

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 9, 2018



**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 USD000s)  
**RBC \$U.S. INVESTMENT GRADE CORPORATE BOND FUND**

June 30, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
<b>BONDS</b>						
<b>Australia</b>						
500	Australia & New Zealand Banking Group Ltd. USD	2.625	09-Nov-2022	\$ 500	\$ 481	
2 000	Australia & New Zealand Banking Group Ltd. USD	4.400	19-May-2026	2 049	1 963	
725	Westpac Banking Corp. USD	4.322	23-Nov-2031	725	700	
				3 274	3 144	1.6
<b>Canada</b>						
900	Nutrien Ltd. USD	3.625	15-Mar-2024	875	875	
				875	875	0.5
<b>France</b>						
1 100	AXA S.A. USD	8.600	15-Dec-2030	1 419	1 411	
800	BNP Paribas S.A. USD	2.950	23-May-2022	799	773	
1 000	Credit Agricole S.A. USD	3.250	04-Oct-2024	996	943	
				3 214	3 127	1.6
<b>Germany</b>						
750	EMD Finance LLC USD	2.950	19-Mar-2022	749	734	
400	Siemens Financieringsmaatschappij N.V. USD	4.200	16-Mar-2047	399	406	
				1 148	1 140	0.6
<b>Ireland</b>						
600	Shire Acquisitions Investments Ireland DAC USD	2.400	23-Sep-2021	597	575	
345	Shire Acquisitions Investments Ireland DAC USD	2.875	23-Sep-2023	342	325	
500	XLIT Ltd. USD	5.750	01-Oct-2021	577	534	
				1 516	1 434	0.7
<b>Netherlands</b>						
2 500	Cooperatieve Rabobank U.A. USD	4.375	04-Aug-2025	2 560	2 454	
1 250	ING Groep N.V. USD	3.150	29-Mar-2022	1 248	1 227	
500	Shell International Finance BV USD	4.375	11-May-2045	499	513	
				4 307	4 194	2.2
<b>Sweden</b>						
1 250	Nordea Bank AB USD	2.125	29-May-2020	1 237	1 225	
				1 237	1 225	0.6
<b>Switzerland</b>						
600	Credit Suisse USD	5.400	14-Jan-2020	658	618	
500	Credit Suisse Group AG USD	3.869	12-Jan-2029	500	471	
1 250	Credit Suisse Group Funding Guernsey Ltd. USD	3.125	10-Dec-2020	1 277	1 241	
250	Credit Suisse Group Funding Guernsey Ltd. USD	3.800	15-Sep-2022	256	249	
				2 691	2 579	1.3
<b>United Kingdom</b>						
1 000	Barclays Plc. USD	3.200	10-Aug-2021	996	981	
1 300	Barclays Plc. USD	4.375	12-Jan-2026	1 294	1 266	
1 225	BP Capital Markets Plc. USD	3.224	14-Apr-2024	1 227	1 202	
1 000	BP Capital Markets Plc. USD	3.119	04-May-2026	993	958	
1 000	HSBC Holdings Plc. USD	3.600	25-May-2023	1 000	990	
600	HSBC Holdings Plc. USD	3.950	18-May-2024	600	599	
1 800	Lloyds Banking Group Plc. USD	2.907	07-Nov-2023	1 800	1 716	
675	Lloyds Banking Group Plc. USD	4.450	08-May-2025	675	679	
250	Reckitt Benckiser Treasury Services Plc. USD	2.375	24-Jun-2022	250	239	
500	Reckitt Benckiser Treasury Services Plc. USD	2.750	26-Jun-2024	499	472	
525	Vodafone Group Plc. USD	4.125	30-May-2025	520	523	
				9 854	9 625	5.0

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



June 30, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
<b>United States</b>						
100	21st Century Fox America Inc.	6.150	01-Mar-2037	\$ 118	\$ 118	
800	21st Century Fox America Inc.	6.150	15-Feb-2041	945	958	
250	Actavis Funding SCS	3.450	15-Mar-2022	254	245	
450	Actavis Inc.	3.250	01-Oct-2022	442	437	
1 100	American Express Co.	2.500	01-Aug-2022	1 099	1 055	
1 575	American Express Co.	3.000	30-Oct-2024	1 574	1 503	
350	American Tower Corp.	3.300	15-Feb-2021	353	349	
775	American Tower Corp.	3.000	15-Jun-2023	773	744	
600	American Tower Corp. Real Estate Investment Trust	4.700	15-Mar-2022	626	618	
950	Amgen Inc.	2.650	11-May-2022	948	921	
950	Amgen Inc.	4.400	01-May-2045	964	912	
750	Anadarko Petroleum Corp.	8.700	15-Mar-2019	943	779	
1 100	Anadarko Petroleum Corp.	5.550	15-Mar-2026	1 224	1 180	
250	Analog Devices Inc.	3.125	05-Dec-2023	249	243	
750	Anheuser-Busch InBev Finance Inc.	3.300	01-Feb-2023	779	744	
800	Anheuser-Busch InBev Finance Inc.	3.650	01-Feb-2026	809	784	
650	Anheuser-Busch InBev Finance Inc.	4.700	01-Feb-2036	645	660	
1 025	Anheuser-Busch InBev Finance Inc.	4.900	01-Feb-2046	1 061	1 058	
800	Anheuser-Busch InBev Worldwide Inc.	4.600	15-Apr-2048	795	788	
462	Anheuser-Busch InBev Worldwide Inc.	4.439	06-Oct-2048	409	447	
375	Anthem Inc.	3.350	01-Dec-2024	375	363	
300	Anthem Inc.	3.650	01-Dec-2027	299	285	
1 600	Apache Corp.	3.250	15-Apr-2022	1 629	1 561	
1 350	Appalachian Power Co.	7.000	01-Apr-2038	1 871	1 787	
1 050	Apple Inc.	4.650	23-Feb-2046	1 091	1 134	
1 400	Apple Inc.	4.250	09-Feb-2047	1 414	1 422	
750	AT&T Inc.	5.000	01-Mar-2021	816	778	
750	AT&T Inc.	3.600	17-Feb-2023	780	739	
150	AT&T Inc.	3.400	15-May-2025	146	141	
1 350	AT&T Inc.	5.250	01-Mar-2037	1 372	1 334	
800	AT&T Inc.	5.650	15-Feb-2047	952	808	
750	AT&T Inc.	5.450	01-Mar-2047	749	738	
900	Avangrid Inc.	3.150	01-Dec-2024	898	867	
1 000	Baker Hughes a GE Co. LLC	2.773	15-Dec-2022	1 000	970	
1 500	Bank of America Corp.	2.625	19-Apr-2021	1 504	1 474	
1 500	Bank of America Corp.	2.503	21-Oct-2022	1 500	1 437	
800	Bank of America Corp.	4.200	26-Aug-2024	816	804	
1 800	Bank of America Corp.	3.875	01-Aug-2025	1 814	1 792	
1 500	Bank of America Corp.	3.093	01-Oct-2025	1 500	1 429	
500	Bayer US Finance II LLC	4.250	15-Dec-2025	499	504	
1 000	Bayer US Finance II LLC	4.625	25-Jun-2038	984	995	
725	Becton Dickinson and Co.	2.881	29-Dec-2020	725	726	
500	Becton Dickinson and Co.	2.894	06-Jun-2022	501	484	
850	Becton Dickinson and Co.	3.363	06-Jun-2024	850	817	
150	Becton Dickinson and Co.	3.734	15-Dec-2024	154	147	
950	Becton Dickinson and Co.	4.685	15-Dec-2044	966	924	
675	Becton Dickinson and Co.	4.669	06-Jun-2047	675	654	
1 000	Berkshire Hathaway Energy Co.	3.800	15-Jul-2048	992	920	
1 300	Broadcom Corp.	3.625	15-Jan-2024	1 266	1 259	
500	Burlington Northern Santa Fe LLC	5.750	01-May-2040	612	593	
250	Burlington Northern Santa Fe LLC	5.150	01-Sep-2043	264	277	
900	Cardinal Health Inc.	2.616	15-Jun-2022	900	863	
1 500	Celgene Corp.	2.875	19-Feb-2021	1 499	1 481	
1 200	CenterPoint Energy Inc.	2.500	01-Sep-2022	1 200	1 152	
1 250	CenterPoint Energy Resources Corp.	4.100	01-Sep-2047	1 281	1 194	
625	Church & Dwight Co. Inc.	2.450	01-Aug-2022	624	599	
1 050	Citigroup Inc.	2.700	30-Mar-2021	1 053	1 030	

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June 30, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
<b>United States (cont.)</b>						
800	Citigroup Inc.	3.300	27-Apr-2025	\$ 799	\$ 768	
1 750	Citigroup Inc.	3.200	21-Oct-2026	1 729	1 630	
1 725	Citigroup Inc.	3.668	24-Jul-2028	1 725	1 642	
900	Citigroup Inc.	3.520	27-Oct-2028	900	847	
150	Comcast Corp.	6.500	15-Nov-2035	198	179	
200	Comcast Corp.	6.400	15-May-2038	249	237	
850	Concho Resources Inc.	4.300	15-Aug-2028	847	851	
1 100	ConocoPhillips	5.900	15-Oct-2032	1 308	1 285	
1 300	ConocoPhillips Holding Co.	6.950	15-Apr-2029	1 691	1 605	
600	Consolidated Edison Company of New York Inc.	5.500	01-Dec-2039	721	707	
600	CVS Health Corp.	4.125	15-May-2021	635	611	
750	CVS Health Corp.	3.875	20-Jul-2025	776	734	
175	CVS Health Corp.	4.300	25-Mar-2028	173	173	
1 495	CVS Health Corp.	4.780	25-Mar-2038	1 465	1 482	
250	CVS Health Corp.	5.125	20-Jul-2045	254	254	
550	CVS Health Corp.	5.050	25-Mar-2048	547	562	
1 615	Delta Air Lines Inc.	2.875	13-Mar-2020	1 613	1 605	
750	Diamond 1 Finance Corp.	3.480	01-Jun-2019	758	752	
200	Diamond 1 Finance Corp.	4.420	15-Jun-2021	200	203	
350	Discovery Communications LLC	2.950	20-Mar-2023	347	335	
475	Discovery Communications LLC	3.950	20-Mar-2028	473	451	
875	Discovery Communications LLC	5.000	20-Sep-2037	874	845	
875	Discovery Communications LLC	5.200	20-Sep-2047	874	851	
2 000	Duke Energy Corp.	3.750	01-Sep-2046	1 939	1 778	
600	DXC Technology Co.	2.875	27-Mar-2020	598	596	
675	Ecolab Inc.	2.700	01-Nov-2026	666	625	
850	Enbridge Energy Partners LP	5.875	15-Oct-2025	981	926	
1 000	Energy Transfer Partners LP	4.200	15-Apr-2027	997	943	
900	Enterprise Products Operating LLC	4.250	15-Feb-2048	895	840	
500	Ecolab Inc.	3.250	01-Dec-2027	498	480	
1 350	Exelon Corp.	5.625	15-Jun-2035	1 554	1 566	
1 000	Exelon Corp.	4.450	15-Apr-2046	1 000	975	
700	Exelon Generation Co. LLC	2.950	15-Jan-2020	706	697	
825	FedEx Corp.	4.050	15-Feb-2048	822	743	
800	Ford Motor Credit Co. LLC	3.200	15-Jan-2021	807	791	
1 325	Ford Motor Credit Co. LLC	5.750	01-Feb-2021	1 516	1 392	
550	Ford Motor Credit Co. LLC	3.470	05-Apr-2021	550	547	
500	Ford Motor Credit Co. LLC	3.810	09-Jan-2024	499	486	
815	GE Capital Corp.	6.875	10-Jan-2039	1 162	1 033	
550	General Electric Co.	6.750	15-Mar-2032	662	672	
475	General Motors Co.	2.112	07-Aug-2020	475	477	
550	General Motors Financial Co. Inc.	3.200	13-Jul-2020	550	548	
1 500	General Motors Financial Co. Inc.	4.375	25-Sep-2021	1 564	1 530	
1 250	General Motors Financial Co. Inc.	3.450	14-Jan-2022	1 248	1 233	
500	General Motors Financial Co. Inc.	3.450	10-Apr-2022	488	492	
1 000	Georgia-Pacific LLC	3.163	15-Nov-2021	1 000	994	
800	Georgia-Pacific LLC	8.000	15-Jan-2024	1 034	966	
600	Hartford Financial Services Group Inc.	5.500	30-Mar-2020	678	623	
1 000	Hewlett Packard Enterprise Co.	3.600	15-Oct-2020	1 000	1 005	
400	Hewlett Packard Enterprise Co.	4.400	15-Oct-2022	399	410	
750	HSBC Bank USA	4.875	24-Aug-2020	815	773	
500	Hyundai Capital America	2.500	18-Mar-2019	502	498	
1 000	JPMorgan Chase & Co.	4.950	25-Mar-2020	1 100	1 029	
1 000	JPMorgan Chase & Co.	2.295	15-Aug-2021	985	966	
500	JPMorgan Chase & Co.	2.700	18-May-2023	499	480	
700	JPMorgan Chase & Co.	3.125	23-Jan-2025	698	670	
1 600	JPMorgan Chase & Co.	3.220	01-Mar-2025	1 607	1 544	

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June 30, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
<b>United States (cont.)</b>						
750	JPMorgan Chase & Co.	2.950	01-Oct-2026	\$ 748	\$ 697	
1 100	JPMorgan Chase & Co.	3.540	01-May-2028	1 106	1 054	
1 000	Kinder Morgan Energy Partners LP	3.500	01-Mar-2021	977	999	
800	Kinder Morgan Energy Partners LP	4.250	01-Sep-2024	802	801	
1 300	Kinder Morgan Energy Partners LP	6.950	15-Jan-2038	1 522	1 485	
800	Kinder Morgan Inc.	5.200	01-Mar-2048	798	776	
450	Kraft Heinz Foods Co.	5.200	15-Jul-2045	448	439	
100	Kraft Heinz Foods Co.	4.375	01-Jun-2046	100	87	
275	Lockheed Martin Corp.	3.100	15-Jan-2023	278	272	
1 000	LyondellBasell Industries N.V.	6.000	15-Nov-2021	1 151	1 071	
400	Magellan Midstream Partners LP	5.150	15-Oct-2043	412	419	
1 500	Medtronic Inc.	3.150	15-Mar-2022	1 527	1 488	
750	Medtronic Inc.	4.625	15-Mar-2045	759	796	
800	Microsoft Corp.	3.700	08-Aug-2046	796	779	
1 000	Microsoft Corp.	4.250	06-Feb-2047	1 011	1 063	
864	MidAmerican Energy Holdings Co.	6.125	01-Apr-2036	1 065	1 067	
400	Mississippi Power Co.	2.942	27-Mar-2020	400	400	
1 250	Morgan Stanley	2.500	21-Apr-2021	1 246	1 221	
1 000	Morgan Stanley	2.750	19-May-2022	998	969	
1 600	Morgan Stanley	3.875	27-Jan-2026	1 629	1 577	
750	Morgan Stanley	3.125	27-Jul-2026	745	698	
1 750	Morgan Stanley	3.591	22-Jul-2028	1 750	1 665	
200	MPLX LP	4.125	01-Mar-2027	200	191	
500	MPLX LP	4.500	15-Apr-2038	493	463	
800	MPLX LP	4.700	15-Apr-2048	795	745	
500	Mylan N.V.	3.150	15-Jun-2021	499	495	
500	National City Corp.	6.875	15-May-2019	600	517	
1 650	Newell Brands Inc.	3.850	01-Apr-2023	1 688	1 626	
600	Newell Brands Inc.	5.500	01-Apr-2046	598	586	
300	NextEra Energy Capital Holdings Inc.	3.550	01-May-2027	299	289	
850	NiSource Finance Corp.	3.950	30-Mar-2048	849	789	
550	Northrop Grumman Corp.	2.550	15-Oct-2022	550	530	
250	Northrop Grumman Corp.	3.250	15-Jan-2028	250	236	
1 250	Northrop Grumman Corp.	4.030	15-Oct-2047	1 262	1 176	
500	Oncor Electric Delivery Co. LLC	7.250	15-Jan-2033	668	679	
850	ONEOK Inc.	4.550	15-Jul-2028	848	859	
400	Oracle Corp.	4.000	15-Jul-2046	407	378	
925	Oracle Corp.	4.000	15-Nov-2047	921	875	
1 200	Phillips 66 Partners LP	3.550	01-Oct-2026	1 185	1 124	
875	Phillips 66 Partners LP	3.750	01-Mar-2028	872	819	
600	PPL Capital Funding Inc.	3.100	15-May-2026	594	558	
625	PSEG Power LLC	3.850	01-Jun-2023	625	623	
600	PSEG Power LLC	8.625	15-Apr-2031	871	788	
1 000	Public Service Co. of Oklahoma	4.400	01-Feb-2021	1 066	1 030	
1 380	Public Service Enterprise Group Inc.	2.650	15-Nov-2022	1 378	1 329	
800	Puget Energy Inc.	6.000	01-Sep-2021	925	856	
750	Quest Diagnostics Inc.	2.500	30-Mar-2020	748	741	
575	Regions Financial Corp.	2.750	14-Aug-2022	575	555	
800	Republic Services Inc.	3.950	15-May-2028	789	790	
1 550	Rockwell Collins Inc.	3.200	15-Mar-2024	1 549	1 495	
825	Roper Technologies Inc.	2.800	15-Dec-2021	824	806	
755	Royal Caribbean Cruises Ltd.	2.650	28-Nov-2020	755	743	
1 000	Schlumberger Holdings Corp.	3.625	21-Dec-2022	999	1 001	
1 575	Sempra Energy	3.800	01-Feb-2038	1 556	1 434	
325	Sempra Energy	4.000	01-Feb-2048	321	293	
650	Southern Co. Gas Capital Corp.	2.450	01-Oct-2023	649	612	

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



June 30, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
<b>United States (cont.)</b>						
1 800	Southern Power Co.	4.950	15-Dec-2046	\$ 1 775	\$ 1 816	
750	Southwest Gas Holdings Inc.	3.800	29-Sep-2046	748	711	
825	Southwestern Electric Power Co.	3.850	01-Feb-2048	823	765	
500	Spectra Energy Partners LP	4.750	15-Mar-2024	502	511	
500	The Dow Chemical Co.	7.375	01-Nov-2029	672	624	
1 000	The Goldman Sachs Group Inc.	5.375	15-Mar-2020	1 083	1 035	
1 250	The Goldman Sachs Group Inc.	2.625	25-Apr-2021	1 247	1 224	
1 350	The Goldman Sachs Group Inc.	5.750	24-Jan-2022	1 529	1 445	
1 200	The Goldman Sachs Group Inc.	3.625	22-Jan-2023	1 224	1 193	
1 600	The Goldman Sachs Group Inc.	3.750	22-May-2025	1 598	1 563	
950	The Goldman Sachs Group Inc.	3.272	29-Sep-2025	950	903	
675	The Goldman Sachs Group Inc.	3.750	25-Feb-2026	673	655	
900	The Goldman Sachs Group Inc.	3.691	05-Jun-2028	900	854	
1 400	The Sherwin-Williams Co.	4.500	01-Jun-2047	1 392	1 340	
1 300	The Southern Co.	4.250	01-Jul-2036	1 309	1 281	
850	Thermo Fisher Scientific Inc.	3.000	15-Apr-2023	845	827	
500	Time Warner Inc.	4.875	15-Mar-2020	551	513	
200	Tyson Foods Inc.	2.650	15-Aug-2019	201	199	
700	Verizon Communications Inc.	5.150	15-Sep-2023	780	747	
1 150	Verizon Communications Inc.	5.250	16-Mar-2037	1 182	1 184	
500	Verizon Communications Inc.	5.012	15-Apr-2049	608	488	
250	Walgreens Boots Alliance Inc.	4.800	18-Nov-2044	260	236	
1 500	Wells Fargo & Co.	3.300	09-Sep-2024	1 530	1 450	
750	Wells Fargo & Co.	3.000	19-Feb-2025	747	708	
1 650	Wells Fargo & Co.	3.000	23-Oct-2026	1 629	1 525	
1 000	Williams Partners LP	3.750	15-Jun-2027	999	946	
850	Williams Partners LP	4.850	01-Mar-2048	846	812	
				174 310	168 371	<b>86.9</b>
<b>TOTAL BONDS</b>				<b>\$ 202 426</b>	<b>195 714</b>	<b>101.0</b>
<b>OTHER NET ASSETS (LIABILITIES) ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>					<b>(1 935)</b>	<b>(1.0)</b>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>					<b>\$ 193 779</b>	<b>100.0</b>



**Statements of Financial Position** (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2018	December 31 2017
<b>ASSETS</b>		
Investments at fair value	\$ 195 714	\$ 240 346
Cash	654	2 903
Due from investment dealers	1 642	–
Subscriptions receivable	71	951
Dividends receivable, interest accrued and other assets	2 116	2 428
<b>TOTAL ASSETS</b>	<b>200 197</b>	<b>246 628</b>
<b>LIABILITIES</b>		
Due to investment dealers	1 695	–
Redemptions payable	3 368	109
Distributions payable	1 319	–
Accounts payable and accrued expenses	36	48
<b>TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>	<b>6 418</b>	<b>157</b>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")</b>	<b>\$ 193 779</b>	<b>\$ 246 471</b>
Investments at cost	\$ 202 426	\$ 235 817
<b>NAV</b>		
<b>SERIES A</b>	<b>\$ 21 415</b>	<b>\$ 26 828</b>
<b>ADVISOR SERIES</b>	<b>\$ 905</b>	<b>\$ 987</b>
<b>SERIES D</b>	<b>\$ 1 807</b>	<b>\$ 2 700</b>
<b>SERIES F</b>	<b>\$ 16 923</b>	<b>\$ 19 012</b>
<b>SERIES O</b>	<b>\$ 152 729</b>	<b>\$ 196 944</b>
<b>NAV PER UNIT</b>		
<b>SERIES A</b>	<b>\$ 9.19</b>	<b>\$ 9.71</b>
<b>ADVISOR SERIES</b>	<b>\$ 9.08</b>	<b>\$ 9.59</b>
<b>SERIES D</b>	<b>\$ 9.20</b>	<b>\$ 9.72</b>
<b>SERIES F</b>	<b>\$ 9.18</b>	<b>\$ 9.70</b>
<b>SERIES O</b>	<b>\$ 9.15</b>	<b>\$ 9.67</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)	2018	2017
<b>INCOME (see note 3 in the generic notes)</b>		
Dividends	\$ –	\$ 8
Interest for distribution purposes	4 462	3 741
Net realized gain (loss) on investments	(1 431)	166
Change in unrealized gain (loss) on investments	(11 241)	4 348
<b>TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES</b>	<b>(8 210)</b>	<b>8 263</b>
Securities lending revenue (see note 7 in the generic notes)	1	2
<b>TOTAL OTHER INCOME (LOSS)</b>	<b>1</b>	<b>2</b>
<b>TOTAL INCOME (LOSS)</b>	<b>(8 209)</b>	<b>8 265</b>
<b>EXPENSES (see notes – Fund Specific Information)</b>		
Management fees	199	209
Administration fees	25	26
Independent Review Committee costs	1	1
GST/HST	21	24
<b>TOTAL EXPENSES</b>	<b>246</b>	<b>260</b>
<b>INCREASE (DECREASE) IN NAV</b>	<b>\$ (8 455)</b>	<b>\$ 8 005</b>
<b>INCREASE (DECREASE) IN NAV</b>		
<b>SERIES A</b>	<b>\$ (1 019)</b>	<b>\$ 971</b>
<b>ADVISOR SERIES</b>	<b>\$ (34)</b>	<b>\$ 34</b>
<b>SERIES D</b>	<b>\$ (89)</b>	<b>\$ 69</b>
<b>SERIES F</b>	<b>\$ (709)</b>	<b>\$ 492</b>
<b>SERIES O</b>	<b>\$ (6 604)</b>	<b>\$ 6 439</b>
<b>INCREASE (DECREASE) IN NAV PER UNIT</b>		
<b>SERIES A</b>	<b>\$ (0.40)</b>	<b>\$ 0.32</b>
<b>ADVISOR SERIES</b>	<b>\$ (0.35)</b>	<b>\$ 0.32</b>
<b>SERIES D</b>	<b>\$ (0.40)</b>	<b>\$ 0.35</b>
<b>SERIES F</b>	<b>\$ (0.35)</b>	<b>\$ 0.35</b>
<b>SERIES O</b>	<b>\$ (0.33)</b>	<b>\$ 0.40</b>



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

For the periods ended June 30

(see note 2 in the generic notes)

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in NAV	\$ (8 455)	\$ 8 005
<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	1 431	(166)
Change in unrealized loss (gain) on investments	11 241	(4 348)
(Increase) decrease in accrued receivables	312	(652)
Increase (decrease) in accrued payables	(12)	5
(Increase) decrease in margin accounts	–	–
Cost of investments purchased	(33 384)	(89 884)
Proceeds from sale and maturity of investments	65 397	28 207
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>36 530</b>	<b>(58 833)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of redeemable units	44 062	88 641
Cash paid on redemption of redeemable units	(81 330)	(24 744)
Distributions paid to holders of redeemable units	(1 511)	(1 329)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>\$ (38 779)</b>	<b>\$ 62 568</b>
Net increase (decrease) in cash for the period	(2 249)	3 735
Cash (bank overdraft), beginning of period	2 903	2 437
<b>CASH (BANK OVERDRAFT), END OF PERIOD</b>	<b>\$ 654</b>	<b>\$ 6 172</b>
Interest received (paid)	\$ 4 774	\$ 3 097
Dividends received, net of withholding taxes	\$ –	\$ –





**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	
	2018	2017	2018	2017	2018	2017	2018	2017
<b>NAV AT BEGINNING OF PERIOD</b>	\$ 26 828	\$ 28 835	\$ 987	\$ 605	\$ 2 700	\$ 1 464	\$ 19 012	\$ 10 599
<b>INCREASE (DECREASE) IN NAV</b>	(1 019)	971	(34)	34	(89)	69	(709)	492
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	1 939	4 883	381	1 364	414	982	4 433	10 324
Reinvestments of distributions to holders of redeemable units	315	308	7	10	32	27	136	105
Redemption of redeemable units	(6 307)	(5 002)	(421)	(410)	(1 217)	(403)	(5 622)	(4 892)
<b>NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS</b>	(4 053)	189	(33)	964	(771)	606	(1 053)	5 537
Distributions from net income	(341)	(337)	(15)	(14)	(33)	(28)	(327)	(217)
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
<b>TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS</b>	(341)	(337)	(15)	(14)	(33)	(28)	(327)	(217)
<b>NET INCREASE (DECREASE) IN NAV</b>	(5 413)	823	(82)	984	(893)	647	(2 089)	5 812
<b>NAV AT END OF PERIOD</b>	\$ 21 415	\$ 29 658	\$ 905	\$ 1 589	\$ 1 807	\$ 2 111	\$ 16 923	\$ 16 411

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2018	2017	2018	2017
<b>NAV AT BEGINNING OF PERIOD</b>	\$ 196 944	\$ 110 479	\$ 246 471	\$ 151 982
<b>INCREASE (DECREASE) IN NAV</b>	(6 604)	6 439	(8 455)	8 005
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	36 054	79 614	43 221	97 167
Reinvestments of distributions to holders of redeemable units	1 115	376	1 605	826
Redemption of redeemable units	(71 061)	(10 831)	(84 628)	(21 538)
<b>NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS</b>	(33 892)	69 159	(39 802)	76 455
Distributions from net income	(3 719)	(3 005)	(4 435)	(3 601)
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
<b>TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS</b>	(3 719)	(3 005)	(4 435)	(3 601)
<b>NET INCREASE (DECREASE) IN NAV</b>	(44 215)	72 593	(52 692)	80 859
<b>NAV AT END OF PERIOD</b>	\$ 152 729	\$ 183 072	\$ 193 779	\$ 232 841



June 30, 2018

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

The investment objective of the Fund is to provide interest income with the potential for modest capital growth by investing primarily in a portfolio of diversified investment-grade fixed-income securities issued by U.S. corporations.

**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 2018	December 31 2017
AAA	0.9	1.7
AA	3.3	6.5
A	27.6	33.9
BBB	67.1	57.2
BB	0.8	0.7
Unrated	0.3	–
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

**Concentration risk (%)**

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

Investment mix	June 30 2018	December 31 2017
United States	86.9	85.0
Other Countries	14.1	12.5
Cash/Other	(1.0)	2.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

**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 2018	December 31 2017
Less than 1 year	1.3	0.2
1 – 5 years	35.2	32.6
5 – 10 years	29.2	36.6
> 10 years	34.3	30.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

As at June 30, 2018, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 7.2% (December 31, 2017 – 7.3%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

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

**Fair value hierarchy (USD000s except % amounts) (see note 3 in the generic notes)**

The following is a summary of the inputs used as of June 30, 2018 and December 31, 2017.

June 30, 2018	Level 1	Level 2	Level 3	Total
<b>Equities</b>	–	–	–	–
<b>Underlying funds</b>	–	–	–	–
<b>Fixed-income and debt securities</b>	–	195 714	–	195 714
<b>Short-term investments</b>	–	–	–	–
<b>Derivatives – assets</b>	–	–	–	–
<b>Derivatives – liabilities</b>	–	–	–	–
<b>Total financial instruments</b>	–	195 714	–	195 714
<b>% of total portfolio</b>	–	100.0	–	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
<b>Equities</b>	–	–	–	–
<b>Underlying funds</b>	–	–	–	–
<b>Fixed-income and debt securities</b>	–	240 346	–	240 346
<b>Short-term investments</b>	–	–	–	–
<b>Derivatives – assets</b>	–	–	–	–
<b>Derivatives – liabilities</b>	–	–	–	–
<b>Total financial instruments</b>	–	240 346	–	240 346
<b>% of total portfolio</b>	–	100.0	–	100.0

For the periods ended June 30, 2018 and December 31, 2017, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

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

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

	Management fees	Administration fees
Series A	1.10%	0.05%
Advisor Series	1.10%	0.05%
Series D	0.75%	0.05%
Series F	0.60%	0.05%
Series O	n/a*	0.02%

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



June 30, 2018

**Investments by related parties  
(USD000s except unit amounts)**

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

	June 30 2018	December 31 2017
<b>Units held</b>		
Series A	124	122
Advisor Series	125	123
Series F	127	125
<b>Value of all units</b>	<b>3</b>	<b>4</b>

**Taxes (CAD000s) (see note 6 in the generic notes)**

The Fund prepares its financial statements in U.S. dollars but is taxable on its income and net realized capital gains (including gains from foreign exchange movements) calculated on a Canadian dollar basis.

The Fund had no capital or non-capital losses as at December 31, 2017.

**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)

	2018	2017
<b>Series A</b>		
Opening units	2 763	3 046
Issued number of units	203	507
Reinvested number of units	34	32
Redeemed number of units	(670)	(522)
Ending number of units	<b>2 330</b>	<b>3 063</b>
<b>Advisor Series</b>		
Opening units	103	65
Issued number of units	41	143
Reinvested number of units	1	1
Redeemed number of units	(45)	(43)
Ending number of units	<b>100</b>	<b>166</b>
<b>Series D</b>		
Opening units	278	155
Issued number of units	43	102
Reinvested number of units	3	3
Redeemed number of units	(128)	(42)
Ending number of units	<b>196</b>	<b>218</b>
<b>Series F</b>		
Opening units	1 960	1 121
Issued number of units	472	1 075
Reinvested number of units	15	11
Redeemed number of units	(603)	(510)
Ending number of units	<b>1 844</b>	<b>1 697</b>

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

	2018	2017
<b>Series 0</b>		
Opening units	20 372	11 722
Issued number of units	3 813	8 369
Reinvested number of units	121	39
Redeemed number of units	(7 612)	(1 136)
Ending number of units	<b>16 694</b>	<b>18 994</b>

**Securities lending revenue (USD000s except %)  
(see note 7 in the generic notes)**

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

	June 30 2018	June 30 2017
Fair value of securities loaned	1 366	2 501
Fair value of collateral received	1 394	2 551

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 2018		June 30 2017	
	\$	%	\$	%
Gross revenue	2	100	3	100
RBC IS (paid)	–	(25)	(1)	(33)
Tax withheld	(1)	(28)	–	–
Fund revenue	<b>1</b>	<b>47</b>	<b>2</b>	<b>67</b>

**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 2018	December 31 2017
RBC \$U.S. Strategic Income Bond Fund	2.6	–

## 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 9, 2018.

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 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 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 for the six-month periods ended June 30, 2018 and 2017, or as at June 30, 2018 and December 31, 2017, as applicable. In the year a Fund or series is established, “period” represents the period from inception to June 30 of that fiscal year.

## 3. Summary of significant accounting policies

These financial statements have been prepared in compliance 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, which are investment entities, are as follows:

**Adoption of New Accounting Standards** Effective January 1, 2018, the Funds adopted IFRS 9 Financial Instruments. The new standard requires financial assets to be classified as amortized cost and fair value, with changes in fair value through profit and loss (“FVTPL”) or fair value through other comprehensive income (“FVOCI”) based on the entity’s business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Assessment and decision on the business model approach used is an accounting judgment.

The adoption of IFRS 9 has been applied retrospectively without the use of hindsight and did not result in a change to the measurement of financial instruments, in either the current or comparative period. The Funds’ financial assets and financial liabilities previously designated as FVTPL under IAS 39 Financial Instruments continue to be measured as FVTPL. Other financial assets and liabilities will continue to be measured at amortized cost.

**Classification and Measurement of Financial Assets, Liabilities and Derivatives** Each of the Funds classify their investment and derivative portfolio based on the business model for managing the portfolio and the contractual cash flow characteristics. The investment portfolio of financial assets, liabilities and derivatives is managed and performance is evaluated on a fair value basis. The contractual cash flows of the Funds' debt securities are solely principal and interest; however, these securities 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 and derivative contracts are measured at FVTPL.

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

**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.

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The hierarchy of inputs is summarized below:

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

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

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

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

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

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

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

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

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

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

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

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

Options purchased and options written (sold) are recorded as investments in the Statements of Financial Position. These investments are reported at fair value in the Statements of Financial Position, and unrealized gain or loss at the close of business on each valuation date is recorded in "Change in unrealized gain (loss) on investments" in the Statements of Comprehensive Income.

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

*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. Any unrealized gain or loss at the close of business on each valuation date is recorded as "Change in unrealized gain (loss) on investments" in the Statements of Comprehensive Income. The receivable/payable on forward contracts is recorded separately in the Statements of Financial Position. Realized gain (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. 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.

**Underlying Funds** – Underlying funds that are mutual funds are valued at their respective NAV per unit from fund companies on the relevant valuation dates and underlying funds that are exchange-traded funds are valued at market close on the relevant valuation dates.

**Fair Valuation of Investments** – The Funds have procedures to determine the fair value of securities and other financial instruments for which market prices are not readily available or which may not be reliably priced. Under these fair valuation procedures, 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. Management also has procedures 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.

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 fair value. The carrying amount of cash approximates its fair value because it is short-term in nature.

**Foreign Exchange** The value of investments and other assets and liabilities in foreign currencies is translated into Canadian dollars (U.S. dollars in the case of the Phillips, Hager & North \$U.S. Money Market Fund, RBC \$U.S. Money Market Fund, RBC Premium \$U.S. Money Market Fund, RBC \$U.S. Short-Term Corporate Bond Fund, RBC \$U.S. Investment Grade Corporate Bond Fund, RBC \$U.S. High Yield Bond Fund, RBC \$U.S. Strategic Income Bond Fund, BlueBay Emerging Markets Corporate Bond Fund, BlueBay \$U.S. Global Convertible Bond Fund (Canada) and RBC U.S. Monthly Income Fund) at the rate of exchange on each valuation date. Gains/losses on foreign cash balances are included in “Net gain (loss) on foreign cash balances” in the Statements of Comprehensive Income. Purchases and sales of investments, income and expenses are translated at the rate of exchange prevailing on the respective dates of such transactions. Realized foreign exchange gains/losses on spot and forward currency contracts are included in “Derivative income” in the Statements of Comprehensive Income.

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

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

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

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

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

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

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

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

#### 4. Critical accounting judgments and estimates

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

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

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

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

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

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

A Fund's investment activities expose it to a variety of financial risks. RBC GAM seeks to minimize potential adverse effects of these risks on a Fund's performance by employing professional, experienced portfolio managers, daily monitoring of the Fund's holdings and market events, diversifying its investment portfolio within the constraints of its investment



objectives and, in some cases, periodically hedging certain risk exposures through the use of derivatives. To assist in managing risks, RBC GAM also uses internal guidelines, maintains a governance structure that oversees each Fund's investment activities and monitors compliance with the Fund's investment strategies, internal guidelines and securities regulations.

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

#### **Liquidity risk**

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

#### **Credit risk**

Credit risk is the risk that a loss could arise from a security issuer or counterparty not being able to meet its financial obligations. The carrying amount of investments and other assets represents the maximum credit risk exposure as disclosed in a Fund's Statements of Financial Position. The fair value of fixed-income and debt securities includes a consideration of the creditworthiness of the debt issuer. Credit risk exposure to over-the-counter derivative instruments is based on a Fund's unrealized gain on the contractual obligations with the counterparty. Credit risk exposure is mitigated for those Funds participating in a securities lending program (see note 7). RBC GAM monitors each Fund's credit exposure and counterparty ratings daily.

#### **Concentration risk**

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

#### **Interest rate risk**

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

#### **Currency risk**

Currency risk is the risk that the value of investments denominated in currencies, other than the functional currency of a Fund, will fluctuate due to changes in foreign exchange rates. The value of investments denominated in a currency other than the functional currency is affected by changes in the value of the functional currency in relation to the value of the currency in which the investment is denominated. When the value of the functional currency falls in relation to foreign currencies, then the value of the foreign investments rises. When the value of the functional currency rises, the value of the foreign investments falls.

#### **Other price risk**

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

## **6. Taxes**

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

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

## 7. Securities lending revenue

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

## 8. Administrative and other related-party transactions

### ***Manager and Portfolio Manager***

RBC GAM is an indirect wholly owned subsidiary of Royal Bank of Canada ("Royal Bank"). RBC GAM is the manager and portfolio manager of the Funds. RBC GAM is responsible for the Funds' day-to-day operations, provides investment advice and portfolio management services to the Funds and appoints distributors for the Funds. RBC GAM is paid a management fee by the Funds as compensation for its services. The management fee is calculated and accrued daily as a percentage of the NAV of each series of units of the Funds. No management fees are paid by the Funds with respect to Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM for investment-counselling services.

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

Notwithstanding the fixed administration fee, the Funds also pay certain operating expenses directly, including the costs related to the Independent Review Committee of the Funds, and the cost of any new government or regulatory requirements introduced and any borrowing costs (collectively, "other fund costs"), and taxes (including, but

not limited to, GST/HST). Other fund costs will be allocated proportionately to each series based upon the relative NAV of each series. RBC GAM may, in some years and in certain cases, absorb a portion of operating expenses. The decision to absorb the operating expenses is reviewed annually and determined at the discretion of RBC GAM, without notice to unitholders.

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

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

### ***Sub-Advisors***

RBC Global Asset Management (U.S.) Inc. is the sub-advisor for the RBC \$U.S. Investment Grade Corporate Bond Fund, RBC U.S. Mid-Cap Growth Equity Fund, RBC U.S. Mid-Cap Growth Equity Currency Neutral Fund, RBC U.S. Mid-Cap Value Equity Fund, RBC U.S. Small-Cap Core Equity Fund, RBC U.S. Small-Cap Value Equity Fund and Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund (for a portion of the Fund). RBC Global Asset Management (UK) Limited is the sub-advisor for the RBC Global Bond Fund

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

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

#### **Trustee**

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

#### **Distributors**

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

#### **Custodian**

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

#### **Registrars**

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

#### **Brokers and Dealers**

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

#### **Securities Lending Agent**

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

#### **Other Related-Party Transactions**

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

#### **Related-Party Trading Activities**

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;

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- (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.

## 9. Revision of comparative information

Where applicable, certain comparative figures on the Statements of Cash Flow have been revised.

Amounts reclassified to “Non-cash distributions from underlying funds” have been presented separately from amounts related to “Cost of investments purchased” to appropriately reflect the non-cash components of investments purchased. The impact on the “Net cash provided by (used in) operating activities” is nil.

Comparative figures on the Statements of Cash Flow have been revised for the following funds:

RBC Monthly Income Bond Fund, RBC Bond Fund, RBC Global Bond Fund, RBC Global Corporate Bond Fund, RBC Global High Yield Bond Fund, RBC Strategic Income Bond Fund, RBC Emerging Markets Bond Fund (CAD Hedged), RBC Managed Payout Solution, RBC Managed Payout Solution – Enhanced, RBC Managed Payout Solution – Enhanced Plus, RBC Monthly Income Fund, RBC U.S. Monthly Income Fund, RBC Balanced Fund, RBC Global Balanced Fund, RBC Conservative Growth & Income Fund, RBC Balanced Growth & Income Fund, RBC Global Growth & Income Fund, RBC Retirement Income Solution,

RBC Retirement 2020 Portfolio, RBC Retirement 2025 Portfolio, RBC Retirement 2030 Portfolio, RBC Retirement 2035 Portfolio, RBC Retirement 2040 Portfolio, RBC Retirement 2045 Portfolio, RBC Retirement 2050 Portfolio, RBC Select Very Conservative Portfolio, RBC Select Conservative Portfolio, RBC Select Balanced Portfolio, RBC Select Growth Portfolio, RBC Select Aggressive Growth Portfolio, RBC Select Choices Conservative Portfolio, RBC Select Choices Balanced Portfolio, RBC Select Choices Aggressive Growth Portfolio, RBC Target 2020 Education Fund, RBC Target 2025 Education Fund, RBC Target 2030 Education Fund, RBC Emerging Markets Multi-Strategy Equity Fund, RBC Private U.S. Large-Cap Value Equity Currency Neutral Pool, RBC Private U.S. Large-Cap Core Equity Currency Neutral Pool, Phillips, Hager & North Total Return Bond Fund, Phillips, Hager & North Monthly Income Fund, Phillips, Hager & North Balanced Fund, Phillips, Hager & North LifeTime 2015 Fund, Phillips, Hager & North LifeTime 2020 Fund, Phillips, Hager & North LifeTime 2025 Fund, Phillips, Hager & North LifeTime 2030 Fund, Phillips, Hager & North LifeTime 2035 Fund, Phillips, Hager & North LifeTime 2040 Fund, Phillips, Hager & North LifeTime 2045 Fund and Phillips, Hager & North LifeTime 2050 Fund.

Amounts reclassified to “(Increase) decrease in margin accounts” have been presented separately from amounts related to “Cash (bank overdraft), beginning of period,” to appropriately separate changes in margin accounts.

Comparative figures on the Statements of Cash Flow have been revised for the following funds:

RBC Bond Fund, RBC Global Bond Fund, RBC Global Corporate Bond Fund, RBC Global High Yield Bond Fund, 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 Corporate Bond Fund, BlueBay Global Convertible Bond Fund (Canada), BlueBay \$U.S. Global Convertible Bond Fund (Canada), RBC Monthly Income Fund, RBC Balanced Fund, RBC Global Balanced Fund, RBC Select Very Conservative Portfolio, RBC Select Conservative Portfolio, RBC Select Balanced Portfolio, RBC Select Growth Portfolio, RBC Select Aggressive Growth Portfolio, RBC North American Growth Fund, RBC U.S. Index Currency Neutral Fund, RBC International Index Currency Neutral Fund and Phillips, Hager & North Total Return Bond Fund.

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Where applicable, certain comparative figures on the Statements of Comprehensive Income have been revised due to the implementation of IFRS 9. Certain amounts previously recorded as “Net gain (loss) on foreign currencies and other net assets,” “Other derivatives” and “Net gain (loss) from futures contracts” are now recorded as “Derivative income.” And certain amounts previously recorded as “Other income (loss)” are now recorded as “Income from investment trusts.”

Comparative figures on the Statements of Comprehensive Income have been revised for the following funds:

RBC Canadian Short-Term Income Fund, RBC Monthly Income Bond Fund, RBC Bond Fund, RBC Vision Bond Fund, RBC Global Bond Fund, RBC Global Corporate Bond Fund, RBC High Yield Bond Fund, RBC \$U.S. High Yield Bond Fund, RBC Global High Yield Bond Fund, RBC Strategic Income Bond Fund, RBC Emerging Markets Foreign Exchange Fund, RBC Emerging Markets Bond Fund, RBC Emerging Markets Bond Fund (CAD Hedged), BlueBay Global Monthly Income Bond Fund, BlueBay Global Sovereign Bond Fund (Canada), BlueBay Global Investment Grade Corporate Bond Fund (Canada), BlueBay European High Yield Bond Fund (Canada), BlueBay Emerging Markets Corporate Bond Fund, BlueBay Global Convertible Bond Fund (Canada), BlueBay \$U.S. Global Convertible Bond Fund (Canada), RBC Managed Payout Solution, RBC Managed Payout Solution – Enhanced, RBC Managed Payout Solution – Enhanced Plus, RBC Monthly Income Fund, RBC U.S. Monthly Income Fund, RBC Balanced Fund, RBC Global Balanced Fund, RBC Vision Balanced Fund, RBC Conservative Growth & Income Fund, RBC Balanced Growth & Income Fund, RBC Global Growth & Income Fund, RBC Retirement Income Solution, RBC Retirement 2020 Portfolio, RBC Retirement 2025 Portfolio, RBC Retirement 2030 Portfolio, RBC Retirement 2035 Portfolio, RBC Retirement 2040 Portfolio, RBC Retirement 2045 Portfolio, RBC Retirement 2050 Portfolio, RBC Select Very Conservative Portfolio, RBC Select Conservative Portfolio, RBC Select Balanced Portfolio, RBC Select Growth Portfolio, RBC Select Aggressive Growth Portfolio, RBC Select Choices Conservative Portfolio, RBC Select Choices Balanced Portfolio, RBC Select Choices Growth Portfolio, RBC Select Choices Aggressive Growth Portfolio, RBC Target 2020 Education Fund, RBC Target 2025 Education Fund, RBC Target 2030 Education Fund, RBC Canadian Dividend Fund, RBC Canadian Equity Fund, RBC QUBE Canadian Equity Fund, RBC QUBE Low Volatility Canadian Equity Fund, RBC Trend Canadian Equity Fund, RBC Vision Canadian Equity Fund, RBC Canadian Index Fund, RBC O’Shaughnessy Canadian Equity Fund, RBC O’Shaughnessy All-Canadian Equity Fund,

RBC Canadian Equity Income Fund, RBC North American Value Fund, RBC North American Growth Fund, RBC U.S. Dividend Fund, RBC U.S. Dividend Currency Neutral Fund, RBC U.S. Equity Fund, RBC U.S. Equity Currency Neutral Fund, RBC QUBE U.S. Equity Fund, RBC QUBE Low Volatility U.S. Equity Fund, RBC QUBE Low Volatility U.S. Equity Currency Neutral Fund, RBC U.S. Index Fund, RBC U.S. Index Currency Neutral Fund, RBC O’Shaughnessy U.S. Value Fund, RBC U.S. Mid-Cap Growth Equity Fund, RBC U.S. Mid-Cap Growth Equity Currency Neutral Fund, RBC U.S. Mid-Cap Value Equity Fund, RBC U.S. Small-Cap Core Equity Fund, RBC U.S. Small-Cap Value Equity Fund, RBC O’Shaughnessy U.S. Growth Fund, RBC O’Shaughnessy U.S. Growth Fund II, RBC International Dividend Growth Fund, RBC International Equity Fund, RBC International Equity Currency Neutral Fund, RBC International Index Currency Neutral Fund, RBC O’Shaughnessy International Equity Fund, RBC European Dividend Fund, RBC European Equity Fund, RBC European Mid-Cap Equity Fund, RBC Asian Equity Fund, RBC Asia Pacific ex-Japan Equity Fund, RBC Japanese Equity Fund, RBC Emerging Markets Multi-Strategy Equity Fund, RBC Emerging Markets Dividend Fund, RBC Emerging Markets Equity Fund, RBC Emerging Markets Small-Cap Equity Fund, RBC Global Dividend Growth Fund, RBC Global Dividend Growth Currency Neutral Fund, RBC Global Equity Fund, RBC Global Equity Focus Fund, RBC QUBE Global Equity Fund, RBC QUBE Low Volatility Global Equity Fund, RBC Vision Global Equity Fund, RBC Vision Fossil Fuel Free Global Equity Fund, RBC O’Shaughnessy Global Equity Fund, RBC QUBE All Country World Equity Fund, RBC QUBE Low Volatility All Country World Equity Fund, RBC Global Energy Fund, RBC Global Precious Metals Fund, RBC Global Resources Fund, RBC Global Technology Fund, RBC Private Canadian Corporate Bond Pool, RBC Private Income Pool, RBC Private Canadian Dividend Pool, RBC Private Canadian Growth and Income Equity Pool, RBC Private Canadian Equity Pool, RBC Private Canadian Mid-Cap Equity Pool, RBC Private U.S. Large-Cap Value Equity Currency Neutral Pool, RBC Private U.S. Large-Cap Core Equity Pool, RBC Private U.S. Large-Cap Core Equity Currency Neutral Pool, RBC Private EAFE Equity Pool, Phillips, Hager & North Bond Fund, Phillips, Hager & North Total Return Bond Fund, Phillips, Hager & North High Yield Bond Fund, Phillips, Hager & North Monthly Income Fund, Phillips, Hager & North Balanced Fund, Phillips, Hager & North Dividend Income Fund, Phillips, Hager & North Canadian Equity Value Fund, Phillips, Hager & North Canadian Equity Underlying Fund, Phillips, Hager & North Canadian Equity Underlying Fund II, Phillips, Hager & North Canadian

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Growth Fund, Phillips, Hager & North Canadian Income Fund, Phillips, Hager & North Vintage Fund, Phillips, Hager & North U.S. Dividend Income Fund, Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund, Phillips, Hager & North U.S. Equity Fund, Phillips, Hager & North Currency-Hedged U.S. Equity Fund, Phillips, Hager & North Overseas Equity Fund, Phillips, Hager & North Currency-Hedged Overseas Equity Fund, Phillips, Hager & North Global Equity Fund, Phillips, Hager & North LifeTime 2015 Fund, Phillips, Hager & North LifeTime 2020 Fund, Phillips, Hager & North LifeTime 2025 Fund, Phillips, Hager & North LifeTime 2030 Fund, Phillips, Hager & North LifeTime 2035 Fund, Phillips, Hager & North LifeTime 2040 Fund, Phillips, Hager & North LifeTime 2045 Fund and Phillips, Hager & North LifeTime 2050 Fund.

Where applicable, certain comparative figures in the Fair Value Hierarchy table have been revised to reflect the investment in exchange-traded funds as part of “Underlying funds” rather than as “Equities.” Comparative figures in the Fair Value Hierarchy table have been revised for the following funds:

RBC U.S. Monthly Income Fund, RBC Balanced Fund, RBC Global Balanced Fund, RBC Balanced Growth & Income Fund, RBC North American Value Fund, RBC North American Growth Fund, RBC U.S. Dividend Fund, RBC U.S. Dividend Currency Neutral Fund, RBC U.S. Equity Fund, RBC U.S. Equity Currency Neutral Fund, RBC U.S. Index Currency Neutral Fund, RBC U.S. Small-Cap Core Equity Fund, RBC Life Science and Technology Fund, RBC International Index Currency Neutral Fund, Phillips, Hager & North U.S. Dividend Income Fund, Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund, Phillips, Hager & North LifeTime 2015 Fund, Phillips, Hager & North LifeTime 2020 Fund, Phillips, Hager & North LifeTime 2025 Fund, Phillips, Hager & North LifeTime 2030 Fund, Phillips, Hager & North LifeTime 2035 Fund, Phillips, Hager & North LifeTime 2040 Fund, Phillips, Hager & North LifeTime 2045 Fund and Phillips, Hager & North LifeTime 2050 Fund.