1.6991	28-Feb-2019	(32)
Bought CAD 1 225 Sold EUR 810 @ 1.5125	01-Mar-2019	(46)
Bought CAD 264 Sold USD 200 @ 1.3181	01-Mar-2019	(9)
Bought CAD 778 Sold EUR 500 @ 1.5564	01-Mar-2019	(7)
Bought CAD 663 Sold USD 500 @ 1.3260	04-Mar-2019	(19)
Bought CAD 1 169 Sold EUR 750 @ 1.5592	04-Mar-2019	(8)
Bought CAD 1 758 Sold EUR 1 166 @ 1.5080	06-Mar-2019	(73)
Bought CAD 168 Sold GBP 98 @ 1.7190	06-Mar-2019	(2)
Bought CAD 286 Sold JPY 23 871 @ 0.0120	06-Mar-2019	(12)
Bought CAD 2 983 Sold EUR 1 979 @ 1.5074	07-Mar-2019	(124)
Bought CAD 400 Sold SEK 2 670 @ 0.1499	11-Mar-2019	(13)
Bought CAD 448 Sold USD 339 @ 1.3204	12-Mar-2019	(14)
Bought CAD 211 Sold GBP 125 @ 1.6908	12-Mar-2019	(7)
Bought CAD 6 473 Sold JPY 543 101 @ 0.0119	12-Mar-2019	(318)
Bought CAD 610 Sold JPY 50 000 @ 0.0122	12-Mar-2019	(16)
Bought CAD 4 771 Sold EUR 3 130 @ 1.5244	13-Mar-2019	(146)
Bought CAD 833 Sold USD 624 @ 1.3348	14-Mar-2019	(18)
Bought CAD 181 Sold USD 135 @ 1.3375	15-Mar-2019	(3)
Bought CAD 373 Sold GBP 220 @ 1.6941	18-Mar-2019	(11)
Bought CAD 9 833 Sold USD 7 350 @ 1.3378	19-Mar-2019	(184)
Bought CAD 2 137 Sold USD 1 600 @ 1.3357	19-Mar-2019	(43)
Bought CAD 317 Sold PLN 887 @ 0.3569	19-Mar-2019	(7)
Bought CAD 987 Sold AUD 1 030 @ 0.9583	21-Mar-2019	(3)
Bought CAD 224 Sold EUR 147 @ 1.5259	22-Mar-2019	(7)
Bought CAD 135 Sold USD 100 @ 1.3486	25-Mar-2019	(1)
		\$ (8 017)
<b>TOTAL FOREIGN EXCHANGE</b>		<b>\$ (6 111)</b>

All counterparties have a credit rating of at least A.

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

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, and are grouped by issuer, earn interest at rates ranging from 1.61% to 2.28% and mature between January 2, 2019 and April 4, 2019.

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



### Statements of Financial Position

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	December 31 2018	December 31 2017
<b>ASSETS</b>		
Investments at fair value	\$ 673 916	\$ 726 257
Cash	730	395
Subscriptions receivable	272	346
Unrealized gain on futures contracts	10	34
Futures contracts margin receivable	1 108	61
Unrealized gain on foreign exchange contracts	1 906	1 927
Dividends receivable, interest accrued and other assets	2 167	2 071
<b>TOTAL ASSETS</b>	<b>680 109</b>	<b>731 091</b>
<b>LIABILITIES</b>		
Due to investment dealers	–	1 051
Redemptions payable	193	353
Unrealized loss on futures contracts	1 121	93
Unrealized loss on foreign exchange contracts	8 017	1 290
Distributions payable	40	33
Accounts payable and accrued expenses	1 126	1 265
<b>TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>	<b>10 497</b>	<b>4 085</b>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")</b>	<b>\$ 669 612</b>	<b>\$ 727 006</b>
Investments at cost	\$ 604 357	\$ 615 152
<b>NAV</b>		
<b>SERIES A</b>	<b>\$ 550 586</b>	<b>\$ 630 441</b>
<b>ADVISOR SERIES</b>	<b>\$ 9 848</b>	<b>\$ 9 145</b>
<b>SERIES T5</b>	<b>\$ 641</b>	<b>\$ 495</b>
<b>SERIES T8</b>	<b>\$ 5 720</b>	<b>\$ 5 340</b>
<b>SERIES D</b>	<b>\$ 23 819</b>	<b>\$ 24 797</b>
<b>SERIES F</b>	<b>\$ 44 335</b>	<b>\$ 28 371</b>
<b>SERIES O</b>	<b>\$ 34 663</b>	<b>\$ 28 417</b>
<b>NAV PER UNIT</b>		
<b>SERIES A</b>	<b>\$ 15.98</b>	<b>\$ 17.02</b>
<b>ADVISOR SERIES</b>	<b>\$ 16.13</b>	<b>\$ 17.18</b>
<b>SERIES T5</b>	<b>\$ 12.69</b>	<b>\$ 13.78</b>
<b>SERIES T8</b>	<b>\$ 7.48</b>	<b>\$ 8.39</b>
<b>SERIES D</b>	<b>\$ 17.61</b>	<b>\$ 18.59</b>
<b>SERIES F</b>	<b>\$ 19.06</b>	<b>\$ 20.07</b>
<b>SERIES O</b>	<b>\$ 20.16</b>	<b>\$ 21.00</b>

### 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
<b>INCOME (see note 3 in the generic notes)</b>		
Dividends	\$ 9 068	\$ 9 011
Interest for distribution purposes	6 823	6 324
Income from investment trusts	2 759	1 679
Derivative income	(1 610)	6 135
Net realized gain (loss) on investments	25 763	31 497
Change in unrealized gain (loss) on investments	(48 294)	15 816
<b>TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES</b>	<b>(5 491)</b>	<b>70 462</b>
Other income (loss)	130	–
Securities lending revenue (see note 7 in the generic notes)	111	110
Net gain (loss) on foreign cash balances	31	242
<b>TOTAL OTHER INCOME (LOSS)</b>	<b>272</b>	<b>352</b>
<b>TOTAL INCOME (LOSS)</b>	<b>(5 219)</b>	<b>70 814</b>
<b>EXPENSES (see notes – Fund Specific Information)</b>		
Management fees	11 980	12 485
Administration fees	984	1 023
Independent Review Committee costs	2	3
GST/HST	1 276	1 331
Transaction costs	247	361
Withholding tax	663	680
<b>TOTAL EXPENSES</b>	<b>15 152</b>	<b>15 883</b>
<b>INCREASE (DECREASE) IN NAV</b>	<b>\$ (20 371)</b>	<b>\$ 54 931</b>
<b>INCREASE (DECREASE) IN NAV</b>		
<b>SERIES A</b>	<b>\$ (17 786)</b>	<b>\$ 48 057</b>
<b>ADVISOR SERIES</b>	<b>\$ (327)</b>	<b>\$ 634</b>
<b>SERIES T5</b>	<b>\$ (22)</b>	<b>\$ 36</b>
<b>SERIES T8</b>	<b>\$ (199)</b>	<b>\$ 445</b>
<b>SERIES D</b>	<b>\$ (575)</b>	<b>\$ 1 827</b>
<b>SERIES F</b>	<b>\$ (1 020)</b>	<b>\$ 1 668</b>
<b>SERIES O</b>	<b>\$ (442)</b>	<b>\$ 2 264</b>
<b>INCREASE (DECREASE) IN NAV PER UNIT</b>		
<b>SERIES A</b>	<b>\$ (0.51)</b>	<b>\$ 1.28</b>
<b>ADVISOR SERIES</b>	<b>\$ (0.55)</b>	<b>\$ 1.30</b>
<b>SERIES T5</b>	<b>\$ (0.49)</b>	<b>\$ 1.05</b>
<b>SERIES T8</b>	<b>\$ (0.25)</b>	<b>\$ 0.64</b>
<b>SERIES D</b>	<b>\$ (0.42)</b>	<b>\$ 1.54</b>
<b>SERIES F</b>	<b>\$ (0.52)</b>	<b>\$ 1.75</b>
<b>SERIES O</b>	<b>\$ (0.29)</b>	<b>\$ 2.04</b>





Statements of Cash Flow (in \$000s)

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

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in NAV	\$ (20 371)	\$ 54 931
<b>ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS</b>		
Interest for distribution purposes	–	(11)
Non-cash distributions from underlying funds	(2 570)	(1 624)
Net realized loss (gain) on investments	(25 468)	(30 917)
Change in unrealized loss (gain) on investments	48 294	(15 816)
(Increase) decrease in accrued receivables	(72)	(23)
Increase (decrease) in accrued payables	889	(100)
(Increase) decrease in margin accounts	(1 047)	47
Cost of investments purchased	(773 345)	(636 025)
Proceeds from sale and maturity of investments	811 127	672 240
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>37 437</b>	<b>42 702</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of redeemable units	57 847	48 060
Cash paid on redemption of redeemable units	(94 076)	(89 809)
Distributions paid to holders of redeemable units	(873)	(861)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>\$ (37 102)</b>	<b>\$ (42 610)</b>
Net increase (decrease) in cash for the period	335	92
Cash (bank overdraft), beginning of period	395	303
<b>CASH (BANK OVERDRAFT), END OF PERIOD</b>	<b>\$ 730</b>	<b>\$ 395</b>
Interest received (paid)	\$ 6 781	\$ 6 212
Dividends received, net of withholding taxes	\$ 8 487	\$ 8 438



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

For the periods ended December 31 (see note 2 in the generic notes)	Series A		Advisor Series		Series T5		Series T8	
	2018	2017	2018	2017	2018	2017	2018	2017
<b>NAV AT BEGINNING OF PERIOD</b>	\$ 630 441	\$ 647 952	\$ 9 145	\$ 8 296	\$ 495	\$ 438	\$ 5 340	\$ 6 906
<b>INCREASE (DECREASE) IN NAV</b>	(17 786)	48 057	(327)	634	(22)	36	(199)	445
Early redemption fees	1	—	—	—	—	—	—	—
Proceeds from redeemable units issued	28 408	25 102	3 142	1 921	511	107	3 103	1 531
Reinvestments of distributions to holders of redeemable units	16 845	25 692	271	320	10	6	53	28
Redemption of redeemable units	(90 393)	(90 542)	(2 073)	(1 649)	(323)	(69)	(2 046)	(3 107)
<b>NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS</b>	(45 139)	(39 748)	1 340	592	198	44	1 110	(1 548)
Distributions from net income	—	—	—	—	—	—	(531)	—
Distributions from net gains	(16 930)	(25 820)	(310)	(377)	(19)	(20)	—	(218)
Distributions from capital	—	—	—	—	(11)	(3)	—	(245)
<b>TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS</b>	(16 930)	(25 820)	(310)	(377)	(30)	(23)	(531)	(463)
<b>NET INCREASE (DECREASE) IN NAV</b>	(79 855)	(17 511)	703	849	146	57	380	(1 566)
<b>NAV AT END OF PERIOD</b>	\$ 550 586	\$ 630 441	\$ 9 848	\$ 9 145	\$ 641	\$ 495	\$ 5 720	\$ 5 340

For the periods ended December 31 (see note 2 in the generic notes)	Series D		Series F		Series O		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
<b>NAV AT BEGINNING OF PERIOD</b>	\$ 24 797	\$ 18 365	\$ 28 371	\$ 12 612	\$ 28 417	\$ 19 714	\$ 727 006	\$ 714 283
<b>INCREASE (DECREASE) IN NAV</b>	(575)	1 827	(1 020)	1 668	(442)	2 264	(20 371)	54 931
Early redemption fees	—	—	—	—	—	—	1	—
Proceeds from redeemable units issued	5 520	8 401	22 509	17 009	11 420	9 470	74 613	63 541
Reinvestments of distributions to holders of redeemable units	715	987	1 154	981	1 034	1 094	20 082	29 108
Redemption of redeemable units	(5 909)	(3 778)	(5 308)	(2 763)	(4 705)	(2 994)	(110 757)	(104 902)
<b>NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS</b>	326	5 610	18 355	15 227	7 749	7 570	(16 061)	(12 253)
Distributions from net income	—	—	—	—	—	—	(531)	—
Distributions from net gains	(729)	(1 005)	(1 371)	(1 136)	(1 061)	(1 131)	(20 420)	(29 707)
Distributions from capital	—	—	—	—	—	—	(11)	(248)
<b>TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS</b>	(729)	(1 005)	(1 371)	(1 136)	(1 061)	(1 131)	(20 962)	(29 955)
<b>NET INCREASE (DECREASE) IN NAV</b>	(978)	6 432	15 964	15 759	6 246	8 703	(57 394)	12 723
<b>NAV AT END OF PERIOD</b>	\$ 23 819	\$ 24 797	\$ 44 335	\$ 28 371	\$ 34 663	\$ 28 417	\$ 669 612	\$ 727 006



December 31, 2018

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

The investment objective of the Fund is to provide long-term capital growth with a secondary focus on modest income. The Fund invests primarily in Canadian, U.S. and international equities and fixed-income securities. It may also invest in income trusts and may use derivatives.

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

**Credit risk (%)**

Credit-exposed securities, excluding short-term investments, comprise 40.0% (December 31, 2017 – 38.9%) of the NAV of the Fund. The table below summarizes the Fund's credit risk exposure grouped by credit ratings as at:

Rating	December 31 2018	December 31 2017
AAA	34.9	33.1
AA	25.7	23.3
A	22.9	25.9
BBB	16.2	16.3
BB	0.2	0.7
B	0.1	0.7
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
Foreign Bonds	23.8	20.7
Canadian Equities	18.0	19.1
United States Equities	17.5	18.5
Canadian Bonds	16.2	17.5
International Equities	11.1	13.9
Underlying Funds	7.6	8.2
Cash/Other	5.8	2.1
Total	100.0	100.0

**Interest rate risk (%)**

Fixed-income and debt securities, excluding short-term investments, comprise 40.0% (December 31, 2017 – 38.2%) of the NAV of the Fund. 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	0.8	2.5
1 – 5 years	48.6	45.8
5 – 10 years	17.8	25.1
> 10 years	32.8	26.6
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 3.1% (December 31, 2017 – 2.8%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

**Currency risk (% of NAV)**

The table below summarizes the Fund's net exposure (after hedging, if any) to currency risk as at:

Currency	December 31 2018	December 31 2017
United States dollar	20.7	23.2
Japanese yen	3.8	3.1
Euro	3.1	2.4
Pound sterling	2.0	2.6
Swedish krona	1.1	0.9
Australian dollar	1.0	0.9
Hong Kong dollar	0.7	0.8
Danish krone	0.7	0.8
Swiss franc	0.6	0.8
Other currencies	0.5	0.8
Total	34.2	36.3

As at December 31, 2018, if the Canadian dollar had strengthened or weakened by 5% in relation to the above currencies, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 1.7% (December 31, 2017 – 1.8%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

**Other price risk (% impact on NAV)**

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

	December 31 2018	December 31 2017
S&P/TSX Capped Composite Total Return Index	+ or - 0.4	+ or - 0.4

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



December 31, 2018

**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
<b>Equities</b>	<b>239 197</b>	<b>73 276</b>	–	<b>312 473</b>
<b>Underlying funds</b>	<b>51 103</b>	–	–	<b>51 103</b>
<b>Fixed-income</b>				
and debt securities	–	266 972	–	266 972
Short-term investments	–	43 368	–	43 368
Derivatives – assets	10	1 906	–	1 916
Derivatives – liabilities	(1 121)	(8 017)	–	(9 138)
<b>Total financial instruments</b>	<b>289 189</b>	<b>377 505</b>	–	<b>666 694</b>
<b>% of total portfolio</b>	<b>43.4</b>	<b>56.6</b>	–	<b>100.0</b>

December 31, 2017	Level 1	Level 2	Level 3	Total
<b>Equities</b>	<b>270 275</b>	<b>99 837</b>	–	<b>370 112</b>
<b>Underlying funds</b>	<b>64 178</b>	–	–	<b>64 178</b>
<b>Fixed-income</b>				
and debt securities	–	277 790	–	277 790
Short-term investments	–	14 177	–	14 177
Derivatives – assets	34	1 927	–	1 961
Derivatives – liabilities	(93)	(1 290)	–	(1 383)
<b>Total financial instruments</b>	<b>334 394</b>	<b>392 441</b>	–	<b>726 835</b>
<b>% of total portfolio</b>	<b>46.0</b>	<b>54.0</b>	–	<b>100.0</b>

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

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

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

	Management fees	Administration fees
Series A	1.85%	0.15%
Advisor Series	1.85%	0.10%
Series T5	1.85%	0.10%
Series T8	1.85%	0.10%
Series D	1.10%	0.10%
Series F	0.85%	0.10%
Series O	n/a*	0.02%

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

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

**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
<b>Units held</b>		
Series T5	56	53
Series O	94	91
<b>Value of all units</b>	<b>3</b>	<b>3</b>

**Unconsolidated structured entities (%)**  
(see note 3 in the generic notes)

The table below summarizes the Fund's interest in the sponsored funds as a percentage of NAV, and the Fund's ownership interest as a percentage of NAV of the sponsored funds ("Ownership"). All sponsored funds are established and conduct business in Canada.

	December 31 2018		December 31 2017	
	NAV	Ownership	NAV	Ownership
RBC Canadian Small & Mid-Cap Resources Fund	0.7	2.1	1.0	2.5
RBC Emerging Markets Dividend Fund	0.4	0.2	0.4	0.4
RBC Emerging Markets Equity Fund	3.6	0.6	4.0	0.7
RBC Emerging Markets Foreign Exchange Fund	0.2	0.1	–	–
RBC Emerging Markets Small-Cap Equity Fund	0.4	0.4	0.4	0.6
RBC High Yield Bond Fund	0.2	0.1	0.6	0.2
RBC U.S. Mid-Cap Growth Equity Fund	1.0	0.7	0.8	0.8
RBC U.S. Mid-Cap Value Equity Fund	0.6	0.6	0.8	0.9
RBC U.S. Small-Cap Core Equity Fund	0.2	0.9	0.2	0.7

The table below summarizes the Fund's interest in the unsponsored funds as a percentage of NAV, and the Fund's ownership interest as a percentage of NAV of the unsponsored funds ("Ownership").

	December 31 2018		December 31 2017	
	NAV	Ownership	NAV	Ownership
Financial Select Sector SPDR Fund	–	–	0.2	–
iShares Dow Jones US Real Estate Index Fund	0.5	0.1	0.4	0.1



December 31, 2018

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

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

### Redeemable units (000s)

There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

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

	2018	2017
<b>Series A</b>		
Opening units	37 050	39 385
Issued number of units	1 669	1 474
Reinvested number of units	1 062	1 501
Redeemed number of units	(5 312)	(5 310)
Ending number of units	34 469	37 050
<b>Advisor Series</b>		
Opening units	532	500
Issued number of units	183	109
Reinvested number of units	17	19
Redeemed number of units	(122)	(96)
Ending number of units	610	532
<b>Series T5</b>		
Opening units	36	33
Issued number of units	37	8
Reinvested number of units	1	–
Redeemed number of units	(23)	(5)
Ending number of units	51	36
<b>Series T8</b>		
Opening units	636	820
Issued number of units	378	181
Reinvested number of units	7	3
Redeemed number of units	(257)	(368)
Ending number of units	764	636
<b>Series D</b>		
Opening units	1 334	1 031
Issued number of units	296	454
Reinvested number of units	41	53
Redeemed number of units	(318)	(204)
Ending number of units	1 353	1 334
<b>Series F</b>		
Opening units	1 414	658
Issued number of units	1 116	844
Reinvested number of units	61	49
Redeemed number of units	(265)	(137)
Ending number of units	2 326	1 414

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

	2018	2017
<b>Series O</b>		
Opening units	1 353	993
Issued number of units	537	453
Reinvested number of units	52	52
Redeemed number of units	(222)	(145)
Ending number of units	1 720	1 353

### 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	247	100	361	100
Related-party brokerage commissions*	22	9	18	5
Commission arrangements†	27	11	89	25

\* 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.

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

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

	December 31 2018	December 31 2017
Fair value of securities loaned	99 186	98 174
Fair value of collateral received	101 297	100 158

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

	December 31 2018		December 31 2017	
	\$	%	\$	%
Gross revenue	149	100	154	100
RBC IS (paid)	(37)	(25)	(43)	(28)
Tax withheld	(1)	(1)	(1)	(1)
Fund revenue	111	74	110	71



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**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
<b>Gross amounts – assets (liabilities)</b>	<b>1 916</b>	<b>(9 138)</b>
<b>Amounts set-off in the</b>		
<b>Statements of Financial Position</b>	–	–
<b>Net amounts presented in the</b>		
<b>Statements of Financial Position</b>	<b>1 916</b>	<b>(9 138)</b>
<b>Related amounts not set-off</b>	<b>(1 787)</b>	<b>1 787</b>
<b>Collateral (received) pledged</b>	–	<b>2 365</b>
<b>Net amount</b>	<b>129</b>	<b>(4 986)</b>

December 31, 2017	Assets	Liabilities
Gross amounts – assets (liabilities)	1 961	(1 383)
Amounts set-off in the		
Statements of Financial Position	–	–
Net amounts presented in the		
Statements of Financial Position	1 961	(1 383)
Related amounts not set-off	(994)	994
Collateral (received) pledged	–	47
Net amount	967	(342)

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

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## 1. The Funds

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

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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.