

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.



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

August 11, 2020



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

**Unaudited Interim Financial Statements**

The accompanying interim financial statements have not been reviewed by the external auditors of the Funds. The external auditors will be auditing the annual financial statements of the Funds in accordance with Canadian generally accepted auditing standards.



SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in \$000s)  
**RBC U.S. EQUITY FUND**

June 30, 2020

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>COMMON EQUITIES</b>				
<b>Communication Services</b>				
130 400	Activision Blizzard Inc.	\$ 11 867	\$ 13 432	
38 800	Alphabet Inc., Class A	57 992	74 689	
270 200	AT&T Inc.	11 813	11 076	
26 200	Charter Communications Inc.	14 748	18 129	
276 400	Comcast Corp., Class A	13 936	14 621	
44 600	Electronic Arts Inc.	7 014	7 995	
146 000	Facebook Inc., Class A	36 576	45 007	
22 200	Netflix Inc.	10 017	13 709	
111 200	The Walt Disney Company	17 161	16 823	
23 100	T-Mobile US Inc.	3 405	3 266	
255 800	Verizon Communications Inc.	19 839	19 121	
		<u>204 368</u>	<u>237 868</u>	<b>10.3</b>
<b>Consumer Discretionary</b>				
28 700	Amazon.com, Inc.	59 915	107 436	
19 700	Aptiv Plc.	1 632	2 083	
29 300	D.R. Horton Inc.	2 191	2 204	
16 800	Dollar General Corp.	3 332	4 345	
141 900	General Motors Co.	5 588	4 874	
48 400	Hilton Worldwide Holdings Inc.	5 223	4 826	
107 400	Home Depot Inc.	25 959	36 485	
77 700	Las Vegas Sands Corp.	5 244	4 804	
27 100	Lennar Corp.	2 244	2 266	
89 200	Lowe's Companies	13 225	16 356	
81 100	McDonald's Corp.	16 925	20 292	
86 900	Nike Inc.	9 174	11 565	
178 100	Starbucks Corp.	16 085	17 793	
86 400	Target Corporation	13 260	14 061	
324 600	TJX Companies Inc.	20 548	22 281	
		<u>200 545</u>	<u>271 671</u>	<b>11.8</b>
<b>Consumer Staples</b>				
52 300	Colgate-Palmolive Company	4 328	5 202	
27 200	Costco Wholesale Corp.	9 187	11 193	
82 200	General Mills Inc.	6 871	6 873	
97 700	Mondelez International Inc.	6 185	6 779	
123 500	PepsiCo Inc.	20 072	22 175	
200 200	Philip Morris International Inc.	21 416	19 025	
231 400	The Coca-Cola Co.	15 208	14 022	
186 300	The Procter & Gamble Co.	22 518	30 218	
86 300	Walmart Inc.	10 653	14 022	
		<u>116 438</u>	<u>129 509</u>	<b>5.6</b>
<b>Energy</b>				
206 000	Chevron Corp.	29 812	24 955	
258 100	ConocoPhillips	14 305	14 724	
75 600	Phillips 66 Company	7 159	7 375	
		<u>51 276</u>	<u>47 054</u>	<b>2.0</b>

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Financials</b>				
39 700	American Express Company	\$ 6 333	\$ 5 131	
56 800	Ameriprise Financial Inc.	11 633	11 570	
48 900	Aon Plc.	12 456	12 786	
644 500	Bank of America Corp.	19 388	20 767	
118 300	Berkshire Hathaway Inc., Class B	28 178	28 659	
15 000	BlackRock Inc.	9 183	11 069	
67 000	Chubb Ltd.	12 649	11 506	
209 000	Citigroup Inc.	15 054	14 499	
236 000	JPMorgan Chase & Co.	28 647	30 114	
262 400	Morgan Stanley	14 026	17 206	
31 100	PNC Bank Corp.	4 729	4 441	
31 200	S&P Global Inc.	10 318	13 944	
26 800	T. Rowe Price Group Inc.	4 476	4 496	
68 800	The Goldman Sachs Group Inc.	18 929	18 447	
73 800	The Progressive Corp.	8 326	8 022	
		<u>204 325</u>	<u>212 657</u>	<b>9.2</b>
<b>Health Care</b>				
107 800	Abbott Laboratories	9 733	13 381	
186 600	AbbVie Inc.	18 716	24 872	
36 500	Amgen Inc.	9 509	11 687	
31 300	Anthem Inc.	10 789	11 163	
69 400	Baxter International Inc.	7 005	8 108	
16 000	Becton Dickinson & Co.	5 341	5 197	
144 300	Boston Scientific Corp.	7 267	6 878	
139 300	Bristol-Myers Squibb Co.	10 103	11 115	
79 000	Centene Corp.	6 506	6 818	
33 300	Cigna Corp.	8 481	8 483	
170 800	CVS Health Corp.	14 158	15 056	
66 600	Danaher Corp.	9 880	15 988	
72 659	Eli Lilly & Co.	12 798	16 177	
72 200	Gilead Sciences Inc.	7 541	7 542	
51 200	HCA Healthcare Inc.	8 023	6 741	
19 500	Humana Inc.	9 887	10 265	
189 200	Johnson & Johnson	32 319	36 071	
79 700	Medtronic Plc.	8 730	9 912	
201 700	Merck & Co. Inc.	20 329	21 170	
329 600	Pfizer Inc.	15 745	14 632	
5 900	Regeneron Pharmaceutical	4 857	4 995	
19 500	Stryker Corp.	5 184	4 770	
33 500	Thermo Fisher Scientific Inc.	9 088	16 460	
74 500	UnitedHealth Group Incorporated	19 724	29 801	
15 200	Vertex Pharmaceuticals Inc.	5 615	5 994	
27 000	Zoetis Inc.	3 957	5 028	
		<u>281 285</u>	<u>328 304</u>	<b>14.3</b>

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



June 30, 2020

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Industrials</b>				
37 200	3M Co.	\$ 8 019	\$ 7 878	
31 500	Boeing Co.	8 959	7 831	
35 100	Caterpillar Inc.	5 898	6 028	
41 500	Deere & Co.	9 026	8 854	
92 100	Eaton Corp Plc.	11 570	10 931	
148 500	Emerson Electric Co.	12 711	12 501	
68 400	Honeywell International Inc.	11 992	13 434	
19 200	Illinois Tool Works Inc.	4 461	4 552	
38 600	L3Harris Technologies Inc.	9 587	8 891	
15 800	Lockheed Martin Corporation	8 077	7 828	
41 600	Norfolk Southern Corp.	8 173	9 916	
11 800	Northrop Grumman Corp.	5 134	4 925	
46 100	Parker Hannifin Corp.	9 128	11 470	
180 200	Raytheon Technologies Corp.	23 228	15 075	
33 900	Stanley Black & Decker Inc.	6 245	6 413	
58 200	Union Pacific Corp.	11 397	13 348	
		<u>153 605</u>	<u>149 875</u>	<u>6.5</u>
<b>Information Technology</b>				
37 400	Accenture Plc., Class A	8 142	10 895	
35 200	Adobe Inc.	12 193	20 802	
120 600	Advanced Micro Devices Inc.	7 288	8 608	
59 700	Amphenol Corp., Class A	7 952	7 758	
12 000	Ansys Inc.	4 358	4 753	
271 600	Apple Inc.	76 672	134 444	
57 400	Applied Materials Inc.	3 941	4 711	
36 800	Broadcom Inc.	13 413	15 762	
46 700	Cadence Design Systems Inc.	4 473	6 083	
282 400	Cisco Systems Inc.	17 844	17 881	
63 300	Fidelity National Information Services Inc.	11 402	11 523	
38 200	Fiserv Inc.	5 723	5 058	
262 400	Intel Corp.	17 016	21 313	
56 900	International Business Machines	9 902	9 329	
15 000	Intuit Inc.	5 406	6 032	
11 500	Lam Research Corp.	4 527	5 045	
69 900	Mastercard Inc.	16 034	28 047	
63 600	Micron Technology Inc.	3 946	4 446	
498 100	Microsoft Corp.	45 132	137 618	
47 900	Nvidia Corp.	11 879	24 677	
72 800	PayPal Holdings Inc.	9 382	17 220	
66 800	QUALCOMM Inc.	7 624	8 272	
66 100	Salesforce.com Inc.	12 712	16 822	
11 300	ServiceNow Inc.	5 901	6 214	
22 500	SynOpsys Inc.	4 452	5 956	
55 700	Texas Instruments Inc.	8 516	9 601	
126 100	Visa Inc., Class A	20 039	33 029	
		<u>355 869</u>	<u>581 899</u>	<u>25.3</u>
<b>Materials</b>				
13 500	Air Products & Chemicals Inc.	3 799	4 424	
77 200	DuPont de Nemours Inc.	5 463	5 568	
73 400	Newmont Corp.	5 601	6 152	
34 300	Linde Plc.	9 025	9 877	
		<u>23 888</u>	<u>26 021</u>	<u>1.1</u>

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Real Estate</b>				
28 400	American Tower Corp.			
	Real Estate Investment Trust	\$ 9 413	\$ 9 968	
24 800	Crown Castle International Corp.			
	Real Estate Investment Trust	4 476	5 634	
		<u>13 889</u>	<u>15 602</u>	<u>0.7</u>
<b>Utilities</b>				
111 400	Ameren Corporation	11 129	10 641	
92 800	American Electric Power	8 814	10 033	
70 200	Eversource Energy	7 792	7 931	
192 700	FirstEnergy Corporation	10 750	10 145	
57 000	NextEra Energy Inc.	10 175	18 585	
117 800	Public Service Enterprise Group	8 204	7 860	
		<u>56 864</u>	<u>65 195</u>	<u>2.8</u>
<b>TOTAL COMMON EQUITIES</b>		<u>1 662 352</u>	<u>2 065 655</u>	<u>89.6</u>
<b>UNDERLYING FUNDS</b>				
2 268 692	RBC U.S. Mid-Cap Growth Equity Fund – Series O*	59 816	110 158	
4 645 720	RBC U.S. Mid-Cap Value Equity Fund – Series O*	56 863	51 001	
987 029	RBC U.S. Small-Cap Core Equity Fund – Series O*	12 797	18 327	
		<u>129 476</u>	<u>179 486</u>	<u>7.8</u>
<b>TOTAL UNDERLYING FUNDS</b>		<u>129 476</u>	<u>179 486</u>	<u>7.8</u>
<b>SHORT-TERM INVESTMENTS†</b>				
		<u>44 044</u>	<u>44 055</u>	<u>1.9</u>
<b>TOTAL INVESTMENTS</b>		<u>\$1 835 872</u>	<u>2 289 196</u>	<u>99.3</u>
<b>OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>				
			<u>15 302</u>	<u>0.7</u>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>				
			<u>\$2 304 498</u>	<u>100.0</u>

\* 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 0.15% to 0.55% and mature between July 9, 2020 and July 24, 2020.



**Statements of Financial Position** (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2020	December 31 2019
<b>ASSETS</b>		
Investments at fair value	\$ 2 289 196	\$ 2 182 053
Cash	364	359
Due from investment dealers	17 757	–
Subscriptions receivable	144	229
Dividends receivable, interest accrued and other assets	1 106	1 385
<b>TOTAL ASSETS</b>	<b>2 308 567</b>	<b>2 184 026</b>
<b>LIABILITIES</b>		
Due to investment dealers	2 730	–
Redemptions payable	491	882
Distributions payable	3	2
Accounts payable and accrued expenses	845	901
<b>TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>	<b>4 069</b>	<b>1 785</b>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")</b>	<b>\$ 2 304 498</b>	<b>\$ 2 182 241</b>
Investments at cost	\$ 1 835 872	\$ 1 726 618
<b>NAV</b>		
<b>SERIES A</b>	<b>\$ 421 814</b>	<b>\$ 440 131</b>
<b>ADVISOR SERIES</b>	<b>\$ 8 264</b>	<b>\$ 9 450</b>
<b>SERIES T5</b>	<b>\$ 86</b>	<b>\$ 85</b>
<b>SERIES D</b>	<b>\$ 32 885</b>	<b>\$ 34 009</b>
<b>SERIES F</b>	<b>\$ 110 500</b>	<b>\$ 106 920</b>
<b>SERIES FT5</b>	<b>\$ 579</b>	<b>\$ 382</b>
<b>SERIES O</b>	<b>\$ 1 730 370</b>	<b>\$ 1 591 264</b>
<b>NAV PER UNIT</b>		
<b>SERIES A</b>	<b>\$ 32.85</b>	<b>\$ 32.51</b>
<b>ADVISOR SERIES</b>	<b>\$ 33.01</b>	<b>\$ 32.68</b>
<b>SERIES T5</b>	<b>\$ 31.13</b>	<b>\$ 31.63</b>
<b>SERIES D</b>	<b>\$ 34.94</b>	<b>\$ 34.44</b>
<b>SERIES F</b>	<b>\$ 37.57</b>	<b>\$ 36.98</b>
<b>SERIES FT5</b>	<b>\$ 35.27</b>	<b>\$ 35.63</b>
<b>SERIES O</b>	<b>\$ 36.22</b>	<b>\$ 35.52</b>

**Statements of Comprehensive Income** (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2020	2019
<b>INCOME (see note 3 in the generic notes)</b>		
Dividends	\$ 25 392	\$ 17 264
Interest for distribution purposes	375	1 245
Income from investment trusts	945	1 256
Derivative income	26	15
Net realized gain (loss) on investments	38 474	84 164
Change in unrealized gain (loss) on investments	(2 111)	119 542
<b>TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES</b>	<b>63 101</b>	<b>223 486</b>
Securities lending revenue (see note 7 in the generic notes)	73	35
Net gain (loss) on foreign cash balances	(1 804)	111
<b>TOTAL OTHER INCOME (LOSS)</b>	<b>(1 731)</b>	<b>146</b>
<b>TOTAL INCOME (LOSS)</b>	<b>61 370</b>	<b>223 632</b>
<b>EXPENSES (see notes – Fund Specific Information)</b>		
Management fees	3 859	4 004
Administration fees	479	538
Independent Review Committee costs	1	1
GST/HST	451	473
Transaction costs	725	763
Withholding tax	2 683	2 644
<b>TOTAL EXPENSES</b>	<b>8 198</b>	<b>8 423</b>
<b>INCREASE (DECREASE) IN NAV</b>	<b>\$ 53 172</b>	<b>\$ 215 209</b>
<b>INCREASE (DECREASE) IN NAV</b>		
<b>SERIES A</b>	<b>\$ 3 895</b>	<b>\$ 44 289</b>
<b>ADVISOR SERIES</b>	<b>\$ 82</b>	<b>\$ 983</b>
<b>SERIES T5</b>	<b>\$ 8</b>	<b>\$ 3</b>
<b>SERIES D</b>	<b>\$ 374</b>	<b>\$ 3 470</b>
<b>SERIES F</b>	<b>\$ 1 145</b>	<b>\$ 9 428</b>
<b>SERIES FT5</b>	<b>\$ (2)</b>	<b>\$ 53</b>
<b>SERIES O</b>	<b>\$ 47 670</b>	<b>\$ 156 983</b>
<b>INCREASE (DECREASE) IN NAV PER UNIT</b>		
<b>SERIES A</b>	<b>\$ 0.30</b>	<b>\$ 3.11</b>
<b>ADVISOR SERIES</b>	<b>\$ 0.32</b>	<b>\$ 3.10</b>
<b>SERIES T5</b>	<b>\$ 2.08</b>	<b>\$ 3.01</b>
<b>SERIES D</b>	<b>\$ 0.39</b>	<b>\$ 3.41</b>
<b>SERIES F</b>	<b>\$ 0.39</b>	<b>\$ 3.66</b>
<b>SERIES FT5</b>	<b>\$ (0.25)</b>	<b>\$ 4.44</b>
<b>SERIES O</b>	<b>\$ 1.03</b>	<b>\$ 3.69</b>



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

For the periods ended June 30 (see note 2 in the generic notes)	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in NAV	\$ 53 172	\$ 215 209
<b>ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS</b>		
Interest for distribution purposes	–	–
Non-cash distributions from underlying funds	–	–
Net realized loss (gain) on investments	(38 474)	(84 164)
Change in unrealized loss (gain) on investments	2 111	(119 542)
(Increase) decrease in accrued receivables	279	326
Increase (decrease) in accrued payables	(56)	6
(Increase) decrease in margin accounts	–	–
Cost of investments purchased*	(2 253 947)	(1 925 517)
Proceeds from sale and maturity of investments*	2 168 140	1 986 584
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>(68 775)</b>	<b>72 902</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of redeemable units*	228 561	55 312
Cash paid on redemption of redeemable units*	(159 770)	(127 977)
Distributions paid to holders of redeemable units	(11)	(25)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>\$ 68 780</b>	<b>\$ (72 690)</b>
Net increase (decrease) in cash for the period	5	212
Cash (bank overdraft), beginning of period	359	223
<b>CASH (BANK OVERDRAFT), END OF PERIOD</b>	<b>\$ 364</b>	<b>\$ 435</b>
Interest received (paid) <sup>†</sup>	\$ 518	\$ 1 247
Income from investment trusts received (paid) <sup>†‡</sup>	\$ 885	\$ 1 021
Dividends received (paid) <sup>†‡</sup>	\$ 22 905	\$ 15 179

\* Excludes in-kind transactions.

† Classified as part of operating activities.

‡ Net of withholding taxes, if applicable.



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

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series T5		Series D	
	2020	2019	2020	2019	2020	2019	2020	2019
<b>NAV AT BEGINNING OF PERIOD</b>	\$ 440 131	\$ 422 903	\$ 9 450	\$ 9 299	\$ 85	\$ 27	\$ 34 009	\$ 31 411
<b>INCREASE (DECREASE) IN NAV</b>	<b>3 895</b>	<b>44 289</b>	<b>82</b>	<b>983</b>	<b>8</b>	<b>3</b>	<b>374</b>	<b>3 470</b>
Early redemption fees	–	–	–	–	–	–	1	–
Proceeds from redeemable units issued	20 559	10 265	708	441	42	–	6 062	2 923
Reinvestments of distributions to holders of redeemable units	–	–	–	–	1	1	–	–
Redemption of redeemable units	(42 771)	(39 763)	(1 977)	(645)	(47)	–	(7 561)	(3 566)
<b>NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS</b>	<b>(22 212)</b>	<b>(29 498)</b>	<b>(1 269)</b>	<b>(204)</b>	<b>(4)</b>	<b>1</b>	<b>(1 498)</b>	<b>(643)</b>
Distributions from net income	–	–	1	–	(3)	(1)	–	–
Distributions from net gains	–	–	–	–	–	–	–	–
Distributions from capital	–	–	–	–	–	–	–	–
<b>TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS</b>	<b>–</b>	<b>–</b>	<b>1</b>	<b>–</b>	<b>(3)</b>	<b>(1)</b>	<b>–</b>	<b>–</b>
<b>NET INCREASE (DECREASE) IN NAV</b>	<b>(18 317)</b>	<b>14 791</b>	<b>(1 186)</b>	<b>779</b>	<b>1</b>	<b>3</b>	<b>(1 124)</b>	<b>2 827</b>
<b>NAV AT END OF PERIOD</b>	<b>\$ 421 814</b>	<b>\$ 437 694</b>	<b>\$ 8 264</b>	<b>\$ 10 078</b>	<b>\$ 86</b>	<b>\$ 30</b>	<b>\$ 32 885</b>	<b>\$ 34 238</b>

For the periods ended June 30 (see note 2 in the generic notes)	Series F		Series FT5		Series O		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
<b>NAV AT BEGINNING OF PERIOD</b>	\$ 106 920	\$ 82 297	\$ 382	\$ 410	\$ 1 591 264	\$ 1 355 941	\$ 2 182 241	\$ 1 902 288
<b>INCREASE (DECREASE) IN NAV</b>	<b>1 145</b>	<b>9 428</b>	<b>(2)</b>	<b>53</b>	<b>47 670</b>	<b>156 983</b>	<b>53 172</b>	<b>215 209</b>
Early redemption fees	–	–	–	–	–	–	1	–
Proceeds from redeemable units issued	19 613	19 170	275	69	194 550	41 433	241 809	74 301
Reinvestments of distributions to holders of redeemable units	(1)	–	–	–	–	–	–	1
Redemption of redeemable units	(17 178)	(15 165)	(65)	(226)	(103 114)	(86 314)	(172 713)	(145 679)
<b>NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS</b>	<b>2 434</b>	<b>4 005</b>	<b>210</b>	<b>(157)</b>	<b>91 436</b>	<b>(44 881)</b>	<b>69 097</b>	<b>(71 377)</b>
Distributions from net income	1	–	(11)	(9)	–	–	(12)	(10)
Distributions from net gains	–	–	–	–	–	–	–	–
Distributions from capital	–	–	–	–	–	–	–	–
<b>TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS</b>	<b>1</b>	<b>–</b>	<b>(11)</b>	<b>(9)</b>	<b>–</b>	<b>–</b>	<b>(12)</b>	<b>(10)</b>
<b>NET INCREASE (DECREASE) IN NAV</b>	<b>3 580</b>	<b>13 433</b>	<b>197</b>	<b>(113)</b>	<b>139 106</b>	<b>112 102</b>	<b>122 257</b>	<b>143 822</b>
<b>NAV AT END OF PERIOD</b>	<b>\$ 110 500</b>	<b>\$ 95 730</b>	<b>\$ 579</b>	<b>\$ 297</b>	<b>\$ 1 730 370</b>	<b>\$ 1 468 043</b>	<b>\$ 2 304 498</b>	<b>\$ 2 046 110</b>



June 30, 2020

Effective June 26, 2020, Advisor Series units are capped. On August 4, 2020, Advisor Series units with initial sales charge and/or low-load sales charge options will be re-designated to Series A units, as applicable. Advisor Series units with a deferred sales charge option, as applicable, will remain capped and invested based on their existing redemption schedule.

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

The investment objective of the Fund is to provide long-term capital growth by investing primarily in equity securities of U.S. companies, providing broad exposure to economic growth through the U.S. stock market.

**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:

	June 30 2020	December 31 2019
Investment mix		
Information Technology	25.3	20.2
Health Care	14.3	13.5
Consumer Discretionary	11.8	7.4
Communication Services	10.3	11.5
Financials	9.2	12.1
Underlying Funds	7.8	11.6
Industrials	6.5	7.1
Consumer Staples	5.6	6.7
Utilities	2.8	2.3
Energy	2.0	3.1
Materials	1.1	1.1
Real Estate	0.7	0.6
Cash/Other	2.6	2.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

**Currency risk (% of NAV)**

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

	June 30 2020	December 31 2019
Currency		
United States dollar	107.8	100.0
<b>Total</b>	<b>107.8</b>	<b>100.0</b>

As at June 30, 2020, if the Canadian dollar had strengthened or weakened by 5% in relation to the above currencies, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 5.4% (December 31, 2019 – 5.0%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

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

In light of current market volatility related to COVID-19, management has applied 10% for other price risk sensitivity.

The table below shows the impact of a 10% (December 31, 2019 – 1%) change in the broad-based index (noted below) on the Fund's NAV, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2020	December 31 2019
S&P 500 Total Return Index (CAD)	+ or - 9.2	+ or - 0.9

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

**Fair value hierarchy (\$000s except % amounts)**

(see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2020 and December 31, 2019.

June 30, 2020	Level 1	Level 2	Level 3	Total
<b>Equities</b>	<b>2 065 655</b>	–	–	<b>2 065 655</b>
<b>Underlying funds</b>	<b>179 486</b>	–	–	<b>179 486</b>
<b>Fixed-income</b>				
and debt securities	–	–	–	–
<b>Short-term investments</b>	–	<b>44 055</b>	–	<b>44 055</b>
<b>Derivatives – assets</b>	–	–	–	–
<b>Derivatives – liabilities</b>	–	–	–	–
<b>Total financial instruments</b>	<b>2 245 141</b>	<b>44 055</b>	–	<b>2 289 196</b>
<b>% of total portfolio</b>	<b>98.1</b>	<b>1.9</b>	–	<b>100.0</b>

December 31, 2019	Level 1	Level 2	Level 3	Total
<b>Equities</b>	<b>1 867 853</b>	–	–	<b>1 867 853</b>
<b>Underlying funds</b>	<b>254 099</b>	–	–	<b>254 099</b>
<b>Fixed-income</b>				
and debt securities	–	–	–	–
<b>Short-term investments</b>	–	<b>60 101</b>	–	<b>60 101</b>
<b>Derivatives – assets</b>	–	–	–	–
<b>Derivatives – liabilities</b>	–	–	–	–
<b>Total financial instruments</b>	<b>2 121 952</b>	<b>60 101</b>	–	<b>2 182 053</b>
<b>% of total portfolio</b>	<b>97.2</b>	<b>2.8</b>	–	<b>100.0</b>



June 30, 2020

For the periods ended June 30, 2020 and December 31, 2019, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

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

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

	Management fees	Administration fees*
Series A	1.60%	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 <sup>†</sup>	0.02%

\* Effective March 1, 2020, the administration fees for Series A units were reduced to 0.10% from 0.15%.

<sup>†</sup> Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

### Investments by related parties (\$000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2020	December 31 2019
<b>Units held</b>		
Series T5	42	41
Series FT5	39	38
Series O	432	432
<b>Value of all units</b>	<b>18</b>	<b>18</b>

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

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

	June 30 2020		December 31 2019	
	NAV	Ownership	NAV	Ownership
RBC U.S. Mid-Cap Growth Equity Fund	4.8	10.1	4.9	10.3
RBC U.S. Mid-Cap Value Equity Fund	2.2	7.6	2.9	8.6
RBC U.S. Small-Cap Core Equity Fund	0.8	13.5	0.9	14.0

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

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

	June 30 2020		December 31 2019	
	NAV	Ownership	NAV	Ownership
iShares Dow Jones US Real Estate Index ETF	–	–	1.0	0.4
Utilities Select Sector SPDR ETF	–	–	0.5	0.1
Vanguard Real Estate ETF	–	–	1.5	0.1

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

The Fund had no capital or non-capital losses as at December 31, 2019.

### 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 June 30  
(see note 2 in the generic notes)

	2020	2019
<b>Series A</b>		
Opening units	13 537	14 694
Issued number of units	664	333
Reinvested number of units	–	–
Redeemed number of units	(1 359)	(1 279)
Ending number of units	12 842	13 748
<b>Advisor Series</b>		
Opening units	289	321
Issued number of units	21	15
Reinvested number of units	–	–
Redeemed number of units	(60)	(21)
Ending number of units	250	315
<b>Series T5</b>		
Opening units	3	1
Issued number of units	2	–
Reinvested number of units	–	–
Redeemed number of units	(2)	–
Ending number of units	3	1
<b>Series D</b>		
Opening units	987	1 033
Issued number of units	179	89
Reinvested number of units	–	–
Redeemed number of units	(225)	(108)
Ending number of units	941	1 014
<b>Series F</b>		
Opening units	2 891	2 522
Issued number of units	532	544
Reinvested number of units	–	–
Redeemed number of units	(482)	(429)
Ending number of units	2 941	2 637





June 30, 2020

For the periods ended June 30  
(see note 2 in the generic notes)

	2020	2019
<b>Series FT5</b>		
Opening units	11	13
Issued number of units	7	3
Reinvested number of units	–	–
Redeemed number of units	(2)	(7)
Ending number of units	16	9
<b>Series O</b>		
Opening units	44 799	43 253
Issued number of units	5 953	1 257
Reinvested number of units	–	–
Redeemed number of units	(2 977)	(2 568)
Ending number of units	47 775	41 942

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

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

	June 30 2020		June 30 2019	
	\$	%	\$	%
Total transaction costs	725	100	763	100
Related-party brokerage commissions*	51	7	132	17
Commission arrangements <sup>†</sup>	73	10	136	18

\* 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:

	June 30 2020	June 30 2019
Fair value of securities loaned	80 405	58 822
Fair value of collateral received	82 013	59 999

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.

	June 30 2020		June 30 2019	
	\$	%	\$	%
Gross revenue	108	100	51	100
RBC IS (paid)	(27)	(25)	(13)	(25)
Tax withheld	(8)	(8)	(3)	(5)
Fund revenue	73	67	35	70

### 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:

	June 30 2020	December 31 2019
RBC Select Aggressive Growth Portfolio	2.3	2.3
RBC Select Balanced Portfolio	19.3	18.5
RBC Select Conservative Portfolio	18.2	16.7
RBC Select Growth Portfolio	8.2	8.0
RBC Target 2025 Education Fund	1.4	1.6
RBC Target 2030 Education Fund	2.1	2.1
RBC Target 2035 Education Fund	0.5	0.4
RBC U.S. Equity Class	1.4	1.5
Total	53.4	51.1

## 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 August 11, 2020.

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

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

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

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

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

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

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

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

Series N units are only available to related 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 period

The information provided in these financial statements and notes thereto is as at June 30, 2020 and December 31, 2019, as applicable, and for the six-month periods ended June 30, 2020 and June 30, 2019, 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”) and in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). The significant accounting policies of the Funds are as follows:

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

June 30, 2020

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

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

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

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

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

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

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

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:

June 30, 2020

*Level 1* – quoted prices (unadjusted) in active markets for identical assets or liabilities;

*Level 2* – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), including broker quotes, vendor prices and vendor fair value factors; and

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

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

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

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

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

*Fixed-Income and Debt Securities* – Bonds, mortgage-backed securities, loans, 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" in the Statements of Comprehensive Income.

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

June 30, 2020

Unrealized gains and losses are recorded as “Receivable on open swap contracts” or “Payable on open swap contracts” in the Statements of Financial Position, as applicable. The risks of total return swap contracts include changes in market conditions and the possible inability of the counterparty to fulfill its obligations under the agreement.

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

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

**Underlying Funds** – Underlying funds that are 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 futures 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 Corporate Bond Fund, RBC \$U.S. Investment Grade Corporate Bond Fund, RBC \$U.S. High Yield Bond Fund, RBC \$U.S. Strategic Income Bond Fund, BlueBay Emerging Markets Bond Fund (Canada), BlueBay Emerging Markets Local Currency Bond Fund (Canada), BlueBay Emerging Markets Corporate Bond Fund, BlueBay \$U.S. Global Convertible Bond Fund (Canada) and RBC U.S. Monthly Income Fund (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” in the Statements of Comprehensive Income.

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

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

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

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

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

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

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

#### 4. Critical accounting judgments and estimates

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

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

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

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

## 5. Financial instrument risk and capital management

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

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

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

Financial instrument risk, as applicable to a Fund, is disclosed in its Notes to Financial Statements – Fund Specific Information. These risks include a Fund's direct risks and pro rata exposure to the risks of underlying funds, as applicable.

### **Liquidity risk**

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

### **Credit risk**

Credit risk is the risk that a loss could arise from a security issuer or counterparty not being able to meet its financial obligations. The carrying amount of investments and other assets represents the maximum credit risk exposure as disclosed in a Fund's Statements of Financial Position. The Funds measure credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any expected credit loss. All other receivables, amounts due from brokers, cash and short-term deposits are held with counterparties with a credit rating of AA/Aa or higher. Management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognized based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Funds. The fair value of fixed-income and debt securities includes a consideration of the creditworthiness of the debt issuer. Credit risk exposure to over-the-counter derivative instruments is based on a Fund's unrealized gain on the contractual obligations with the counterparty. Credit risk exposure is mitigated for those Funds participating in a securities lending program (see note 7). RBC GAM monitors each Fund's credit exposure and counterparty ratings daily.

### **Concentration risk**

Concentration risk arises as a result of net financial instrument exposures to the same category, such as geographical region, asset type, industry sector or market segment. Financial instruments in the same category have similar characteristics and may be affected similarly by changes in economic or other conditions.

### **Interest rate risk**

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

**Currency risk**

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

**Other price risk**

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

**6. Taxes**

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

Capital losses are available to be carried forward indefinitely and applied against future capital gains. Non-capital losses may be carried forward to reduce future taxable income for up to 20 years.

**7. Securities lending revenue**

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

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

RBC GAM is an indirect wholly owned subsidiary of Royal Bank of Canada ("Royal Bank"). RBC GAM is the manager and portfolio manager of the Funds. RBC GAM is responsible for the Funds' day-to-day operations, provides investment advice and portfolio management services to the Funds and appoints distributors for the Funds. RBC GAM 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 the costs related to the Independent Review Committee of the Funds, and the cost of any new government or regulatory requirements introduced and any borrowing costs (collectively, "other fund costs"), and taxes (including, but not



June 30, 2020

limited to, GST/HST). Effective January 1, 2020, RBC GAM, not the Funds, will be responsible for the costs related to annual fees, meeting fees and reimbursement for expenses to members of the Independent Review Committee. The Funds will continue to be responsible for paying any Independent Review Committee costs that are not related to annual fees, meeting fees and reimbursement for expenses to members of the Independent Review Committee. Other fund costs will be allocated proportionately to each series based upon the relative NAV of each series. RBC GAM may, in some years and in certain cases, absorb a portion of operating expenses. The decision to absorb the operating expenses is reviewed annually and determined at the discretion of RBC GAM, without notice to unitholders.

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

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

#### **Sub-Advisors**

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

June 30, 2020

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

**Trustee**

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

**Distributors**

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

**Custodian**

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

**Registrars**

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

**Brokers and Dealers**

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

**Securities Lending Agent**

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

**Other Related-Party Transactions**

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

**Related-Party Trading Activities**

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

**Inter-Fund Trading**

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

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