

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 9, 2023



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

To the Unitholders and Trustee of

### RBC FUNDS

RBC Canadian T-Bill Fund  
 RBC Canadian Money Market Fund  
 RBC Premium Money Market Fund  
 RBC \$U.S. Money Market Fund  
 RBC Premium \$U.S. Money Market Fund  
 RBC Canadian Short-Term Income Fund  
 RBC \$U.S. Short-Term Government Bond Fund  
 RBC \$U.S. Short-Term Corporate Bond Fund  
 RBC Short-Term Global Bond Fund  
 RBC Vision Fossil Fuel Free Short-Term Bond Fund  
 RBC Monthly Income Bond Fund  
 RBC Canadian Bond Index ETF Fund  
*(formerly, RBC Canadian Bond Index Fund)*  
 RBC Canadian Government Bond Index Fund  
 RBC Bond Fund  
 RBC Vision Bond Fund  
 RBC Vision Fossil Fuel Free Bond Fund  
 RBC Global Bond Fund  
 RBC \$U.S. Global Bond Fund  
 RBC Global Bond Index ETF Fund  
 RBC Canadian Corporate Bond Fund  
*(formerly, RBC Private Canadian Corporate Bond Pool)*  
 RBC \$U.S. Investment Grade Corporate Bond Fund  
 RBC Global Corporate Bond Fund  
 RBC High Yield Bond Fund  
 RBC \$U.S. High Yield Bond Fund  
 RBC Global High Yield Bond Fund  
 RBC Strategic Income Bond Fund  
 RBC \$U.S. Strategic Income Bond Fund  
 RBC Emerging Markets Foreign Exchange Fund  
 RBC Emerging Markets Bond Fund  
 RBC Emerging Markets Bond Fund (CAD Hedged)  
 BlueBay Global Monthly Income Bond Fund  
 BlueBay Global Sovereign Bond Fund (Canada)  
 BlueBay Global Investment Grade Corporate Bond Fund (Canada)  
 BlueBay \$U.S. Global Investment Grade Corporate Bond Fund (Canada)  
 BlueBay European High Yield Bond Fund (Canada)  
 BlueBay Global High Yield Bond Fund (Canada)  
 BlueBay \$U.S. Global High Yield Bond Fund (Canada)  
 BlueBay Emerging Markets Bond Fund (Canada)  
 BlueBay Emerging Markets Local Currency Bond Fund (Canada)  
 BlueBay Emerging Markets Corporate Bond Fund  
 BlueBay Emerging Markets High Yield Corporate Bond Fund (Canada)  
 BlueBay Global Convertible Bond Fund (Canada)  
 RBC Conservative Bond Pool  
 RBC Core Bond Pool  
 RBC \$U.S. Core Bond Pool  
 RBC Core Plus Bond Pool  
 RBC \$U.S. Core Plus Bond Pool  
 RBC Managed Payout Solution  
 RBC Managed Payout Solution – Enhanced  
 RBC Managed Payout Solution – Enhanced Plus  
 RBC Monthly Income Fund  
 RBC U.S. Monthly Income Fund  
 RBC Balanced Fund  
 RBC Global Balanced Fund  
 RBC Vision Balanced Fund  
 RBC Vision Fossil Fuel Free Balanced Fund  
 RBC Emerging Markets Balanced Fund  
 RBC Conservative Growth & Income Fund  
 RBC Balanced Growth & Income Fund  
 RBC Global Growth & Income Fund  
 RBC Select Very Conservative Portfolio

RBC Select Conservative Portfolio  
 RBC Select Balanced Portfolio  
 RBC Select Growth Portfolio  
 RBC Select Aggressive Growth Portfolio  
 RBC Select Choices Conservative Portfolio  
 RBC Select Choices Balanced Portfolio  
 RBC Select Choices Growth Portfolio  
 RBC Select Choices Aggressive Growth Portfolio  
 RBC Global Very Conservative Portfolio  
 RBC Global Conservative Portfolio  
 RBC Global Balanced Portfolio  
 RBC \$U.S. Global Balanced Portfolio  
 RBC Global Growth Portfolio  
 RBC Global All-Equity Portfolio  
 RBC Global Choices Very Conservative Portfolio  
 RBC Global Choices Conservative Portfolio  
 RBC Global Choices Balanced Portfolio  
 RBC Global Choices Growth Portfolio  
 RBC Global Choices All-Equity Portfolio  
 RBC Retirement Income Solution  
 RBC Retirement 2020 Portfolio  
 RBC Retirement 2025 Portfolio  
 RBC Retirement 2030 Portfolio  
 RBC Retirement 2035 Portfolio  
 RBC Retirement 2040 Portfolio  
 RBC Retirement 2045 Portfolio  
 RBC Retirement 2050 Portfolio  
 RBC Retirement 2055 Portfolio  
 RBC Retirement 2060 Portfolio  
 RBC Target 2025 Education Fund  
 RBC Target 2030 Education Fund  
 RBC Target 2035 Education Fund  
 RBC Target 2040 Education Fund  
 RBC Canadian Dividend Fund  
 RBC Canadian Equity Fund  
 RBC Vision Canadian Equity Fund  
 RBC QUBE Canadian Equity Fund  
 RBC QUBE Low Volatility Canadian Equity Fund  
 RBC Vision QUBE Fossil Fuel Free Low Volatility Canadian Equity Fund  
 RBC Trend Canadian Equity Fund  
 RBC Canadian Equity Index ETF Fund  
 RBC Canadian Index Fund  
 RBC O'Shaughnessy Canadian Equity Fund  
 RBC O'Shaughnessy All-Canadian Equity Fund  
 RBC Canadian Equity Income Fund  
 RBC Canadian Mid-Cap Equity Fund  
 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. Equity Index ETF Fund  
 RBC U.S. Equity Currency Neutral Index ETF Fund  
*(formerly, RBC U.S. Index Currency Neutral Fund)*  
 RBC U.S. Index 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 Equity Currency Neutral Index ETF Fund  
*(formerly, RBC International Index Currency Neutral Fund)*  
 RBC O'Shaughnessy International Equity Fund  
 RBC European Equity Fund  
 RBC European Mid-Cap Equity Fund  
 RBC Asian Equity Fund  
 RBC Asia Pacific ex-Japan Equity Fund  
 RBC China Equity Fund  
 RBC Japanese Equity Fund  
 RBC Emerging Markets Multi-Strategy Equity Fund  
 RBC Emerging Markets Dividend Fund  
 RBC Emerging Markets ex-China Dividend Fund  
 RBC Emerging Markets Equity Fund  
 RBC Emerging Markets Equity Focus Fund  
 RBC Vision Fossil Fuel Free Emerging Markets Equity Fund  
 RBC QUBE Low Volatility Emerging Markets Equity Fund  
 RBC Emerging Markets Equity Index ETF Fund  
 RBC Emerging Markets Small-Cap Equity Fund  
 RBC Global Dividend Growth Fund  
 RBC Global Dividend Growth Currency Neutral Fund  
 RBC Global Equity Fund  
 RBC Vision Global Equity Fund  
 RBC Vision Fossil Fuel Free Global Equity Fund  
 RBC Global Equity Focus Fund  
 RBC Global Equity Focus Currency Neutral Fund  
 RBC Global Equity Leaders Fund  
 RBC Global Equity Leaders 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 Global Equity Index ETF Fund  
 RBC O'Shaughnessy Global Equity Fund  
 RBC QUBE Low Volatility All Country World Equity Fund  
 RBC Global Equity Fund  
 RBC Global Precious Metals Fund  
 RBC Global Resources Fund  
 RBC Global Technology Fund

### RBC PRIVATE POOLS

RBC Private Short-Term Income Pool  
 RBC Private Income Pool  
 RBC Private Canadian Dividend Pool  
 RBC Private Fundamental Canadian Equity Pool  
 RBC Private Canadian Equity Pool  
 RBC Private U.S. Large-Cap Value Equity Pool  
 RBC Private U.S. Large-Cap Value Equity Currency Neutral Pool  
 RBC Private U.S. Growth Equity Pool  
 RBC Private U.S. Large-Cap Core Equity Pool  
 RBC Private U.S. Large-Cap Core Equity Currency Neutral Pool  
 RBC Private U.S. Small-Cap Equity Pool  
 RBC Private EAFE Equity Pool  
 RBC Private Overseas Equity Pool  
 RBC Private Global Growth Equity Pool  
 RBC Private World Equity Pool

### RBC ALTERNATIVE FUNDS

BlueBay Global Alternative Bond Fund (Canada)

### PH&N FUNDS

Phillips, Hager & North Canadian Money Market Fund  
 Phillips, Hager & North \$U.S. Money Market Fund

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

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 Conservative Equity Income Fund  
 Phillips, Hager & North Canadian Equity Underlying Fund  
 Phillips, Hager & North Canadian Equity Underlying Fund II

Phillips, Hager & North Canadian Growth Fund  
 Phillips, Hager & North Canadian Income Fund  
 Phillips, Hager & North Vintage Fund  
 Phillips, Hager & North Small Float Fund  
 Phillips, Hager & North U.S. Dividend Income Fund  
 Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund  
 Phillips, Hager & North U.S. Equity Fund  
 Phillips, Hager & North Currency-Hedged U.S. Equity Fund  
 Phillips, Hager & North U.S. Growth Fund  
 Phillips, Hager & North Overseas Equity Fund  
 Phillips, Hager & North Currency-Hedged Overseas Equity Fund  
 Phillips, Hager & North Global Equity Fund  
 Phillips, Hager & North LifeTime 2015 Fund

Phillips, Hager & North LifeTime 2020 Fund  
 Phillips, Hager & North LifeTime 2025 Fund  
 Phillips, Hager & North LifeTime 2030 Fund  
 Phillips, Hager & North LifeTime 2035 Fund  
 Phillips, Hager & North LifeTime 2040 Fund  
 Phillips, Hager & North LifeTime 2045 Fund  
 Phillips, Hager & North LifeTime 2050 Fund  
 Phillips, Hager & North LifeTime 2055 Fund  
 Phillips, Hager & North LifeTime 2060 Fund  
 Phillips, Hager & North Conservative Pension Trust  
 Phillips, Hager & North Balanced Pension Trust  
 Phillips, Hager & North Growth Pension Trust  
 Phillips, Hager & North Canadian Equity Pension Trust  
 Phillips, Hager & North Canadian Equity Plus Pension Trust  
 (individually, a Fund)

**Our opinion**

In our opinion, the accompanying December 31, 2022 financial statements of each Fund present fairly, in all material respects, the financial position of each Fund, its financial performance and its cash flows as at and for the periods indicated in note 2 in accordance with International Financial Reporting Standards (IFRS).

*What we have audited*

The financial statements of each Fund comprise:

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

**Basis for opinion**

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

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

*Independence*

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

**Other information**

Management is responsible for the other information of each Fund. The other information comprises the 2022 Annual Management Report of Fund Performance of each Fund.

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements of each Fund in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

March 16, 2023



SCHEDULE OF INVESTMENT PORTFOLIO (in \$000s)  
**RBC CANADIAN EQUITY INCOME FUND**

December 31, 2022

	Holdings	Cost (\$)	Fair Value (\$)	% of Net Assets
<b>EQUITIES</b>				
<b>Communication Services</b>				
BCE Inc	1 146 194	68 208	68 187	
Rogers Communications Inc – Class B Shares	360 836	20 667	22 866	
TELUS Corp	2 193 325	57 099	57 312	
		145 974	148 365	<b>4.8</b>
<b>Consumer Discretionary</b>				
Canadian Tire Corp Ltd – Class A Shares	218 203	37 193	30 876	
Magna International Inc	394 601	38 482	30 013	
PulteGroup Inc	304 000	19 982	18 741	
		95 657	79 630	<b>2.6</b>
<b>Consumer Staples</b>				
Coca-Cola Co	110 000	7 935	9 474	
George Weston Ltd	151 662	14 455	25 478	
Loblaw Cos Ltd	70 000	7 759	8 380	
Maple Leaf Foods Inc	418 225	9 204	10 226	
		39 353	53 558	<b>1.7</b>
<b>Energy</b>				
Cameco Corp	182 740	5 918	5 608	
Canadian Natural Resources Ltd	926 363	30 455	69 653	
Enbridge Inc	2 851 555	140 634	150 904	
Gibson Energy Inc	791 472	18 047	18 710	
Keyera Corp	1 137 603	35 988	33 662	
Parkland Corp	742 521	28 674	22 060	
Pembina Pipeline Corp	943 758	38 228	43 375	
PrairieSky Royalty Ltd	400 000	7 039	8 680	
Suncor Energy Inc	1 104 798	30 705	47 451	
TC Energy Corp	1 159 621	67 226	62 596	
Topaz Energy Corp	1 330 611	23 693	28 116	
Tourmaline Oil Corp	580 685	22 282	39 672	
		448 889	530 487	<b>17.1</b>
<b>Financials</b>				
Bank of Montreal	856 070	83 343	105 005	
Bank of Nova Scotia	1 496 044	103 989	99 248	
Brookfield Asset Management Ltd – Class A Shares	402 214	7 036	15 594	
Brookfield Corp	1 808 859	60 557	77 021	
Canadian Imperial Bank of Commerce	1 437 954	80 301	78 757	
Definity Financial Corp	152 054	3 345	5 851	
iA Financial Corp Inc	172 812	11 162	13 699	
Intact Financial Corp	263 429	38 139	51 345	
Manulife Financial Corp	1 945 452	41 509	46 983	
National Bank of Canada	323 666	21 624	29 528	
Onex Corp	182 840	13 932	11 938	
Power Corp of Canada	1 146 599	44 663	36 519	
Royal Bank of Canada*	1 790 003	153 228	227 867	
Sun Life Financial Inc	1 022 602	51 602	64 271	
Toronto-Dominion Bank	2 021 939	130 967	177 263	
		845 397	1 040 889	<b>33.6</b>

	Holdings	Cost (\$)	Fair Value (\$)	% of Net Assets
<b>Health Care</b>				
Chartwell Retirement Residences – Units	3 014 190	35 095	25 440	
		35 095	25 440	<b>0.8</b>
<b>Industrials</b>				
Brookfield Business Corp	198 141	7 313	5 042	
Brookfield Business Partners LP – Partnership Shares	448 629	21 347	10 270	
Canadian National Railway Co	193 592	19 777	31 137	
Canadian Pacific Railway Ltd	876 189	53 753	88 451	
Finning International Inc	808 774	23 863	27 223	
GFL Environmental Inc 6.000% – Series, Fixed Rate Preferred Shares	260 994	17 377	22 861	
Russel Metals Inc	790 016	21 389	22 737	
SNC-Lavalin Group Inc	479 187	24 473	11 433	
Thomson Reuters Corp	146 738	13 140	22 665	
WSP Global Inc	219 339	27 896	34 456	
		230 328	276 275	<b>8.9</b>
<b>Information Technology</b>				
Open Text Corp	500 000	22 767	20 060	
		22 767	20 060	<b>0.6</b>
<b>Materials</b>				
Agnico Eagle Mines Ltd	753 641	52 530	53 027	
Barrick Gold Corp	1 262 012	34 801	29 292	
Chemtrade Logistics Income Fund – Units	1 369 736	16 215	12 288	
Franco-Nevada Corp	106 157	17 364	19 593	
Methanex Corp	232 098	9 851	11 897	
Neo Performance Materials Inc	1 165 860	17 049	11 192	
Nutrien Ltd	701 752	42 654	69 368	
Teck Resources Ltd – Class B Shares	261 436	9 943	13 378	
West Fraser Timber Co Ltd	126 777	8 794	12 395	
Wheaton Precious Metals Corp	380 972	18 214	20 153	
		227 415	252 583	<b>8.2</b>
<b>Real Estate</b>				
Allied Properties Real Estate Investment Trust	759 539	27 021	19 445	
Brookfield Property Preferred LP 6.250% – Series, Cumulative, Fixed Rate Preferred Shares	17 476	516	337	
BSR Real Estate Investment Trust	683 081	9 095	12 133	
Canadian Apartment Properties REIT	827 987	40 466	35 338	
Choice Properties Real Estate Investment Trust	1 305 230	17 271	19 265	
Crombie Real Estate Investment Trust	310 000	4 797	4 917	
CT Real Estate Investment Trust	397 685	6 787	6 200	
DREAM Unlimited Corp	356 644	4 741	9 069	
First Capital Real Estate Investment Trust	653 331	10 340	10 982	

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



December 31, 2022

	Holdings	Cost (\$)	Fair Value (\$)	% of Net Assets
<b>Real Estate (cont.)</b>				
Flagship Communities REIT	150 000	2 831	3 298	
Granite Real Estate Investment Trust	544 936	43 253	37 644	
H&R Real Estate Investment Trust	1 732 780	23 881	20 984	
Killam Apartment Real Estate Investment Trust	1 285 498	22 689	20 838	
Minto Apartment Real Estate Investment Trust	1 360 872	28 828	19 120	
Primaris Real Estate Investment Trust	1 361 945	18 791	19 939	
RioCan Real Estate Investment Trust	1 831 902	37 447	38 708	
Tricon Residential Inc	2 267 800	28 303	23 676	
Tricon Residential Inc., Restricted August 27, 2023	6 150	8 073	8 327	
		335 130	310 220	<b>10.0</b>

	Holdings	Cost (\$)	Fair Value (\$)	% of Net Assets
<b>Utilities</b>				
AltaGas Ltd	1 436 192	32 376	33 578	
Atco Ltd/Canada – Class I Shares	600 384	26 434	25 444	
Boralex Inc – Class A Shares	581 204	19 331	23 260	
Brookfield Infrastructure Partners LP – Partnership Shares	1 005 060	42 218	42 152	
Brookfield Renewable Partners LP – Partnership Shares	686 000	29 067	23 516	
Dominion Energy Inc	170 000	16 037	14 115	
Emera Inc	383 699	21 115	19 856	
Fortis Inc/Canada	849 860	43 682	46 045	
Innergex Renewable Energy Inc	460 000	10 077	7 452	
Northland Power Inc	450 478	15 374	16 726	
TransAlta Corp	1 854 284	14 580	22 455	
		270 291	274 599	<b>8.9</b>
<b>TOTAL EQUITIES</b>		<b>2 696 296</b>	<b>3 012 106</b>	<b>97.2</b>

	Par Value (000s)	Cost (\$)	Fair Value (\$)	% of Net Assets
<b>BONDS</b>				
Colliers International Group Inc 4.000% Jun 01, 2025	3 633	5 123	8 264	
<b>TOTAL BONDS</b>		5 123	8 264	<b>0.3</b>
<b>SHORT-TERM INVESTMENTS<sup>†</sup></b>				
<b>TOTAL INVESTMENTS</b>		71 449	71 449	<b>2.3</b>
<b>UNREALIZED GAIN ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)</b>		2 772 868	3 091 819	<b>99.8</b>
<b>UNREALIZED LOSS ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)</b>		–	910	–
<b>TOTAL PORTFOLIO</b>		–	(310)	–
<b>OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>		2 772 868	3 092 419	<b>99.8</b>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>		2 895	2 895	<b>0.2</b>
		3 095 314	3 095 314	<b>100.0</b>

**SCHEDULE A**  
**Foreign Exchange Contracts**

Contracts	Maturity Date	Unrealized Gain (\$)
Bought CAD 4 061 Sold USD 2 991 @ 1.3539	11-Jan-2023	11
Bought USD 700 Sold CAD 948 @ 1.3539	11-Jan-2023	–
Bought CAD 2 124 Sold USD 1 543 @ 1.3539	12-Jan-2023	34
Bought CAD 3 384 Sold USD 2 464 @ 1.3539	13-Jan-2023	47
Bought CAD 2 015 Sold USD 1 480 @ 1.3539	17-Jan-2023	10
Bought CAD 7 353 Sold USD 5 354 @ 1.3538	25-Jan-2023	104
Bought CAD 13 369 Sold USD 9 653 @ 1.3538	01-Feb-2023	300
Bought CAD 13 871 Sold USD 10 100 @ 1.3537	06-Feb-2023	199
Bought CAD 3 439 Sold USD 2 525 @ 1.3536	14-Feb-2023	21
Bought CAD 2 992 Sold USD 2 200 @ 1.3535	21-Feb-2023	14
Bought CAD 12 213 Sold USD 8 969 @ 1.3535	23-Feb-2023	73
Bought CAD 11 249 Sold USD 8 247 @ 1.3532	17-Mar-2023	89
Bought CAD 977 Sold USD 719 @ 1.3531	21-Mar-2023	3
Bought CAD 2 035 Sold USD 1 500 @ 1.3529	03-Apr-2023	5
		<u>910</u>

**SCHEDULE A (cont.)**  
**Foreign Exchange Contracts**

Contracts	Maturity Date	Unrealized Loss (\$)
Bought USD 1 200 Sold CAD 1 648 @ 1.3539	11-Jan-2023	(23)
Bought USD 1 500 Sold CAD 2 061 @ 1.3539	13-Jan-2023	(30)
Bought USD 1 840 Sold CAD 2 538 @ 1.3539	17-Jan-2023	(47)
Bought USD 97 Sold CAD 132 @ 1.3539	17-Jan-2023	–
Bought CAD 2 008 Sold USD 1 500 @ 1.3534	02-Mar-2023	(22)
Bought CAD 1 517 Sold USD 1 140 @ 1.3533	06-Mar-2023	(26)
Bought CAD 2 251 Sold USD 1 700 @ 1.3533	07-Mar-2023	(50)
Bought CAD 1 572 Sold USD 1 170 @ 1.3533	07-Mar-2023	(12)
Bought CAD 5 280 Sold USD 3 975 @ 1.3533	10-Mar-2023	(100)
		<u>(310)</u>
<b>TOTAL FOREIGN EXCHANGE</b>		<b>600</b>

All counterparties have a credit rating of at least A.

\$349 Government of Canada Treasury Bills are held as collateral by counterparties with respect to the above foreign exchange contracts.

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

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 3.65% to 4.41% and mature between January 3, 2023 and May 25, 2023.



### Statements of Financial Position

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	December 31 2022	December 31 2021
<b>ASSETS</b>		
Investments at fair value	\$ 3 091 819	\$ 3 263 277
Cash	1 672	1 161
Subscriptions receivable	906	1 026
Unrealized gain on foreign exchange contracts	910	951
Dividends receivable, interest accrued and other assets	9 545	10 484
<b>TOTAL ASSETS</b>	<b>3 104 852</b>	<b>3 276 899</b>
<b>LIABILITIES</b>		
Due to investment dealers	3 054	–
Redemptions payable	1 365	1 413
Unrealized loss on foreign exchange contracts	310	1 128
Distributions payable	1 501	1 227
Accounts payable and accrued expenses	3 308	3 299
<b>TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>	<b>9 538</b>	<b>7 067</b>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")</b>	<b>\$ 3 095 314</b>	<b>\$ 3 269 832</b>
Investments at cost	\$ 2 772 868	\$ 2 497 706
<b>NAV</b>		
<b>SERIES A</b>	\$ 1 487 469	\$ 1 579 546
<b>ADVISOR SERIES</b>	\$ –	\$ 41 937
<b>SERIES T5</b>	\$ 7 659	\$ 147
<b>SERIES D</b>	\$ 49 695	\$ 283 423
<b>SERIES F</b>	\$ 1 257 278	\$ 821 419
<b>SERIES FT5</b>	\$ 13 626	\$ 511
<b>SERIES O</b>	\$ 279 587	\$ 542 849
<b>NAV PER UNIT</b>		
<b>SERIES A</b>	\$ 28.48	\$ 31.26
<b>ADVISOR SERIES</b>	\$ –	\$ 31.59
<b>SERIES T5</b>	\$ 9.50	\$ 10.47
<b>SERIES D</b>	\$ 33.35	\$ 36.27
<b>SERIES F</b>	\$ 35.45	\$ 38.44
<b>SERIES FT5</b>	\$ 9.60	\$ 10.48
<b>SERIES O</b>	\$ 36.54	\$ 39.30

### Statements of Comprehensive Income

(in \$000s except per unit amounts)

For the periods ended December 31 (see note 2 in the generic notes)	2022	2021
<b>INCOME (see note 3 in the generic notes)</b>		
Dividends	\$ 122 614	\$ 97 813
Interest for distribution purposes	2 192	511
Income from investment trusts	13 890	5 417
Derivative income (loss)	(7 659)	4 467
Net realized gain (loss) on investments	244 765	188 364
Change in unrealized gain (loss) on investments	(445 843)	511 635
<b>TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES</b>	<b>(70 041)</b>	<b>808 207</b>
Other income (loss)	955	–
Securities lending revenue (see note 7 in the generic notes)	345	229
Net gain (loss) on foreign cash balances	76	352
<b>TOTAL OTHER INCOME (LOSS)</b>	<b>1 376</b>	<b>581</b>
<b>TOTAL INCOME (LOSS)</b>	<b>(68 665)</b>	<b>808 788</b>
<b>EXPENSES (see notes – Fund Specific Information)</b>		
Management fees	33 876	31 197
Administration fees	2 992	2 618
Independent Review Committee costs	2	2
GST/HST	3 497	3 226
Transaction costs	1 557	1 727
Withholding tax	126	413
<b>TOTAL EXPENSES</b>	<b>42 050</b>	<b>39 183</b>
<b>INCREASE (DECREASE) IN NAV</b>	<b>\$ (110 715)</b>	<b>\$ 769 605</b>
<b>INCREASE (DECREASE) IN NAV</b>		
<b>SERIES A</b>	\$ (65 548)	\$ 374 391
<b>ADVISOR SERIES</b>	\$ 3 107	\$ 10 807
<b>SERIES T5</b>	\$ (917)	\$ 8
<b>SERIES D</b>	\$ 17 051	\$ 65 275
<b>SERIES F</b>	\$ (75 841)	\$ 184 948
<b>SERIES FT5</b>	\$ (1 345)	\$ 12
<b>SERIES O</b>	\$ 12 778	\$ 134 164
<b>INCREASE (DECREASE) IN NAV PER UNIT</b>		
<b>SERIES A</b>	\$ (1.27)	\$ 7.34
<b>ADVISOR SERIES</b>	\$ 8.90	\$ 7.54
<b>SERIES T5</b>	\$ (1.54)	\$ 0.74
<b>SERIES D</b>	\$ 5.20	\$ 8.65
<b>SERIES F</b>	\$ (2.42)	\$ 9.21
<b>SERIES FT5</b>	\$ (1.41)	\$ 0.60
<b>SERIES O</b>	\$ 1.39	\$ 9.83



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

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

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in NAV	\$ (110 715)	\$ 769 605
<b>ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS</b>		
Interest for distribution purposes	(1 781)	–
Non-cash dividends	(12 890)	(963)
Non-cash distributions from underlying funds	–	–
Net realized loss (gain) on investments	(244 765)	(188 364)
Change in unrealized loss (gain) on investments	445 843	(511 635)
(Increase) decrease in accrued receivables	939	(707)
Increase (decrease) in accrued payables	9	437
(Increase) decrease in margin accounts	–	–
Cost of investments purchased*	(2 992 170)	(2 246 376)
Proceeds from sale and maturity of investments*	2 979 498	2 379 929
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>63 968</b>	<b>201 926</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of redeemable units*	655 947	272 263
Cash paid on redemption of redeemable units*	(693 724)	(451 011)
Distributions paid to holders of redeemable units	(25 680)	(23 216)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>\$ (63 457)</b>	<b>\$ (201 964)</b>
Net increase (decrease) in cash for the period	511	(38)
Cash (bank overdraft), beginning of period	1 161	1 199
<b>CASH (BANK OVERDRAFT), END OF PERIOD</b>	<b>\$ 1 672</b>	<b>\$ 1 161</b>
Interest received (paid) <sup>†</sup>	\$ 333	\$ 499
Income from investment trusts received (paid) <sup>†‡</sup>	\$ 14 874	\$ 5 492
Dividends received (paid) <sup>†‡</sup>	\$ 108 920	\$ 95 668

\* Excludes in-kind transactions.

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

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





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 D	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>NAV AT BEGINNING OF PERIOD</b>	<b>\$ 1 579 546</b>	<b>\$ 1 370 105</b>	<b>\$ 41 937</b>	<b>\$ 43 792</b>	<b>\$ 147</b>	<b>\$ –</b>	<b>\$ 283 423</b>	<b>\$ 222 505</b>
<b>INCREASE (DECREASE) IN NAV</b>	<b>(65 548)</b>	<b>374 391</b>	<b>3 107</b>	<b>10 807</b>	<b>(917)</b>	<b>8</b>	<b>17 051</b>	<b>65 275</b>
Early redemption fees	–	–	–	–	–	–	5	3
Proceeds from redeemable units issued	279 175	121 171	439	1 163	10 254	142	35 547	46 419
Reinvestments of distributions to holders of redeemable units	75 945	76 003	637	2 034	129	1	5 426	13 091
Redemption of redeemable units	(298 106)	(278 131)	(45 406)	(13 542)	(1 621)	–	(285 642)	(49 352)
<b>NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS</b>	<b>57 014</b>	<b>(80 957)</b>	<b>(44 330)</b>	<b>(10 345)</b>	<b>8 762</b>	<b>143</b>	<b>(244 664)</b>	<b>10 161</b>
Distributions from net income	(56 054)	(29 238)	(337)	(825)	(167)	(1)	(3 768)	(4 966)
Distributions from net gains	(27 489)	(54 755)	(377)	(1 492)	(166)	(3)	(2 347)	(9 552)
Distributions from capital	–	–	–	–	–	–	–	–
<b>TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS</b>	<b>(83 543)</b>	<b>(83 993)</b>	<b>(714)</b>	<b>(2 317)</b>	<b>(333)</b>	<b>(4)</b>	<b>(6 115)</b>	<b>(14 518)</b>
<b>NET INCREASE (DECREASE) IN NAV</b>	<b>(92 077)</b>	<b>209 441</b>	<b>(41 937)</b>	<b>(1 855)</b>	<b>7 512</b>	<b>147</b>	<b>(233 728)</b>	<b>60 918</b>
<b>NAV AT END OF PERIOD</b>	<b>\$ 1 487 469</b>	<b>\$ 1 579 546</b>	<b>\$ –</b>	<b>\$ 41 937</b>	<b>\$ 7 659</b>	<b>\$ 147</b>	<b>\$ 49 695</b>	<b>\$ 283 423</b>

For the periods ended December 31 (see note 2 in the generic notes)	Series F		Series FT5		Series O		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>NAV AT BEGINNING OF PERIOD</b>	<b>\$ 821 419</b>	<b>\$ 607 253</b>	<b>\$ 511</b>	<b>\$ –</b>	<b>\$ 542 849</b>	<b>\$ 457 398</b>	<b>\$ 3 269 832</b>	<b>\$ 2 701 053</b>
<b>INCREASE (DECREASE) IN NAV</b>	<b>(75 841)</b>	<b>184 948</b>	<b>(1 345)</b>	<b>12</b>	<b>12 778</b>	<b>134 164</b>	<b>(110 715)</b>	<b>769 605</b>
Early redemption fees	1	–	–	–	–	–	6	3
Proceeds from redeemable units issued	712 365	154 488	17 824	504	30 633	12 839	1 086 237	336 726
Reinvestments of distributions to holders of redeemable units	45 534	28 464	133	8	18 249	26 922	146 053	146 523
Redemption of redeemable units	(184 580)	(112 572)	(2 957)	–	(305 780)	(60 749)	(1 124 092)	(514 346)
<b>NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS</b>	<b>573 320</b>	<b>70 380</b>	<b>15 000</b>	<b>512</b>	<b>(256 898)</b>	<b>(20 988)</b>	<b>108 204</b>	<b>(31 094)</b>
Distributions from net income	(41 637)	(13 948)	(360)	(3)	(11 868)	(9 485)	(114 191)	(58 466)
Distributions from net gains	(19 983)	(27 214)	(180)	(10)	(7 274)	(18 240)	(57 816)	(111 266)
Distributions from capital	–	–	–	–	–	–	–	–
<b>TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS</b>	<b>(61 620)</b>	<b>(41 162)</b>	<b>(540)</b>	<b>(13)</b>	<b>(19 142)</b>	<b>(27 725)</b>	<b>(172 007)</b>	<b>(169 732)</b>
<b>NET INCREASE (DECREASE) IN NAV</b>	<b>435 859</b>	<b>214 166</b>	<b>13 115</b>	<b>511</b>	<b>(263 262)</b>	<b>85 451</b>	<b>(174 518)</b>	<b>568 779</b>
<b>NAV AT END OF PERIOD</b>	<b>\$ 1 257 278</b>	<b>\$ 821 419</b>	<b>\$ 13 626</b>	<b>\$ 511</b>	<b>\$ 279 587</b>	<b>\$ 542 849</b>	<b>\$ 3 095 314</b>	<b>\$ 3 269 832</b>



December 31, 2022

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

The investment objective of the Fund is to provide a high level of monthly cash flow, relatively tax-efficient distributions consisting primarily of returns of capital, capital gains and interest income, as well as the potential for modest capital growth.

Effective April 11, 2022, all Advisor Series units with a deferred sales charge option were re-designated as Series A units. Any redemption fees associated with such re-designations were waived by RBC GAM.

Series T5 and Series FT5 units were started July 12, 2021.

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

**Concentration risk (%)**

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

Investment mix	December 31 2022	December 31 2021
Financials	33.6	35.3
Energy	17.1	16.3
Real Estate	10.0	8.4
Industrials	8.9	8.5
Utilities	8.9	7.6
Materials	8.2	10.3
Communication Services	4.8	5.0
Consumer Discretionary	2.6	2.5
Consumer Staples	1.7	2.6
Health Care	0.8	1.0
Information Technology	0.6	–
Convertible Bonds	0.3	0.4
Cash/Other	2.5	2.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

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

The table below shows the impact of a 10% 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 2022	December 31 2021
S&P/TSX Capped Composite		
Total Return Index	+ or - 9.9	+ or - 10.2

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

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

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

The following is a summary of the inputs used as of December 31, 2022 and 2021.

December 31, 2022	Level 1	Level 2	Level 3	Total
<b>Equities</b>	<b>3 003 779</b>	<b>8 327</b>	<b>–</b>	<b>3 012 106</b>
<b>Underlying funds</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Fixed-income and debt securities</b>	<b>–</b>	<b>8 264</b>	<b>–</b>	<b>8 264</b>
<b>Short-term investments</b>	<b>–</b>	<b>71 449</b>	<b>–</b>	<b>71 449</b>
<b>Derivatives – assets</b>	<b>–</b>	<b>910</b>	<b>–</b>	<b>910</b>
<b>Derivatives – liabilities</b>	<b>–</b>	<b>(310)</b>	<b>–</b>	<b>(310)</b>
<b>Total financial instruments</b>	<b>3 003 779</b>	<b>88 640</b>	<b>–</b>	<b>3 092 419</b>
<b>% of total portfolio</b>	<b>97.1</b>	<b>2.9</b>	<b>–</b>	<b>100.0</b>

December 31, 2021	Level 1	Level 2	Level 3	Total
<b>Equities</b>	<b>3 174 900</b>	<b>14 008</b>	<b>–</b>	<b>3 188 908</b>
<b>Underlying funds</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Fixed-income and debt securities</b>	<b>–</b>	<b>12 048</b>	<b>–</b>	<b>12 048</b>
<b>Short-term investments</b>	<b>–</b>	<b>62 321</b>	<b>–</b>	<b>62 321</b>
<b>Derivatives – assets</b>	<b>–</b>	<b>951</b>	<b>–</b>	<b>951</b>
<b>Derivatives – liabilities</b>	<b>–</b>	<b>(1 128)</b>	<b>–</b>	<b>(1 128)</b>
<b>Total financial instruments</b>	<b>3 174 900</b>	<b>88 200</b>	<b>–</b>	<b>3 263 100</b>
<b>% of total portfolio</b>	<b>97.3</b>	<b>2.7</b>	<b>–</b>	<b>100.0</b>

For the period ended December 31, 2022, there were no transfers of financial instruments between Level 1, Level 2 and Level 3. For the period ended December 31, 2021, there were transfers of \$18,781 of financial instruments into Level 1 from Level 2.

**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	1.60%	0.10%
Advisor Series	1.60%	0.10%
Series T5	1.60%	0.10%
Series D	0.85%	0.10%
Series F	0.60%	0.10%
Series FT5	0.60%	0.10%
Series O	n/a*	0.02%

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



December 31, 2022

**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 2022	December 31 2021
<b>Units held</b>		
Series A	151	–
Series T5	440	103
Series D	35	–
Series F	103	–
Series FT5	289	103
Series O	72	36
<b>Value of all units</b>	<b>19</b>	<b>4</b>

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

The Fund had no capital or non-capital losses as at December 31, 2022.

**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)

	2022	2021
<b>Series A</b>		
Opening units	50 534	53 438
Issued number of units	8 759	4 144
Reinvested number of units	2 479	2 559
Redeemed number of units	(9 535)	(9 607)
Ending number of units	<b>52 237</b>	<b>50 534</b>

**Advisor Series**

Opening units	1 328	1 690
Issued number of units	13	40
Reinvested number of units	19	68
Redeemed number of units	(1 360)	(470)
Ending number of units	–	1 328

**Series T5**

Opening units	14	–
Issued number of units	946	14
Reinvested number of units	12	–
Redeemed number of units	(165)	–
Ending number of units	<b>807</b>	<b>14</b>

**Series D**

Opening units	7 814	7 544
Issued number of units	935	1 368
Reinvested number of units	147	380
Redeemed number of units	(7 406)	(1 478)
Ending number of units	<b>1 490</b>	<b>7 814</b>

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

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

	2022	2021
<b>Series F</b>		
Opening units	21 370	19 487
Issued number of units	17 788	4 297
Reinvested number of units	1 209	780
Redeemed number of units	(4 898)	(3 194)
Ending number of units	<b>35 469</b>	<b>21 370</b>

**Series FT5**

Opening units	49	–
Issued number of units	1 659	48
Reinvested number of units	13	1
Redeemed number of units	(301)	–
Ending number of units	<b>1 420</b>	<b>49</b>

**Series O**

Opening units	13 812	14 468
Issued number of units	808	350
Reinvested number of units	462	724
Redeemed number of units	(7 431)	(1 730)
Ending number of units	<b>7 651</b>	<b>13 812</b>

**Transaction costs (\$000s except %)**

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

	December 31 2022		December 31 2021	
	\$	%	\$	%
Total transaction costs	1 557	100	1 727	100
Related-party brokerage commissions*	197	13	235	14
Commission arrangements <sup>†</sup>	575	37	488	28

\* See note 8 in the generic notes.

<sup>†</sup> 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 2022	December 31 2021
Fair value of securities loaned	197 377	122 438
Fair value of collateral received	201 325	124 887

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 2022		December 31 2021	
	\$	%	\$	%
Gross revenue	467	100	315	100
RBC IS (paid)	(117)	(25)	(79)	(25)
Tax withheld	(5)	(1)	(7)	(2)
Fund revenue	<b>345</b>	<b>74</b>	<b>229</b>	<b>73</b>



December 31, 2022

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

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

	December 31 2022	December 31 2021
RBC Balanced Growth & Income Class	–	1.4
RBC Canadian Equity Income Class	–	5.2
RBC Conservative Growth & Income Fund	0.7	0.9
RBC Managed Payout Solution – Enhanced	4.0	4.7
RBC Managed Payout Solution – Enhanced Plus	3.6	3.8
<b>Total</b>	<b>8.3</b>	<b>16.0</b>

**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, 2022	Assets	Liabilities
<b>Gross amounts – assets (liabilities)</b>	<b>910</b>	<b>(310)</b>
<b>Amounts set-off in the Statements of Financial Position</b>	–	–
<b>Net amounts presented in the Statements of Financial Position</b>	<b>910</b>	<b>(310)</b>
<b>Related amounts not set-off</b>	<b>(114)</b>	<b>114</b>
<b>Collateral (received) pledged</b>	<b>(439)</b>	<b>11</b>
<b>Net amount</b>	<b>357</b>	<b>(185)</b>

December 31, 2021	Assets	Liabilities
<b>Gross amounts – assets (liabilities)</b>	<b>951</b>	<b>(1 128)</b>
<b>Amounts set-off in the Statements of Financial Position</b>	–	–
<b>Net amounts presented in the Statements of Financial Position</b>	<b>951</b>	<b>(1 128)</b>
<b>Related amounts not set-off</b>	<b>(333)</b>	<b>333</b>
<b>Collateral (received) pledged</b>	<b>(133)</b>	<b>166</b>
<b>Net amount</b>	<b>485</b>	<b>(629)</b>

**Fund merger (000s except exchange ratios)**

At the close of business on April 8, 2022, the RBC Canadian Equity Income Class was merged into the RBC Canadian Equity Income Fund. The acquisition method of accounting was adopted for the fund merger. Under this method, the Continuing Fund is identified as the acquiring fund and the Terminated Fund is the acquired fund. This identification was based on aspects of the Continuing Fund such as investment objectives, portfolio composition and asset size of the Fund.

Details of the RBC Canadian Equity Income Class (the “Terminated Fund”) and the RBC Canadian Equity Income Fund (the “Continuing Fund”) are as follows:

Net assets acquired by Continuing Fund	
Series A	\$ 63 434
Series T5	\$ 6 146
Series D	\$ 19 738
Series F	\$ 88 530
Series FT5	\$ 9 291
Series O	\$ 1 101
Exchange ratio Series A	0.59
Units issued by Continuing Fund Series A	1 907
Exchange ratio Series T5	1.43
Units issued by Continuing Fund Series T5	552
Exchange ratio Series D	0.52
Units issued by Continuing Fund Series D	510
Exchange ratio Series F	0.49
Units issued by Continuing Fund Series F	2 157
Exchange ratio Series FT5	1.61
Units issued by Continuing Fund Series FT5	832
Exchange ratio Series O	0.49
Units issued by Continuing Fund Series O	26

The Continuing Fund identified above acquired all of the assets and assumed all of the liabilities of the Terminated Fund at their fair market value, in return for the issuance by the Continuing Fund of its units equal in value to the net assets transferred from the Terminated Fund. As a result, the unitholders of the Terminated Fund became unitholders of the Continuing Fund. After the merger, the Terminated Fund was wound up.

As at April 8, 2022, all of the investments of the Terminated Fund were disposed of at their fair market value to the Continuing Fund.

The financial statements of the Continuing Fund include the operating results of the Terminated Fund from the date of the merger. All comparative information in these financial statements is that of the Continuing Fund only.



December 31, 2022

Under the tax reorganization rules in the *Income Tax Act* (Canada), the merger took place on a tax-deferred or “rollover” basis, and both the Terminated Fund and the Continuing Fund are deemed to have a taxation year-end as at April 8, 2022. Those investments with unrealized losses were deemed to have been disposed of at their fair market value and investments with unrealized gains were deemed to be disposed of at their fair market value or at their elected amount. The Fund had no tax liability as at April 8, 2022. All capital and non-capital loss carryforwards expired as a result of the fund merger.

None of the costs related to the merger have been charged to the funds or to the unitholders.

December 31, 2022

## 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 9, 2023.

The Funds may issue an unlimited number of units in some or all of Series A, Series AZ, Advisor Series, Advisor T5 Series, Series T5, Series T8, Series H, Series D, Series DZ, Series F, Series FZ, Series FT5, Series FT8, Series I, Series N and Series O. Effective April 11, 2022, Advisor Series and Advisor T5 Series are no longer offered for sale.

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

Advisor Series units and Advisor T5 Series units were available to all investors through authorized dealers. Effective April 11, 2022, all Advisor Series and Advisor T5 Series units were re-designated as Series A and Series T5 units, as applicable.

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

Series I units have no sales charges, have lower fees than Series F units, Series FT5 units and Series FT8 units and are only available to investors who invest and maintain

the required minimum balance and who have accounts with dealers who have signed a fee-based agreement with RBC GAM.

Series N units are only available to related funds.

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

## 2. Financial year

The information provided in these financial statements and notes thereto is as at December 31, 2022 and December 31, 2021, as applicable, and for the 12-month periods ended December 31, 2022 and December 31, 2021, as applicable, except for Funds or series established during either period, in which case the information for the Fund, or series, is provided for the period from the start date as described in the Notes to Financial Statements – Fund Specific Information of the Fund.

## 3. Summary of significant accounting policies

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

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

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.

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

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

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

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

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

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

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

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

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

**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;

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*Level 2* – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), including broker quotes, vendor prices, vendor fair value factors and prices of underlying funds that are not daily traded; and

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

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

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

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

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

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

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

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

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

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

Options purchased and options written (sold) are recorded as investments in the Statements of Financial Position. These investments are reported at fair value in the Statements of Financial Position, and unrealized gain or loss at the close

of business on each valuation date is recorded in "Change in unrealized gain (loss) on investments" in the Statements of Comprehensive Income.

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

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

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

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



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

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

**Underlying Funds** – Underlying funds that are not exchange-traded funds are valued at their respective NAV per unit from fund companies on the relevant valuation dates and underlying funds that are exchange-traded funds are valued at market close on the relevant valuation dates.

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

Management also has procedures where the Funds primarily employ a market-based approach, which may use related or comparable assets or liabilities, NAV per unit (for exchange-traded funds), recent transactions, market multiples, book values and other relevant information for

the investment to determine its fair value. The Funds may also use an income-based valuation approach in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments, but only if they arise as a feature of the instrument itself. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed.

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

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

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

**Functional Currency** The Funds, with the exceptions below, have their subscriptions, redemptions and performance denominated in Canadian dollars and, consequently, the Canadian dollar is the functional currency for the Funds. Phillips, Hager & North \$U.S. Money Market Fund, RBC \$U.S. Money Market Fund, RBC Premium \$U.S. Money Market Fund, RBC \$U.S. Short-Term Government Bond Fund, RBC \$U.S. Short-Term Corporate Bond Fund, RBC \$U.S. Global Bond Fund, RBC \$U.S. Investment Grade Corporate Bond Fund, RBC \$U.S. High Yield Bond Fund, RBC \$U.S. Strategic Income Bond Fund, BlueBay \$U.S. Global Investment Grade Corporate Bond Fund (Canada), BlueBay \$U.S. Global High Yield Bond Fund (Canada), BlueBay Emerging Markets Bond Fund (Canada), BlueBay Emerging Markets Local Currency Bond Fund (Canada), BlueBay Emerging Markets Corporate Bond Fund, BlueBay Emerging Markets High Yield Corporate Bond Fund (Canada), RBC \$U.S. Core Bond Pool, RBC \$U.S. Core Plus Bond Pool, RBC U.S. Monthly Income Fund and RBC \$U.S. Global Balanced Portfolio (collectively, the “USD Funds”) have their subscriptions, redemptions and performance denominated in U.S. dollars and, consequently, the U.S. dollar is the functional currency for these Funds.

**Foreign Exchange** The value of investments and other assets and liabilities in foreign currencies is translated into Canadian dollars (U.S. dollars in the case of the USD Funds)

at the rate of exchange on each valuation date. Gains/losses on foreign cash balances are included in “Net gain (loss) on foreign cash balances” in the Statements of Comprehensive Income. Purchases and sales of investments, income and expenses are translated at the rate of exchange prevailing on the respective dates of such transactions. Realized foreign exchange gains/losses on spot and forward currency contracts are included in “Derivative income (loss)” in the Statements of Comprehensive Income.

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

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

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

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

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

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

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

#### **In-Kind Transactions and Switches Between Different**

**Series of the Same Fund** In accordance with IAS 7, the Funds exclude non-cash transactions from their operating and financing activities within the Statements of Cash Flow. The primary differences between amounts issued and redeemed within the Statements of Changes in NAV and the Statements of Cash Flow relate to in-kind transactions and switches between series of the same Fund. Similarly, the “Cost of investments purchased” and “Proceeds from sale and maturity of investments” within the Statements of Cash Flow appropriately exclude in-kind transactions.

#### **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.

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***Fair value measurement of securities not quoted in an active market***

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

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

**5. Financial instrument risk and capital management**

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

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

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

In February 2022, Russian forces invaded Ukraine, resulting in an armed conflict and economic sanctions on Russia. Price volatility, trading restrictions, including the potential for extended halting of Russian market trading, and general default risk related to Russian securities may have an adverse impact on the financial performance of a Fund. The manager is actively monitoring the situation.

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

These risks include a Fund's direct risks and pro rata exposure to the risks of underlying funds, as applicable.

***Liquidity risk***

Liquidity risk is the possibility that investments in a Fund cannot be readily converted into cash when required. A Fund is exposed to daily cash redemptions of redeemable units. Liquidity risk is managed by investing the majority of a Fund's assets in investments that are traded in an active market and that can be readily disposed. In accordance with securities regulations, a Fund must maintain at least 90% of its assets in liquid investments. In addition, a Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity, and has the ability to borrow up to 5% of its NAV for the purpose of funding redemptions. All non-derivative financial liabilities, other than redeemable units, are due within 90 days.

***Credit risk***

Credit risk is the risk that a loss could arise from a security issuer or counterparty not being able to meet its financial obligations. The carrying amount of investments and other assets represents the maximum credit risk exposure as disclosed in a Fund's Statements of Financial Position. The Funds measure credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any expected credit loss. All other receivables, amounts due from brokers, cash, margin and short-term deposits are held with counterparties with a credit rating of BBB- 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

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segment. Financial instruments in the same category have similar characteristics and may be affected similarly by changes in economic or other conditions.

**Interest rate risk**

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

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

**Currency risk**

Currency risk is the risk that the value of investments denominated in currencies, other than the functional currency of a Fund, will fluctuate due to changes in foreign exchange rates. The value of investments denominated in a currency other than the functional currency is affected by changes in the value of the functional currency in relation to the value of the currency in which the investment is denominated. When the value of the functional currency falls in relation to foreign currencies, then the value of the foreign investments rises. When the value of the functional currency rises, the value of the foreign investments falls. The currency risk as disclosed in the Fund Specific Information in the Notes to Financial Statements represents the monetary and non-monetary foreign exchange exposure of a Fund.

**Other price risk**

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

**6. Taxes**

The Funds qualify as open-ended mutual fund trusts or unit trusts under the *Income Tax Act* (Canada) (the "Tax Act"). In general, the Funds are subject to income tax; however, no

income tax is payable on net income and/or net realized capital gains which are distributed to unitholders. Since the Funds do not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the Statements of Financial Position as a deferred income tax asset. In addition, for mutual fund trusts, income taxes payable on net realized capital gains are refundable on a formula basis when units of the Funds are redeemed. It is the intention of the Funds to pay out all net income and realized capital gains each year so that the Funds will not be subject to income taxes. Accordingly, no provision for income taxes is recorded.

If a Fund is not a mutual fund trust under the Tax Act throughout a taxation year, the Fund (i) may become liable for alternative minimum tax under the Tax Act in such year, (ii) would not be eligible for capital gains refunds under the Tax Act in such year, (iii) may be subject to the "mark-to-market" rules described below and (iv) may be subject to a special tax under Part XII.2 of the Tax Act described below in such year.

If a Fund does not qualify as a mutual fund trust and more than 50% (calculated on a fair market value basis) of the units of the Fund are held by one or more unitholders that are considered to be "financial institutions" for the purposes of certain special mark-to-market rules in the Tax Act, then the Fund itself will be treated as a financial institution under those special rules. Under those rules, the Fund will be required to recognize at least annually on income account any gains and losses accruing on certain types of debt obligations and equity securities that it holds and also will be subject to special rules with respect to income inclusion on these securities. Any income arising from such treatment will be included in amounts to be distributed to unitholders. If more than 50% of the units of the Fund cease to be held by financial institutions, the tax year of the Fund will be deemed to end immediately before that time and any gains or losses accrued before that time will be deemed realized by the Fund and will be distributed to unitholders. A new taxation year for the Fund will then begin and for that and subsequent taxation years, for so long as not more than 50% of the units of the Fund are held by financial institutions, the Fund will not be subject to these special mark-to-market rules.

If at any time in a year a Fund that is not a mutual fund trust under the Tax Act throughout that year has a unitholder that is a "designated beneficiary", the Fund will be subject to a special tax at the rate of 40% under Part XII.2 of the Tax Act

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on its “designated income” within the meaning of the Tax Act. A “designated beneficiary” includes a non-resident, and “designated income” includes taxable capital gains from dispositions of “taxable Canadian property” and income from business carried on in Canada (which could include gains on certain derivatives). Where a Fund is subject to tax under Part XII.2 of the Tax Act, the Fund may make a designation which will result in unitholders that are not designated beneficiaries receiving a tax credit with respect to their share of the Part XII.2 tax paid by the Fund.

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.

The total amount of distributions for Series T5 and Series FT5 units for a year may exceed the Series T5 and Series FT5 units’ share of income and capital gains earned by the fund, respectively, in that year. This excess amount will be treated as a return of capital to the unitholder. Return of capital represents a return to the unitholder of a portion of their own invested capital.

## **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.

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

Notwithstanding the fixed administration fee, the Funds also pay certain operating expenses directly, including any costs and expenses of the Independent Review Committee (“IRC”) of the Funds that are not related to annual fees, meeting fees and reimbursement for expenses to members of the IRC, the cost of any new government or regulatory requirements introduced and any borrowing costs (collectively, “other fund costs”), and taxes (including, but not limited to, GST/HST). RBC GAM, not the Funds, is responsible for the costs related to annual fees, meeting fees and reimbursement for expenses to members of the IRC. Other fund costs are allocated proportionately to each series based upon the relative NAV of each series. RBC GAM may, in some years and in certain cases, absorb a portion of operating expenses. The decision to absorb the operating expenses is reviewed annually and determined at the discretion of RBC GAM, without notice to unitholders.

Certain Funds may invest in units of other Funds managed by RBC GAM or its affiliates (“underlying funds”). A Fund will not invest in units of an underlying fund if the Fund would be required to pay any management or incentive fees in respect of that investment that a reasonable person would believe duplicates a fee payable by the underlying fund for the same service. To the extent a Fund invests in underlying funds managed by RBC GAM or its affiliates, the fees and expenses payable by the underlying funds are in addition to the fees and expenses payable by the Fund. However, a Fund may only invest in one or more underlying funds provided that no management fees or incentive fees are payable that would duplicate a fee payable by the underlying fund for the same

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service. The Fund's ownership interest in underlying funds is disclosed in the Notes to Financial Statements – Fund Specific Information.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Funds, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Funds also maintain bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the Funds in the course of their normal business, all of which are wholly owned subsidiaries of Royal Bank of Canada, are discussed below.

**Sub-Advisors**

RBC Global Asset Management (U.S.) Inc. is the sub-advisor for:

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

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

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

- RBC Global Balanced Fund (for a portion of the Fund)
  - RBC Vision Balanced Fund (for a portion of the Fund)
  - RBC International Dividend Growth Fund
  - RBC International Equity Fund (for the European equity portion of the Fund)
  - RBC International Equity Currency Neutral Fund (for the European equity portion of the underlying fund)
  - RBC European Equity Fund
  - RBC European Mid-Cap Equity Fund
  - RBC Emerging Markets Multi-Strategy Equity Fund (for the underlying funds)
  - RBC Emerging Markets Dividend Fund
  - RBC Emerging Markets ex-China Dividend Fund
  - RBC Emerging Markets Equity Fund
  - RBC Emerging Markets Equity Focus Fund
  - RBC Vision Fossil Fuel Free Emerging Markets Equity Fund
  - RBC Emerging Markets Small-Cap Equity Fund
  - RBC Global Dividend Growth Fund
  - RBC Global Dividend Growth Currency Neutral Fund
  - RBC Global Equity Fund
  - RBC Vision Global Equity Fund
  - RBC Vision Fossil Fuel Free Global Equity Fund
  - RBC Global Equity Focus Fund
  - RBC Global Equity Focus Currency Neutral Fund (for the underlying fund)
  - RBC Global Equity Leaders Fund
  - RBC Global Equity Leaders Currency Neutral Fund (for the underlying fund)
  - Phillips, Hager & North Overseas Equity Fund
  - Phillips, Hager & North Global Equity Fund
- RBC Global Asset Management (Asia) Limited is the sub-advisor for:
- RBC Balanced Fund (for the Asian equity portion of the Fund)
  - RBC Global Balanced Fund (for the Asian equity portion of the Fund)
  - RBC Vision Balanced Fund (for the Asian equity portion of the Fund)
  - RBC International Dividend Growth Fund (for the Asian equity portion of the Fund)
  - RBC International Equity Fund (for the Asian equity portion of the Fund)
  - RBC International Equity Currency Neutral Fund (for the Asian equity portion of the underlying fund)
  - RBC Asian Equity Fund (for the underlying funds)
  - RBC Asia Pacific ex-Japan Equity Fund
  - RBC China Equity Fund
  - RBC Japanese Equity Fund

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

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

**Trustee**

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

**Distributors**

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

**Custodian**

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

**Registrars**

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

**Brokers and Dealers**

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

**Securities Lending Agent**

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

**Mortgage Administrator Agent**

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

**Other Related-Party Transactions**

Pursuant to applicable securities legislation, the Funds relied on the standing instructions from the IRC with respect to one or more of the following transactions:

**Related-Party Trading Activities**

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

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*Inter-Fund Trading*

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

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

**9. Presentation changes in the financial statements**

As a result of an accounting system change during the year ended December 31, 2022, the Funds have changed the presentation of certain items related to the cost of investments with accretion of discounts or premiums. In the current year, where applicable, the discount on short-term investments is now accreted into the cost of investments where previously such amounts were recorded as interest receivable. Additionally, the discount or premium related to convertible strip bonds is now accreted or amortized to the cost of investments. Comparatives have not been reclassified in the financial statements as the information required to achieve comparability is not available. As a result of this presentation change, amounts previously presented as “Change in unrealized gain (loss) on investments” are now presented as “Interest for distribution purposes” in the Statements of Comprehensive Income for convertible strip bonds, and there is a non-cash adjustment in the Statements of Cash Flow “Interest for distribution purposes”, for the period ended December 31, 2022. Previously, such amounts were adjusted in the Statements of Cash Flow in “(Increase) decrease in accrued receivables” and “Proceeds from sale and maturity of investments”, where applicable. There is no impact on Statements of Comprehensive Income as a result of the change in the presentation for the short-term investments.

**10. Revision to comparatives**

With respect to RBC Canadian Mid-Cap Equity Fund, comparative figures on the Statements of Changes in NAV and Comprehensive Income have been revised to reflect the redesignation of Series F-redesignated to Series I. Previously, Series F-redesignated amounts were presented separately, and have now been adjusted to reflect the redesignation to Series I on a combined basis.