



The accompanying financial statements have been prepared by RBC Global Asset Management Inc. ("RBC GAM") as manager of the RBC Funds and the RBC Private Pools (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 10, 2016

**Frank Lippa, CPA, CA**

Chief Financial Officer and Chief Operating Officer

RBC Global Asset Management Inc.

**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 INDEX FUND**

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>CANADIAN EQUITIES</b>				
<b>Consumer Discretionary</b>				
55 883	Aimia Inc.	\$ 835	\$ 441	
38 600	Amaya Inc.	1 275	765	
11 400	BRP Inc.	340	236	
25 100	Canadian Tire Corp. Ltd., Class A	1 105	3 533	
23 200	Cineplex Inc.	378	1 197	
8 110	Cogeco Communications Inc.	313	550	
42 300	Corus Entertainment Inc., Class B	723	563	
47 600	DHX Media Ltd.	446	314	
40 200	Dollarama Inc.	637	3 626	
9 500	Dorel Industries, Class B	290	327	
37 500	EnerCare Inc.	551	641	
80 812	Gildan Activewear Inc., Class A	665	3 058	
16 200	Great Canadian Gaming Corp.	323	291	
41 300	Hudson's Bay Co.	753	644	
16 500	Linamar Corp.	303	759	
135 984	Magna International Inc., Class A	2 585	6 167	
30 799	Martinrea International Inc.	266	246	
30 100	Quebecor Inc., Class B	583	1 114	
84 756	Restaurant Brands International Inc.	3 574	4 558	
145 201	Shaw Communications Inc., Class B	2 654	3 601	
25 600	The Intertain Group Ltd.	473	268	
114 000	Thomson Corp.	4 598	5 959	
14 600	Uni-Select Inc.	407	478	
		24 077	39 336	<b>6.0</b>
<b>Consumer Staples</b>				
152 200	Alimentation Couche-Tard Inc.	1 179	8 444	
44 877	Cott Corporation	459	810	
58 800	Empire Co. Ltd., Class A	1 085	1 130	
17 300	George Weston Ltd.	1 081	1 934	
28 700	Jean Coutu Group, Class A	327	574	
77 941	Loblaw Companies Ltd.	3 459	5 387	
32 300	Maple Leaf Foods Inc.	425	891	
85 382	Metro Inc., Class A	752	3 843	
8 800	Premium Brands Holdings Corp.	457	479	
78 000	Saputo Group Inc.	859	2 993	
17 000	The North West Co. Inc.	296	501	
		10 379	26 986	<b>4.1</b>
<b>Energy</b>				
69 116	Advantage Oil & Gas Ltd.	925	499	
58 600	AltaGas Ltd.	1 708	1 840	
126 935	ARC Resources Ltd.	2 928	2 807	
78 000	Baytex Energy Corp.	2 143	585	
38 700	Birchcliff Energy Ltd.	479	266	
69 300	Bonavista Energy Corp.	1 746	228	
8 900	Bonterra Energy Corp.	506	236	
141 896	Cameco Corp.	2 029	2 014	
83 000	Canadian Energy Services & Technology Corp.	494	338	
397 538	Canadian Natural Resources Ltd.	7 830	15 846	
300 643	Cenovus Energy Inc.	5 711	5 372	

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Energy (cont.)</b>				
182 761	Crescent Point Energy Corp.	\$ 5 909	\$ 3 730	
53 700	Crew Energy Inc.	655	312	
336 587	Enbridge Inc.	6 953	18 421	
35 062	Enbridge Income Fund Holdings Inc.	957	1 124	
308 862	Encana Corp.	5 834	3 104	
28 625	Enerflex Ltd.	244	306	
86 755	Enerplus Corp.	3 190	738	
42 900	Ensign Energy Services Inc.	425	311	
33 800	Freehold Royalties Ltd.	601	403	
51 000	Gibson Energy Inc.	1 065	764	
95 500	Gran Tierra Energy Inc.	617	414	
109 602	Husky Energy Inc.	1 851	1 728	
91 800	Imperial Oil Ltd.	2 479	3 753	
122 400	Inter Pipeline Ltd.	1 544	3 354	
55 700	Kelt Exploration Ltd.	595	263	
65 906	Keyera Corp.	974	2 605	
55 800	MEG Energy Corp.	2 616	378	
38 400	Mullen Group Ltd.	897	541	
52 500	Nuvista Energy Ltd.	376	328	
52 900	Parex Resources Inc.	630	662	
35 000	Parkland Fuel Corp.	568	787	
24 800	Pason Systems Inc.	282	443	
140 167	Pembina Pipeline Corp.	3 365	5 503	
59 500	Peyto Exploration & Development Corp.	1 328	2 063	
74 358	PrairieSky Royalty Ltd.	2 224	1 823	
108 500	Precision Drilling Corp.	1 547	743	
70 500	Raging River Exploration Inc.	524	725	
51 800	Secure Energy Services Inc.	556	457	
62 600	Seven Generations Energy Ltd.	1 037	1 544	
22 891	ShawCor Ltd.	368	733	
602 862	Suncor Energy Inc.	13 975	21 607	
81 400	Surge Energy Inc.	575	208	
40 800	TORC Oil & Gas Ltd.	486	335	
70 700	Tourmaline Oil Corp.	2 329	2 405	
254 573	TransCanada Corp.	7 250	14 882	
112 300	Veresen Inc.	1 493	1 230	
42 081	Vermilion Energy Inc.	1 596	1 731	
115 150	Whitecap Resources Inc.	1 293	1 138	
		105 707	131 627	<b>20.0</b>
<b>Financials</b>				
12 700	Alaris Royalty Corp.	415	364	
28 694	Allied Properties Real Estate Investment Trust	641	1 110	
49 227	Artis Real Estate Investment Trust	516	665	
233 141	Bank of Montreal	10 311	19 106	
435 586	Bank of Nova Scotia	15 473	27 577	
13 500	Boardwalk Real Estate Investment Trust	321	777	
314 606	Brookfield Asset Management Inc., Class A	4 330	13 446	

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



June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Financials (cont.)</b>				
77 400	Brookfield Property Partners LP	\$ 1 605	\$ 2 248	
46 735	Canadian Apartment Properties Real Estate Investment Trust	644	1 550	
143 041	Canadian Imperial Bank of Commerce	8 161	13 881	
26 100	Canadian Real Estate Investment Trust	603	1 261	
29 800	Canadian Western Bank	348	735	
84 500	CI Financial Corp.	2 002	2 277	
12 100	Colliers International Group Inc.	231	534	
56 942	Cominar Real Estate Investment Trust	982	959	
27 300	Crombie Real Estate Investment Trust	353	419	
40 900	Dream Global Real Estate Investment Trust	386	384	
39 574	Dream Office Real Estate Investment Trust	988	735	
140 300	Element Financial Corp.	1 948	1 922	
8 368	Fairfax Financial Holdings Ltd.	2 860	5 823	
43 100	First Capital Realty Inc.	697	955	
10 900	First Service Corp.	137	644	
14 523	Genworth MI Canada Inc.	376	481	
17 200	Granite Real Estate Investment Trust	597	667	
103 924	Great-West Lifeco Inc.	2 227	3 542	
102 518	H&R Real Estate Investment Trust	1 941	2 308	
21 900	Home Capital Group Inc.	363	701	
31 020	IGM Financial Inc.	712	1 091	
36 700	Industrial Alliance Insurance & Financial Services Inc.	848	1 490	
47 361	Intact Financial Corp.	1 948	4 371	
10 600	Laurentian Bank of Canada	261	511	
714 694	Manulife Financial Corporation	14 743	12 629	
25 300	Milestone Apartments Real Estate Investment Trust	443	478	
121 766	National Bank of Canada	2 163	5 381	
16 131	Northview Apartment Real Estate Investment Trust	444	362	
28 776	Onex Corporation	703	2 273	
131 600	Power Corporation of Canada	2 662	3 619	
87 100	Power Financial Corp.	1 654	2 583	
69 200	Pure Industrial Real Estate Investment Trust	339	355	
116 676	RioCan Real Estate Investment Trust	2 033	3 422	
538 914	Royal Bank of Canada*	20 672	41 141	
41 100	Smart Real Estate Investment Trust	825	1 570	
222 096	Sun Life Financial Inc.	6 977	9 426	
8 500	TMX Group Ltd.	300	457	
671 288	Toronto-Dominion Bank	18 523	37 243	
39 900	Tricon Capital Group Inc.	430	347	
		<b>136 136</b>	<b>233 820</b>	<b>35.6</b>

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Health Care</b>				
66 600	Chartwell Retirement Residences Real Estate Investment Trust	\$ 512	\$ 1 050	
13 700	Concordia International Corp.	1 100	381	
32 100	Extencicare Inc.	243	261	
179 400	Prometic Life Sciences Inc.	472	501	
105 465	Valeant Pharmaceuticals International Inc.	6 012	2 747	
		<b>8 339</b>	<b>4 940</b>	<b>0.7</b>
<b>Industrials</b>				
19 800	Aecon Group Inc.	352	348	
101 600	Air Canada	335	903	
27 300	ATS Automation Tooling Systems	374	265	
14 100	Badger Daylighting Ltd.	404	317	
690 815	Bombardier Inc., Class B	6 415	1 340	
6 800	Boyd Group Income Fund	424	505	
6 266	Brookfield Business Partners LP	214	154	
98 100	CAE Inc.	705	1 531	
282 300	Canadian National Railway Co.	5 749	21 537	
50 550	Canadian Pacific Railway Ltd.	2 376	8 408	
60 900	Finning International Inc.	655	1 281	
13 208	MacDonald Dettwiler & Associates Ltd.	458	1 113	
14 800	New Flyer Industries Inc.	419	595	
38 500	Ritchie Bros. Auctioneers Inc.	843	1 681	
22 200	Russel Metals Inc.	337	508	
54 100	SNC-Lavalin Group Inc.	961	2 935	
41 100	Stantec Inc.	671	1 288	
26 725	Toromont Industries Ltd.	353	1 006	
23 800	Transcontinental Inc., Class A	256	417	
28 884	TransForce Inc.	332	693	
63 593	Waste Connections Inc.	4 720	5 936	
44 175	WestJet Airlines Ltd.	587	931	
22 400	Westshore Terminals Investment Corp.	318	419	
23 100	WSP Global Inc.	663	913	
		<b>28 921</b>	<b>55 024</b>	<b>8.4</b>
<b>Information Technology</b>				
12 800	Avigilon Corp.	405	170	
164 263	BlackBerry Ltd.	6 434	1 424	
45 682	Celestica Inc.	780	549	
97 432	CGI Group Inc., Class A	1 672	5 377	
28 000	Computer Modelling Group Ltd.	354	290	
6 800	Constellation Software Inc.	941	3 400	
27 300	Descartes Systems Group Inc.	391	675	
39 000	DH Corp.	957	1 252	
6 500	Enghouse Systems Ltd.	357	356	
7 200	Kinaxis Inc.	331	374	
35 000	Mitel Networks Corp.	397	284	
44 100	Open Text Corp.	758	3 369	
11 700	Sierra Wireless Inc.	576	256	
		<b>14 353</b>	<b>17 776</b>	<b>2.7</b>



June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Materials</b>				
80 389	Agnico Eagle Mines Ltd.	\$ 2 856	\$ 5 558	
49 904	Agrium Inc.	1 937	5 833	
106 307	Alacer Gold Corp.	770	327	
96 131	Alamos Gold Inc., Class A	777	1 068	
340 200	B2Gold Corp.	1 043	1 102	
422 329	Barrick Gold Corp.	13 191	11 648	
28 372	Canfor Corp.	321	370	
9 900	CCL Industries, Class B	382	2 226	
56 706	Centerra Gold Inc.	673	437	
25 700	Chemtrade Logistics Income Fund	551	458	
62 952	Detour Gold Corp.	1 069	2 035	
30 400	Dominion Diamond Corp.	421	347	
256 239	Eldorado Gold Corp.	2 326	1 489	
21 000	Endeavour Mining Corp.	430	461	
55 600	First Majestic Silver Corp.	642	976	
250 910	First Quantum Minerals Ltd.	3 325	2 276	
64 200	Franco-Nevada Corp.	2 595	6 307	
300 383	Goldcorp Inc.	7 292	7 425	
55 700	Guyana Goldfields Inc.	524	516	
86 375	HudBay Minerals Inc.	1 001	533	
144 404	IAMGOLD Corporation	1 375	773	
23 300	Interfor Corp.	377	258	
18 300	Intertape Polymer Group Inc.	272	386	
452 347	Kinross Gold Corp.	6 193	2 868	
33 000	Kirkland Lake Gold Inc.	363	351	
24 400	Labrador Iron Ore Royalty Corp.	403	303	
108 600	Lucara Diamond Corp.	404	378	
222 639	Lundin Mining Corp.	1 665	971	
24 500	MAG Silver Corp.	410	399	
32 300	Methanex Corp.	348	1 214	
70 667	Nevsun Resources Ltd.	357	268	
183 900	New Gold Inc.	991	1 039	
13 700	Norbord Inc.	440	346	
82 500	Novagold Resources Inc.	626	653	
219 516	OceanaGold Corp.	666	1 082	
39 578	Osisko Gold Royalties Ltd.	632	668	
55 106	Pan American Silver Corp.	1 063	1 173	
302 884	Potash Corporation of Saskatchewan Inc.	6 488	6 361	
49 300	Pretium Resources Inc.	623	713	
119 103	Semafo Inc.	587	738	
42 750	Silver Standard Resources Inc.	869	717	
158 800	Silver Wheaton Corp.	2 706	4 829	
15 400	Stella-Jones Inc.	698	741	
107 700	Tahoe Resources Inc.	1 694	2 084	
166 978	Teck Resources Ltd., Class B	3 009	2 840	
279 200	Torex Gold Resources Inc.	498	645	
357 094	Turquoise Hill Resources Ltd.	1 892	1 561	
23 784	West Fraser Timber Co. Ltd.	540	898	
145 500	Western Forest Products Inc.	351	297	
11 000	Winpak Ltd.	525	522	
343 822	Yamana Gold Inc.	2 989	2 310	
		<u>82 180</u>	<u>89 778</u>	<u>13.7</u>

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Telecommunication Services</b>				
314 805	BCE Inc.	\$ 12 010	\$ 19 247	
26 800	Manitoba Telecom Services Inc.	836	1 017	
129 226	Rogers Communications Inc., Class B	3 503	6 759	
215 018	TELUS Corp.	4 500	8 945	
		<u>20 849</u>	<u>35 968</u>	<u>5.5</u>
<b>Utilities</b>				
93 700	Algonquin Power & Utilities Corp.	778	1 114	
27 144	Atco Ltd., Class 1, Non-Voting	470	1 230	
37 300	Brookfield Renewable Partners LP	1 168	1 435	
42 400	Canadian Utilities Ltd., Class A	691	1 587	
32 300	Capital Power Corp.	787	623	
53 300	Emera Inc.	1 050	2 591	
102 800	Fortis Inc.	2 642	4 489	
60 100	Hydro One Ltd.	1 472	1 560	
34 400	Innergex Renewable Energy Inc.	364	498	
37 214	Just Energy Group Inc.	622	292	
39 300	Northland Power Inc.	585	872	
50 000	Superior Plus Corp.	630	533	
101 300	TransAlta Corp.	1 971	681	
33 700	TransAlta Renewables Inc.	405	450	
		<u>13 635</u>	<u>17 955</u>	<u>2.7</u>
<b>TOTAL CANADIAN EQUITIES</b>		<u>\$ 444 576</u>	<u>653 210</u>	<u>99.4</u>
<b>OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>				<u>4 039</u>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>				<u>\$ 657 249</u>
				<u>100.0</u>

\* Investment in related party (see note 7 in the generic notes).



**Statements of Financial Position** (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
<b>ASSETS</b>		
Investments at fair value	\$ 653 210	\$ 597 306
Cash	4 483	1 688
Subscriptions receivable	1 479	390
Dividends receivable, interest accrued and other assets	1 751	1 676
<b>TOTAL ASSETS</b>	<b>660 923</b>	<b>601 060</b>
<b>LIABILITIES</b>		
Due to investment dealers	2 896	–
Redemptions payable	392	911
Accounts payable and accrued expenses	386	370
<b>TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>		
	<b>3 674</b>	<b>1 281</b>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")</b>		
	<b>\$ 657 249</b>	<b>\$ 599 779</b>
Investments at cost	\$ 444 576	\$ 445 254
<b>NAV</b>		
<b>SERIES A</b>	<b>\$ 657 249</b>	<b>\$ 599 779</b>
<b>NAV PER UNIT</b>		
<b>SERIES A</b>	<b>\$ 26.55</b>	<b>\$ 24.28</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)	2016	2015
<b>INCOME (see note 3 in the generic notes)</b>		
Dividends	\$ 9 671	\$ 9 824
Other income (loss)	487	471
Securities lending revenue (see note 6 in the generic notes)	46	36
Net realized gain (loss) on investments	(8 628)	2 887
Net gain (loss) on foreign currencies and other net assets	9	(5)
Change in unrealized gain (loss) on investments	56 582	(6 559)
<b>TOTAL INCOME (LOSS)</b>	<b>58 167</b>	<b>6 654</b>
<b>EXPENSES (see notes – Fund Specific Information)</b>		
Management fees	1 533	1 713
Administration fees	459	515
Independent Review Committee costs	2	2
GST/HST	208	233
Transaction costs	18	23
<b>TOTAL EXPENSES</b>	<b>2 220</b>	<b>2 486</b>
<b>INCREASE (DECREASE) IN NAV</b>	<b>\$ 55 947</b>	<b>\$ 4 168</b>
<b>INCREASE (DECREASE) IN NAV SERIES A</b>		
	<b>\$ 55 947</b>	<b>\$ 4 168</b>
<b>INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT</b>		
<b>SERIES A</b>	<b>\$ 2.27</b>	<b>\$ 0.17</b>



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

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in NAV	\$ 55 947	\$ 4 168
<b>ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS</b>		
Interest for distribution purposes	–	–
Net realized loss (gain) on investments	8 646	(2 861)
Change in unrealized loss (gain) on investments	(56 582)	6 559
(Increase) decrease in accrued receivables	(75)	68
Increase (decrease) in accrued payables	16	(4)
Cost of investments purchased	(31 107)	(14 678)
Proceeds on sales of investments	26 035	22 878
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>2 880</b>	<b>16 130</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of redeemable units	57 205	47 754
Cash paid on redemption of redeemable units	(57 290)	(63 554)
Distributions paid to holders of redeemable units	–	–
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>\$ (85)</b>	<b>\$ (15 800)</b>
Net increase (decrease) in cash for the period	2 795	330
Cash (bank overdraft), beginning of period	1 688	849
<b>CASH (BANK OVERDRAFT), END OF PERIOD</b>	<b>\$ 4 483</b>	<b>\$ 1 179</b>
Interest received (paid)	\$ –	\$ –
Dividends received, net of withholding taxes	\$ 10 083	\$ 10 363

Cash consists of cash and futures contracts margin receivable/payable, as applicable.



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

For the periods ended June 30 (see note 2 in the generic notes)	Series A	
	2016	2015
<b>NAV AT BEGINNING OF PERIOD</b>	<b>\$ 599 779</b>	<b>\$ 680 908</b>
<b>INCREASE (DECREASE) IN NAV</b>	<b>55 947</b>	<b>4 168</b>
Early redemption fees	1	1
Proceeds from redeemable units issued	58 294	48 015
Reinvestments of distributions to holders of redeemable units	—	—
Redemption of redeemable units	(56 772)	(64 142)
<b>NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS</b>	<b>1 523</b>	<b>(16 126)</b>
Distributions from net income	—	—
Distributions from net gains	—	—
Distributions from capital	—	—
<b>TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS</b>	<b>—</b>	<b>—</b>
<b>NET INCREASE (DECREASE) IN NAV</b>	<b>57 470</b>	<b>(11 958)</b>
<b>NAV AT END OF PERIOD</b>	<b>\$ 657 249</b>	<b>\$ 668 950</b>



June 30, 2016

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

The investment objective of the Fund is to provide long-term capital growth by tracking the performance of the benchmark S&P/TSX Capped Composite Total Return Index before fees and expenses are deducted.

**Financial instrument risk and capital management (see note 4 in the generic notes)**

**Concentration risk (%)**

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

	June 30 2016	December 31 2015
Investment mix		
Financials	35.6	38.1
Energy	20.0	18.4
Materials	13.7	9.5
Industrials	8.4	8.2
Consumer Discretionary	6.0	6.8
Telecommunication Services	5.5	5.4
Consumer Staples	4.1	4.5
Information Technology	2.7	3.2
Utilities	2.7	2.3
Health Care	0.7	3.2
Cash/Other	0.6	0.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

**Other price risk (% impact on net assets)**

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

	June 30 2016	December 31 2015
S&P/TSX Capped Composite		
Total Return Index	+ or - 1.0	+ or - 1.0

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

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

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	Level 1	Level 2	Level 3	Total
<b>Equities</b>	<b>653 210</b>	–	–	<b>653 210</b>
<b>Mutual fund units</b>	–	–	–	–
<b>Fixed-income and debt securities</b>	–	–	–	–
<b>Short-term investments</b>	–	–	–	–
<b>Derivatives – assets</b>	–	–	–	–
<b>Derivatives – liabilities</b>	–	–	–	–
<b>Total financial instruments</b>	<b>653 210</b>	–	–	<b>653 210</b>
<b>% of total portfolio</b>	<b>100.0</b>	–	–	<b>100.0</b>

December 31, 2015	Level 1	Level 2	Level 3	Total
<b>Equities</b>	<b>597 306</b>	–	–	<b>597 306</b>
<b>Mutual fund units</b>	–	–	–	–
<b>Fixed-income and debt securities</b>	–	–	–	–
<b>Short-term investments</b>	–	–	–	–
<b>Derivatives – assets</b>	–	–	–	–
<b>Derivatives – liabilities</b>	–	–	–	–
<b>Total financial instruments</b>	<b>597 306</b>	–	–	<b>597 306</b>
<b>% of total portfolio</b>	<b>100.0</b>	–	–	<b>100.0</b>

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

**Management fees and operating expenses (see note 7 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 net asset value of each series of the Fund.

	Management fees	Operating expenses
Series A	0.50%	0.15%

**Taxes (\$000s) (see note 5 in the generic notes)**

The non-capital and capital losses as at December 31, 2015 for the Fund were approximately:

Capital losses	87 448
Non-capital losses	–





June 30, 2016

### Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. 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)

	2016	2015
<b>Series A</b>		
Opening units	24 708	24 962
Issued number of units	2 342	1 715
Reinvested number of units	–	–
Redeemed number of units	(2 295)	(2 290)
Ending number of units	24 755	24 387

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

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

	June 30 2016		June 30 2015	
	\$	%	\$	%
Total transaction costs	18	100	23	100
Related-party brokerage commissions*	–	–	7	30
Commission arrangements†	–	–	–	–

\* See note 7 in the generic notes.

† Commission arrangements are part of commission amounts paid to dealers. The Fund uses commission arrangements (formerly known as "soft dollars") for research and/or order execution goods and services.

### Securities lending revenue (\$000s except %) (see note 6 in the generic notes)

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

	June 30 2016	June 30 2015
Fair value of securities loaned	45 085	53 984
Fair value of collateral received	45 987	55 064

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 2016		June 30 2015	
	\$	%	\$	%
Gross revenue	84	100	59	100
RBC IS (paid)	(30)	(35)	(21)	(35)
Tax withheld	(8)	(10)	(2)	(4)
Fund revenue	46	55	36	61

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



## 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 10, 2016.

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

Series A units and Series C 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 Series C units and are only available to investors who invest and maintain the required minimum balance through authorized dealers.

Series D units have no sales charges and have lower fees than Series A units and Series C units. Series D 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 and Series FT5 units have no sales charges and have lower fees than Series A units and Series C units. Series F units and Series FT5 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 and Series FT5 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 year/period

The information provided in these financial statements and notes thereto is for the six-month periods ended June 30, 2016 and 2015, or as at June 30, 2016 and December 31, 2015. 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”), which include estimates and assumptions made by management that may affect the reported amounts of assets (primarily valuation of investments), liabilities, income and expenses during the reported periods. Actual results may differ from estimates. The significant accounting policies of the Funds, which are investment entities, are as follows:

**Fair Value Option** Financial instruments are designated as fair value through profit and loss (“FVTPL”) on their initial recognition (the fair value option). Derivative financial instruments are held for trading (“HFT”) and are required to be classified as FVTPL by nature. Other non-derivative financial instruments can be designated as FVTPL if they have a reliably measurable fair value and satisfy some criteria such as (i) it eliminates or significantly reduces an accounting mismatch and (ii) it is part of a portfolio that is managed and its performance is evaluated on a fair value basis. Management’s judgment is that all non-derivative financial instruments are designated as FVTPL since all Funds satisfy the above criteria. The Funds’ financial assets and liabilities are not offset, as there is currently no legally enforceable right to offset the recognized amounts, and the gross amounts are reported in the Statements of Financial Position. The Funds may enter into various master netting or similar agreements with counterparties.



June 30, 2016

Redeemable units are measured at their respective redemption values. All other assets and liabilities are measured at amortized cost.

**Determination of Fair Value** The fair value of a financial instrument is the amount at which the financial instrument could be exchanged in an arm's-length transaction between knowledgeable and willing parties under no compulsion to act. In determining fair value, a three-tier hierarchy based on inputs is used to value the Funds' financial instruments. The hierarchy of inputs is summarized below:

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

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

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

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

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

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

*Equities* – Common shares, preferred shares and exchange-traded funds 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 a principal 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* – 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.

The premium received for written options is recorded as a credit in the Schedule of Investment Portfolio and adjusted daily to the fair value of the written option.

*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 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 "Net gain (loss) on foreign currencies and other net assets" in the Statements of Comprehensive Income.

*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 "Net gain (loss) from futures contracts" in the Statements of Comprehensive Income. The receivable/payable on futures contracts is recorded separately in the Statements of Financial Position.

*Mutual Fund Unit Valuation* – Units of Funds are valued at their respective net asset value per unit from fund companies on the relevant valuation dates.

*Fair Valuation of Investments (including unlisted securities)* – If the valuation methods described above are not appropriate, RBC GAM will estimate the fair value of an investment using established fair valuation procedures, such as consideration of public information, broker quotes, valuation models, fundamental analysis, matrix pricing, discounts from market prices of similar securities or discounts applied due to restrictions on the disposition of securities, and external fair value service providers.



June 30, 2016

Procedures are in place to determine the fair value of foreign securities traded in countries outside 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. This fair valuation process takes into account the last quoted price of the security and adjusts the price based on inputs such as related indices, changes in foreign markets and American Depository Receipts (“ADR”) prices. These securities are classified as Level 2.

**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. Investment Grade Corporate Bond Fund, RBC \$U.S. High Yield 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. 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 are included in “Net gain (loss) on foreign currencies and other net assets” 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. Investment Grade Corporate Bond Fund, RBC \$U.S. High Yield 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 net asset value is calculated for each series of units of a Fund. The net asset value 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 net asset value 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. “Other income (loss)” includes income from income trusts. Distributions received from income trusts are recognized based on the nature of the underlying components, such as income, capital gains and return of capital. “Other income received from underlying funds” includes income earned by a Fund from investments in underlying funds. Any premiums paid or discounts received on the purchase of zero coupon bonds are amortized on a straight line basis.

**Increase (Decrease) in NAV per Redeemable Unit** Increase (decrease) in NAV per redeemable 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
CNH/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
HKD – Hong Kong dollar	SGD – Singapore dollar
HUF – Hungarian forint	THB – Thailand baht
IDR – Indonesian rupiah	TRY – Turkish new lira
ILS – Israeli new shekel	TWD – New Taiwan dollar
INR – Indian rupee	USD – United States dollar
JPY – Japanese yen	ZAR – South African rand

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

RBC GAM is responsible for managing each Fund's capital, which is its net assets 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."

##### **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 net assets 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 6). 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.

### **5. 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. 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 10 years, with the exception of non-capital losses realized in 2006 and later years, which may be carried forward up to 20 years.

### **6. 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.

### **7. 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. 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. 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 among each series of units of a Fund in accordance with the services used. 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"). The Fund's ownership interest in underlying mutual funds is disclosed in the Notes to Financial Statements – Fund Specific Information.



June 30, 2016

Affiliates of RBC GAM that provide services to the Funds in the course of their normal businesses are discussed below.

**Sub-Advisors**

RBC Global Asset Management (U.S.) Inc., a wholly owned subsidiary of Royal Bank, is the sub-advisor for the RBC \$U.S. Investment Grade Corporate Bond Fund, the RBC U.S. Mid-Cap Growth Equity Fund, the RBC U.S. Mid-Cap Growth Equity Currency Neutral Fund, the RBC U.S. Mid-Cap Value Equity Fund, the RBC U.S. Small-Cap Core Equity Fund, the RBC U.S. Small-Cap Value Equity Fund, the RBC Private U.S. Large-Cap Core Equity Pool and the RBC Private U.S. Large-Cap Core Equity Currency Neutral Pool. RBC Global Asset Management (UK) Limited, a wholly owned subsidiary of Royal Bank, is the sub-advisor for the RBC Bond Fund (for a portion of the Fund), the RBC Global Bond Fund (for a portion of the Fund), the RBC Global Corporate Bond Fund (for a portion of the Fund), the RBC Global High Yield Bond Fund (for a portion of the Fund), the RBC Emerging Markets Bond Fund, the RBC U.S. Monthly Income Fund (for a portion of the Fund), the RBC Balanced Fund (for the European equity portion of the Fund), the RBC Global Balanced Fund (for the European equity portion of the Fund), the RBC Jantzi Balanced Fund (for the European equity portion of the Fund), the RBC International Dividend Growth Fund (for the European equity portion of the Fund), the RBC International Equity Fund (for the European equity portion of the Fund), the RBC European Dividend Fund, the RBC European Equity Fund, the RBC European Mid-Cap Equity Fund, the RBC Emerging Markets Dividend Fund, the RBC Emerging Markets Equity Fund, the RBC Emerging Markets Small-Cap Equity Fund, the RBC Global Dividend Growth Fund, the RBC Global Equity Fund, the RBC Global Equity Focus Fund and the RBC Jantzi Global Equity Fund (for the European equity portion of the Fund). RBC Investment Management (Asia) Limited, a wholly owned subsidiary of Royal Bank, is the sub-advisor for the RBC Balanced Fund (for the Asian equity portion of the Fund), the RBC Global Balanced Fund (for the Asian equity portion of the Fund), the RBC Jantzi Balanced Fund (for the Asian equity portion of the Fund), the RBC International Dividend Growth Fund (for the Asian equity portion of the Fund), the RBC International Equity Fund (for the Asian equity portion of the Fund), the RBC Asian Equity Fund, the RBC Asia Pacific Ex-Japan Equity Fund, the RBC Japanese Equity Fund and the RBC Jantzi Global Equity Fund (for the Asian equity portion of the Fund). BlueBay Asset Management LLP, an indirect wholly

owned subsidiary of Royal Bank, is the sub-advisor of the BlueBay Global Monthly Income Bond Fund, the BlueBay Emerging Markets Corporate Bond Fund, the BlueBay Global Convertible Bond Fund (Canada) and the BlueBay \$U.S. Global Convertible Bond Fund (Canada).

**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.

**Distributors**

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

**Registrars**

Royal Bank, RBC IS and RBC GAM 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.

**Brokerage**

The Funds have established standard brokerage agreements at market rates with related-party brokerages.

**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.

**8. Future accounting changes**

The following IFRS standard has been issued, but is not yet in effect:

In July 2014, the International Accounting Standards Board finalized the reform of financial instruments accounting and issued IFRS 9 (as revised in 2014), which contains the requirements for a) the classification and measurement of financial assets and financial liabilities, b) impairment methodology and c) general hedge accounting. IFRS 9 (as revised in 2014) will supersede IAS 39 Financial Instruments: Recognition and Measurement in its entirety upon its effective date.

The new standard, which becomes effective for annual periods beginning on or after January 1, 2018, is not expected to have a significant impact on the Funds.

In December 2014, Disclosure Initiative was issued, which amends IAS 1 Presentation of Financial Statements. The amendments are designed to encourage entities to use professional judgment to determine what information to disclose in the financial statements and accompanying notes by clarifying guidance on materiality, presentation and note structure. These amendments are effective for annual periods beginning on or after January 1, 2016. Funds will amend disclosures if required in the 2016 Financial Statements.