

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 CANADIAN MONEY MARKET FUND**

June 30, 2020

Par Value (000s)	Security	Yield %	Maturity	Cost/ Fair Value	% of Net Assets
<b>SHORT-TERM INVESTMENTS</b>					
<b>Bankers Acceptances and Bank Obligations</b>					
43 000	Bank of Montreal*, FRN	1.994	14-Jul-2020	\$ 43 000	
8 140	Bank of Montreal	0.287	15-Jul-2020	8 138	
42 240	Bank of Montreal	0.325	27-Jul-2020	42 216	
51 580	Bank of Montreal	1.770	24-Aug-2020	51 129	
44 875	Bank of Montreal*, FRN	1.942	06-Oct-2020	44 939	
10 000	Bank of Montreal	1.910	08-Dec-2020	9 814	
20 000	Bank of Montreal*, FRN	1.051	23-Apr-2021	20 439	
6 940	Bank of Nova Scotia	0.280	09-Jul-2020	6 938	
55 000	Bank of Nova Scotia*, FRN	2.089	13-Jul-2020	55 000	
10 430	Bank of Nova Scotia	0.271	20-Jul-2020	10 428	
5 000	Bank of Nova Scotia	0.501	10-Sep-2020	4 990	
45 700	Bank of Nova Scotia	0.500	11-Sep-2020	45 608	
35 000	Bank of Nova Scotia*, FRN	2.399	11-Jan-2021	35 237	
9 570	Bank of Nova Scotia	1.250	12-Feb-2021	9 459	
25 000	Canadian Imperial Bank of Commerce	0.401	06-Jul-2020	24 978	
14 870	Canadian Imperial Bank of Commerce	1.950	13-Jul-2020	14 727	
16 370	Canadian Imperial Bank of Commerce*, FRN	1.940	14-Jul-2020	16 358	
11 850	Canadian Imperial Bank of Commerce	1.930	21-Jul-2020	11 737	
18 000	Canadian Imperial Bank of Commerce	0.328	29-Jul-2020	17 987	
50 830	Canadian Imperial Bank of Commerce	1.819	11-Aug-2020	50 373	
9 640	Canadian Imperial Bank of Commerce	1.801	20-Aug-2020	9 554	
4 990	Canadian Imperial Bank of Commerce	0.799	08-Oct-2020	4 970	
53 000	Canadian Imperial Bank of Commerce	0.600	20-Nov-2020	52 829	
26 240	Canadian Imperial Bank of Commerce	1.100	03-Dec-2020	26 027	
11 810	Canadian Imperial Bank of Commerce	0.500	14-Dec-2020	11 780	
75 000	Canadian Imperial Bank of Commerce	0.499	17-Dec-2020	74 812	
16 950	Canadian Imperial Bank of Commerce	0.501	22-Dec-2020	16 908	
26 450	HSBC Bank Canada	0.315	08-Jul-2020	26 443	
35 800	HSBC Bank Canada	1.981	15-Jul-2020	35 450	
32 000	HSBC Bank Canada	1.971	21-Jul-2020	31 689	
7 040	HSBC Bank Canada	1.971	22-Jul-2020	6 972	
15 000	HSBC Bank Canada	1.860	12-Aug-2020	14 862	
25 000	HSBC Bank Canada	0.590	23-Sep-2020	24 944	
39 100	HSBC Bank Canada	1.800	30-Nov-2020	38 575	
40 000	National Bank of Canada	0.294	02-Jul-2020	39 990	
14 250	National Bank of Canada	0.287	03-Jul-2020	14 247	
26 010	National Bank of Canada	0.277	10-Jul-2020	26 004	
38 340	National Bank of Canada	0.343	27-Jul-2020	38 316	
55 110	National Bank of Canada	0.283	31-Jul-2020	55 097	
43 000	Toronto-Dominion Bank*, FRN	1.994	06-Jul-2020	43 000	
2 520	Toronto-Dominion Bank	0.259	31-Jul-2020	2 519	
20 000	Toronto-Dominion Bank	1.449	16-Sep-2020	19 860	
5 000	Toronto-Dominion Bank	1.450	18-Sep-2020	4 965	
65 000	Toronto-Dominion Bank	1.150	07-Dec-2020	64 440	
54 615	Toronto-Dominion Bank*, FRN	0.528	08-Mar-2021	55 200	
				1 262 948	<b>33.8</b>



June 30, 2020

Par Value (000s)	Security	Yield %	Maturity	Cost/ Fair Value	% of Net Assets
<b>Commercial Paper</b>					
62 000	Banner Trust	0.361	15-Sep-2020	\$ 61 950	
59 950	Bay Street Funding Trust - Class A	0.919	15-Jul-2020	59 812	
34 000	Bay Street Funding Trust - Class A	0.850	20-Jul-2020	33 926	
8 000	Bay Street Funding Trust - Class A	1.149	07-Aug-2020	7 962	
15 350	Bay Street Funding Trust - Class A	1.801	23-Sep-2020	15 213	
20 000	Bay Street Funding Trust - Class A	0.599	02-Nov-2020	19 940	
17 000	Bay Street Funding Trust - Class A	0.599	03-Nov-2020	16 949	
6 000	Bay Street Funding Trust - Class A	0.610	04-Nov-2020	5 982	
19 500	Bay Street Funding Trust - Class A	0.501	19-Nov-2020	19 459	
18 480	bcIMC Realty Corp.	0.400	16-Jul-2020	18 467	
12 940	bcIMC Realty Corp.	0.402	17-Jul-2020	12 932	
10 000	bcIMC Realty Corp.	0.316	30-Jul-2020	9 997	
58 120	BNP Paribas Capital Trust	1.301	06-Jul-2020	57 864	
7 850	BNP Paribas Capital Trust	0.460	20-Aug-2020	7 838	
15 020	BNP Paribas Capital Trust	0.459	21-Aug-2020	14 997	
5 700	BNP Paribas Capital Trust	0.460	25-Aug-2020	5 691	
25 000	BNP Paribas Capital Trust	0.460	27-Aug-2020	24 962	
24 900	Canadian Master Trust - Series A	0.365	07-Jul-2020	24 898	
38 000	Canadian Master Trust - Series A	1.991	21-Jul-2020	37 626	
31 000	Canadian Master Trust - Series A	0.401	29-Sep-2020	30 962	
13 800	Canadian Master Trust - Series A	1.200	08-Oct-2020	13 717	
12 000	Canadian Master Trust - Series A	0.999	15-Oct-2020	11 941	
20 000	Canadian Master Trust - Series A	0.820	02-Nov-2020	19 919	
20 000	Canadian Master Trust - Series A	0.429	05-Nov-2020	19 967	
19 400	Canadian Master Trust - Series A	0.751	10-Nov-2020	19 328	
12 650	Central 1 Credit Union	1.102	07-Jul-2020	12 618	
12 500	Central 1 Credit Union	0.691	29-Jul-2020	12 479	
9 870	Central 1 Credit Union	0.621	06-Aug-2020	9 855	
49 230	Clarity Trust	2.009	06-Jul-2020	48 734	
9 300	Clarity Trust	0.353	29-Jul-2020	9 297	
19 500	Clarity Trust	0.920	04-Aug-2020	19 431	
38 630	Enbridge Gas Distribution Inc.	0.424	24-Jul-2020	38 619	
10 000	Enbridge Gas Distribution Inc.	0.419	27-Jul-2020	9 997	
35 000	Enbridge Pipelines Inc.	0.441	07-Jul-2020	34 987	
4 000	Enbridge Pipelines Inc.	0.446	13-Jul-2020	3 999	
25 940	Enbridge Pipelines Inc.	0.475	15-Jul-2020	25 932	
25 000	Enbridge Pipelines Inc.	0.517	16-Jul-2020	24 992	
13 060	Enbridge Pipelines Inc.	0.514	22-Jul-2020	13 055	
31 000	Enbridge Pipelines Inc.	0.488	23-Jul-2020	30 989	
46 620	Fusion Trust	2.009	06-Jul-2020	46 150	
5 000	Fusion Trust	0.479	11-Aug-2020	4 994	
25 000	Fusion Trust	0.391	27-Aug-2020	24 977	
6 850	Fusion Trust	0.380	05-Oct-2020	6 843	
19 730	Husky Energy Inc.	1.731	15-Jul-2020	19 646	
27 000	Husky Energy Inc.	1.702	31-Jul-2020	26 891	
20 600	Inter Pipeline Ltd.	0.536	03-Jul-2020	20 591	
10 000	Inter Pipeline Ltd.	0.525	06-Jul-2020	9 995	
100	Inter Pipeline Ltd.	0.535	08-Jul-2020	100	
3 770	Inter Pipeline Ltd.	0.529	10-Jul-2020	3 768	
10 760	Inter Pipeline Ltd.	0.605	27-Jul-2020	10 754	
8 240	Inter Pipeline Ltd.	0.680	12-Aug-2020	8 226	
30 430	Inter Pipeline Ltd.	0.608	18-Aug-2020	30 387	
20 550	Inter Pipeline Ltd.	0.572	25-Aug-2020	20 523	
16 000	Inter Pipeline Ltd.	0.568	02-Sep-2020	15 977	

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



June 30, 2020

Par Value (000s)	Security	Yield %	Maturity	Cost/ Fair Value	% of Net Assets
<b>Commercial Paper (cont.)</b>					
31 540	Inter Pipeline Ltd.	0.598	03-Sep-2020	\$ 31 499	
21 300	Inter Pipeline Ltd.	0.611	25-Sep-2020	21 268	
4 240	Inter Pipeline Ltd.	0.612	29-Sep-2020	4 233	
48 440	King Street Funding Trust	0.919	15-Jul-2020	48 328	
17 000	King Street Funding Trust	0.899	20-Jul-2020	16 960	
15 000	King Street Funding Trust	1.149	07-Aug-2020	14 930	
28 000	King Street Funding Trust	0.390	15-Sep-2020	27 969	
12 930	King Street Funding Trust	1.799	23-Sep-2020	12 814	
5 120	King Street Funding Trust	0.999	15-Oct-2020	5 095	
8 000	King Street Funding Trust	0.399	28-Oct-2020	7 989	
35 900	Merit Trust - Senior Notes	0.401	26-Aug-2020	35 864	
10 000	Merit Trust - Senior Notes	0.369	21-Sep-2020	9 991	
1 700	Prime Trust - Senior Notes	0.304	06-Jul-2020	1 700	
2 380	Prime Trust - Senior Notes	0.397	07-Jul-2020	2 379	
920	Prime Trust - Senior Notes	0.672	23-Jul-2020	918	
31 000	Prime Trust - Senior Notes	0.361	15-Sep-2020	30 975	
31 000	Reliant Trust	0.632	29-Jul-2020	30 951	
21 390	Ridge Trust	2.001	06-Jul-2020	21 175	
13 800	Ridge Trust	0.998	09-Jul-2020	13 765	
9 100	Ridge Trust	0.998	10-Jul-2020	9 077	
28 000	Ridge Trust	1.981	22-Jul-2020	27 726	
9 900	Ridge Trust	1.909	06-Aug-2020	9 807	
250	Ridge Trust	1.149	10-Sep-2020	249	
10 000	Ridge Trust	0.421	13-Oct-2020	9 986	
17 500	SAFE Trust - Series 1996-1	1.398	03-Jul-2020	17 438	
6 180	SAFE Trust - Series 1996-1	0.365	13-Jul-2020	6 178	
990	SAFE Trust - Series 1996-1	1.971	16-Jul-2020	980	
3 500	SAFE Trust - Series 1996-1	0.848	20-Jul-2020	3 492	
33 670	SAFE Trust - Series 1996-1	0.581	04-Aug-2020	33 619	
12 700	SAFE Trust - Series 1996-1	0.481	13-Aug-2020	12 685	
10 350	SAFE Trust - Series 1996-1	0.401	03-Sep-2020	10 339	
21 220	SAFE Trust - Series 1996-1	0.352	17-Sep-2020	21 204	
22 000	SAFE Trust - Series 1996-1	0.850	23-Oct-2020	21 909	
8 760	SAFE Trust - Series 1996-1	0.650	05-Nov-2020	8 732	
11 380	SAFE Trust - Series 1996-1	0.620	09-Nov-2020	11 345	
22 860	SAFE Trust - Series 1996-1	0.590	18-Nov-2020	22 793	
17 500	SOUND Trust	1.398	03-Jul-2020	17 438	
9 000	SOUND Trust	0.365	13-Jul-2020	8 997	
20 270	SOUND Trust	0.581	04-Aug-2020	20 239	
22 780	SOUND Trust	0.481	13-Aug-2020	22 752	
19 570	SOUND Trust	0.352	14-Sep-2020	19 555	
47 500	SOUND Trust	0.352	17-Sep-2020	47 463	
4 500	SOUND Trust	0.900	21-Oct-2020	4 480	
4 600	SOUND Trust	0.559	15-Dec-2020	4 587	
17 500	STABLE Trust	1.398	03-Jul-2020	17 438	
10 000	STABLE Trust	0.365	13-Jul-2020	9 997	
1 040	STABLE Trust	0.950	15-Jul-2020	1 038	
9 000	STABLE Trust	1.971	16-Jul-2020	8 912	
16 010	STABLE Trust	0.848	20-Jul-2020	15 975	
3 710	STABLE Trust	0.581	04-Aug-2020	3 704	
1 290	STABLE Trust	0.801	10-Aug-2020	1 287	
24 770	STABLE Trust	1.849	14-Aug-2020	24 556	
41 630	STABLE Trust	0.352	14-Sep-2020	41 598	
3 900	STABLE Trust	0.352	17-Sep-2020	3 897	

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



June 30, 2020

Par Value (000s)	Security	Yield %	Maturity	Cost/ Fair Value	% of Net Assets
<b>Commercial Paper (cont.)</b>					
14 860	STABLE Trust	0.900	21-Oct-2020	\$ 14 793	
15 000	STABLE Trust	0.650	05-Nov-2020	14 951	
17 500	SURE Trust	1.398	03-Jul-2020	17 438	
4 400	SURE Trust	0.998	14-Jul-2020	4 389	
42 000	SURE Trust	0.848	20-Jul-2020	41 908	
17 860	SURE Trust	1.849	14-Aug-2020	17 706	
20 340	SURE Trust	0.401	03-Sep-2020	20 319	
5 120	SURE Trust	0.352	14-Sep-2020	5 116	
28 620	SURE Trust	0.352	17-Sep-2020	28 598	
20 000	SURE Trust	0.650	05-Nov-2020	19 935	
6 510	SURE Trust	0.620	09-Nov-2020	6 490	
4 510	SURE Trust	0.621	12-Nov-2020	4 496	
8 000	SURE Trust	0.590	18-Nov-2020	7 976	
18 000	Zeus Receivables Trust - Senior Notes*, FRN	2.065	16-Jul-2020	18 000	
31 130	Zeus Receivables Trust - Senior Notes	0.659	24-Jul-2020	31 079	
55 710	Zeus Receivables Trust - Senior Notes	0.401	26-Aug-2020	55 654	
820	Zeus Receivables Trust - Senior Notes	0.361	23-Sep-2020	819	
				<b>2 267 047</b>	<b>60.8</b>
<b>Federal Obligations</b>					
13 800	Government of Canada Treasury Bills	0.208	24-Sep-2020	13 793	
				<b>13 793</b>	<b>0.4</b>
<b>Provincial Obligations</b>					
5 300	Province of Alberta	0.326	28-Jul-2020	5 296	
22 900	Province of Alberta	0.291	11-Aug-2020	22 885	
9 000	Province of Alberta	0.381	28-Aug-2020	8 990	
1 650	Province of Alberta	0.251	08-Sep-2020	1 649	
14 500	Province of Alberta	0.251	09-Sep-2020	14 493	
23 090	Province of Manitoba	0.300	12-Aug-2020	23 073	
2 500	Province of New Brunswick	0.599	02-Jul-2020	2 496	
10 000	Province of New Brunswick	0.452	03-Jul-2020	9 990	
3 000	Province of New Brunswick	0.300	06-Aug-2020	2 998	
14 300	Province of New Brunswick	0.288	13-Aug-2020	14 290	
4 200	Province of New Brunswick	0.290	20-Aug-2020	4 197	
18 100	Province of New Brunswick	0.272	27-Aug-2020	18 088	
17 400	Province of Nova Scotia	0.498	03-Jul-2020	17 379	
3 000	Province of Nova Scotia	0.448	06-Jul-2020	2 997	
16 700	Province of Ontario	0.291	05-Aug-2020	16 689	
9 000	Province of Quebec	0.332	24-Jul-2020	8 993	
2 600	Province of Quebec	0.291	07-Aug-2020	2 598	
1 400	Province of Quebec	0.242	14-Aug-2020	1 399	
				<b>178 500</b>	<b>4.8</b>
<b>TOTAL SHORT-TERM INVESTMENTS</b>				<b>3 722 288</b>	<b>99.8</b>
<b>OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>				<b>7 309</b>	<b>0.2</b>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>				<b>\$ 3 729 597</b>	<b>100.0</b>

\* Interest rate risk (see note 5 in the generic notes).



**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	\$ 3 722 288	\$ 2 830 325
Cash	10	90
Subscriptions receivable	6 970	6 800
Dividends receivable, interest accrued and other assets	8 377	8 671
<b>TOTAL ASSETS</b>	<b>3 737 645</b>	<b>2 845 886</b>
<b>LIABILITIES</b>		
Redemptions payable	6 549	6 473
Distributions payable	728	1 500
Accounts payable and accrued expenses	771	644
<b>TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>	<b>8 048</b>	<b>8 617</b>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")</b>	<b>\$ 3 729 597</b>	<b>\$ 2 837 269</b>
Investments at cost	\$ 3 722 288	\$ 2 830 325
<b>NAV</b>		
<b>SERIES A</b>	<b>\$ 1 743 755</b>	<b>\$ 909 252</b>
<b>ADVISOR SERIES</b>	<b>\$ 20 028</b>	<b>\$ 10 137</b>
<b>SERIES D</b>	<b>\$ 196 701</b>	<b>\$ 182 502</b>
<b>SERIES F</b>	<b>\$ 149 995</b>	<b>\$ 48 447</b>
<b>SERIES O</b>	<b>\$ 1 619 118</b>	<b>\$ 1 686 931</b>
<b>NAV PER UNIT</b>		
<b>SERIES A</b>	<b>\$ 10.00</b>	<b>\$ 10.00</b>
<b>ADVISOR SERIES</b>	<b>\$ 10.00</b>	<b>\$ 10.00</b>
<b>SERIES D</b>	<b>\$ 10.00</b>	<b>\$ 10.00</b>
<b>SERIES F</b>	<b>\$ 10.00</b>	<b>\$ 10.00</b>
<b>SERIES O</b>	<b>\$ 10.00</b>	<b>\$ 10.00</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</b> (see note 3 in the generic notes)		
Interest for distribution purposes	\$ 25 630	\$ 21 105
<b>TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES</b>	<b>25 630</b>	<b>21 105</b>
Securities lending revenue (see note 7 in the generic notes)	1	–
<b>TOTAL OTHER INCOME (LOSS)</b>	<b>1</b>	<b>–</b>
<b>TOTAL INCOME (LOSS)</b>	<b>25 631</b>	<b>21 105</b>
<b>EXPENSES</b> (see notes – Fund Specific Information)		
Management fees	6 403	4 343
Administration fees	609	611
Independent Review Committee costs	1	1
GST/HST	361	331
Expenses reimbursed by manager	(3 418)	(1 682)
<b>TOTAL EXPENSES</b>	<b>3 956</b>	<b>3 604</b>
<b>INCREASE (DECREASE) IN NAV</b>	<b>\$ 21 675</b>	<b>\$ 17 501</b>
<b>INCREASE (DECREASE) IN NAV</b>		
<b>SERIES A</b>	<b>\$ 4 679</b>	<b>\$ 6 976</b>
<b>ADVISOR SERIES</b>	<b>\$ 65</b>	<b>\$ 92</b>
<b>SERIES D</b>	<b>\$ 843</b>	<b>\$ 1 230</b>
<b>SERIES F</b>	<b>\$ 478</b>	<b>\$ 371</b>
<b>SERIES O</b>	<b>\$ 15 610</b>	<b>\$ 8 832</b>
<b>INCREASE (DECREASE) IN NAV PER UNIT</b>		
<b>SERIES A</b>	<b>\$ 0.05</b>	<b>\$ 0.07</b>
<b>ADVISOR SERIES</b>	<b>\$ 0.04</b>	<b>\$ 0.07</b>
<b>SERIES D</b>	<b>\$ 0.05</b>	<b>\$ 0.07</b>
<b>SERIES F</b>	<b>\$ 0.04</b>	<b>\$ 0.08</b>
<b>SERIES O</b>	<b>\$ 0.07</b>	<b>\$ 0.10</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	\$ 21 675	\$ 17 501
<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	–	–
Change in unrealized loss (gain) on investments	–	–
(Increase) decrease in accrued receivables	294	(1 188)
Increase (decrease) in accrued payables	127	(9)
(Increase) decrease in margin accounts	–	–
Cost of investments purchased*	(9 608 462)	(4 984 967)
Proceeds from sale and maturity of investments*	8 716 499	4 807 942
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>(869 867)</b>	<b>(160 721)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of redeemable units*	3 117 108	1 225 149
Cash paid on redemption of redeemable units*	(2 243 746)	(1 061 793)
Distributions paid to holders of redeemable units	(3 575)	(2 674)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>\$ 869 787</b>	<b>\$ 160 682</b>
Net increase (decrease) in cash for the period	(80)	(39)
Cash (bank overdraft), beginning of period	90	54
<b>CASH (BANK OVERDRAFT), END OF PERIOD</b>	<b>\$ 10</b>	<b>\$ 15</b>
Interest received (paid) <sup>†</sup>	\$ 25 924	\$ 19 917
Income from investment trusts received (paid) <sup>†‡</sup>	\$ –	\$ –
Dividends received (paid) <sup>†‡</sup>	\$ –	\$ –

\* 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 D		Series F	
	2020	2019	2020	2019	2020	2019	2020	2019
<b>NAV AT BEGINNING OF PERIOD</b>	\$ 909 252	\$ 954 397	\$ 10 137	\$ 12 153	\$ 182 502	\$ 161 757	\$ 48 447	\$ 48 830
<b>INCREASE (DECREASE) IN NAV</b>	<b>4 679</b>	<b>6 976</b>	<b>65</b>	<b>92</b>	<b>843</b>	<b>1 230</b>	<b>478</b>	<b>371</b>
Proceeds from redeemable units issued	1 217 804	254 618	20 979	13 373	129 911	67 759	255 638	78 681
Reinvestments of distributions to holders of redeemable units	4 541	6 729	64	87	836	1 204	308	188
Redemption of redeemable units	(387 842)	(275 308)	(11 152)	(11 911)	(116 547)	(56 119)	(154 397)	(77 127)
<b>NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS</b>	<b>834 503</b>	<b>(13 961)</b>	<b>9 891</b>	<b>1 549</b>	<b>14 200</b>	<b>12 844</b>	<b>101 549</b>	<b>1 742</b>
Distributions from net income	(4 679)	(6 895)	(65)	(90)	(844)	(1 215)	(479)	(366)
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
<b>TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS</b>	<b>(4 679)</b>	<b>(6 895)</b>	<b>(65)</b>	<b>(90)</b>	<b>(844)</b>	<b>(1 215)</b>	<b>(479)</b>	<b>(366)</b>
<b>NET INCREASE (DECREASE) IN NAV</b>	<b>834 503</b>	<b>(13 880)</b>	<b>9 891</b>	<b>1 551</b>	<b>14 199</b>	<b>12 859</b>	<b>101 548</b>	<b>1 747</b>
<b>NAV AT END OF PERIOD</b>	<b>\$ 1 743 755</b>	<b>\$ 940 517</b>	<b>\$ 20 028</b>	<b>\$ 13 704</b>	<b>\$ 196 701</b>	<b>\$ 174 616</b>	<b>\$ 149 995</b>	<b>\$ 50 577</b>

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2020	2019	2020	2019
<b>NAV AT BEGINNING OF PERIOD</b>	\$ 1 686 931	\$ 724 857	\$ 2 837 269	\$ 1 901 994
<b>INCREASE (DECREASE) IN NAV</b>	<b>15 610</b>	<b>8 832</b>	<b>21 675</b>	<b>17 501</b>
Proceeds from redeemable units issued	1 495 017	812 207	3 119 349	1 226 638
Reinvestments of distributions to holders of redeemable units	13 126	6 725	18 875	14 933
Redemption of redeemable units	(1 575 955)	(646 018)	(2 245 893)	(1 066 483)
<b>NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS</b>	<b>(67 812)</b>	<b>172 914</b>	<b>892 331</b>	<b>175 088</b>
Distributions from net income	(15 611)	(8 753)	(21 678)	(17 319)
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
<b>TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS</b>	<b>(15 611)</b>	<b>(8 753)</b>	<b>(21 678)</b>	<b>(17 319)</b>
<b>NET INCREASE (DECREASE) IN NAV</b>	<b>(67 813)</b>	<b>172 993</b>	<b>892 328</b>	<b>175 270</b>
<b>NAV AT END OF PERIOD</b>	<b>\$ 1 619 118</b>	<b>\$ 897 850</b>	<b>\$ 3 729 597</b>	<b>\$ 2 077 264</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 current income and liquidity consistent with short-term money-market interest rates while preserving the value of the investment.

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

#### Credit risk (%)

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

Rating	June 30 2020	December 31 2019
R-1 (H)	74.2	73.9
R-1 (M)	14.9	11.4
R-1 (L)	10.9	14.7
Total	100.0	100.0

#### Concentration risk (%)

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

Investment mix	June 30 2020	December 31 2019
Commercial Paper	60.8	62.8
Bankers Acceptances and Bank Obligations	33.8	31.9
Provincial Obligations	4.8	5.0
Federal Obligations	0.4	–
Cash/Other	0.2	0.3
Total	100.0	100.0

#### Interest rate risk (%)

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

Term to maturity	June 30 2020	December 31 2019
0 – 1 month	42.6	50.7
1 – 3 months	35.3	34.5
3 – 6 months	17.4	12.3
6 – 12 months	4.7	2.5
Total	100.0	100.0

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

Due to the short-term nature of the Fund's investments, the Fund has minimal sensitivity to changes in interest rates.

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

(see note 3 in the generic notes)

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

June 30, 2020	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Underlying funds	–	–	–	–
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	3 722 288	–	3 722 288
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	–	3 722 288	–	3 722 288
% of total portfolio	–	100.0	–	100.0

December 31, 2019	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Underlying funds	–	–	–	–
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	2 830 325	–	2 830 325
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	–	2 830 325	–	2 830 325
% of total portfolio	–	100.0	–	100.0

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	0.75%	0.05%
Advisor Series	0.75%	0.05%
Series D	0.60%	0.05%
Series F	0.50%	0.05%
Series O	n/a <sup>†</sup>	0.02%

\* Effective March 1, 2020, the administration fees for Series A units were reduced to 0.05% from 0.10%.

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



June 30, 2020

**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 F	107	–
<b>Value of all units</b>	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
--	------	------

**Series A**

Opening units	90 925	95 440
Issued number of units	121 781	25 461
Reinvested number of units	454	673
Redeemed number of units	(38 784)	(27 531)
Ending number of units	174 376	94 043

**Advisor Series**

Opening units	1 014	1 215
Issued number of units	2 098	1 337
Reinvested number of units	6	9
Redeemed number of units	(1 115)	(1 191)
Ending number of units	2 003	1 370

**Series D**

Opening units	18 250	16 176
Issued number of units	12 991	6 776
Reinvested number of units	84	120
Redeemed number of units	(11 655)	(5 612)
Ending number of units	19 670	17 460

**Series F**

Opening units	4 845	4 883
Issued number of units	25 564	7 868
Reinvested number of units	31	19
Redeemed number of units	(15 440)	(7 713)
Ending number of units	15 000	5 057

**Series O**

Opening units	168 693	72 486
Issued number of units	149 502	81 220
Reinvested number of units	1 313	673
Redeemed number of units	(157 596)	(64 602)
Ending number of units	161 912	89 777

**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	864	–
Fair value of collateral received	882	–

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	1	100	–	100
RBC IS (paid)	–	(25)	–	(25)
Tax withheld	–	–	–	–
Fund revenue	1	75	–	75

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

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

	June 30 2020	December 31 2019
RBC Canadian Core Real Estate Fund	–	–
RBC Global Bond Fund	20.3	22.2
RBC Managed Payout Solution	0.4	0.6
RBC Managed Payout Solution - Enhanced	0.4	0.4
RBC Managed Payout Solution - Enhanced Plus	0.2	0.2
RBC Select Choices Balanced Portfolio	–	0.1
RBC Select Choices Conservative Portfolio	–	–
RBC Select Choices Growth Portfolio	–	–
RBC Short Term Income Class	0.3	1.6
RBC Target 2020 Education Fund	–	15.1
RBC Trend Canadian Equity Fund	0.1	0.2
<b>Total</b>	<b>21.7</b>	<b>40.4</b>

## 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:

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*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.

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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

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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).

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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.