RBC Select Balanced Portfolio

**Investment Objective**

To provide long-term capital growth, with a secondary focus on modest income, by investing primarily in funds managed by RBC GAM, investing in equity mutual funds for higher growth potential and fixed-income mutual funds for diversification and the potential to generate income. The portfolio maintains a balance of investments across several asset classes.

**Fund Details**

<table>
<thead>
<tr>
<th>Series</th>
<th>Load Structure</th>
<th>Currency</th>
<th>Fund Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>No Load</td>
<td>CAD</td>
<td>RBF460</td>
</tr>
<tr>
<td>A</td>
<td>No Load</td>
<td>USD</td>
<td>RBF517</td>
</tr>
<tr>
<td>Adv</td>
<td>Deferred Sales</td>
<td>CAD</td>
<td>RBF417</td>
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<tr>
<td>Adv</td>
<td>Front End</td>
<td>CAD</td>
<td>RBF741</td>
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<tr>
<td>Adv</td>
<td>Low Load</td>
<td>CAD</td>
<td>RBF101</td>
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<tr>
<td>Adv</td>
<td>Low Load</td>
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</tr>
<tr>
<td>T5</td>
<td>No Load</td>
<td>CAD</td>
<td>RBF546</td>
</tr>
</tbody>
</table>

**Inception Date**

December 1986

**Total Fund Assets $Mil**

36,668.3

**Series A NAV $**

28.23

**Series A MER %**

1.94

**Benchmark**

43% FTSE Canada universe Index
20% S&P 500 Total Return Index (CAD)
19% S&P/TSE Capped Composite Total Return Index
12% MSCI EAFE Total Return Net Index (CAD)
4% MSCI Emerging Markets Total Return Net Index (CAD)
2% FTSE Canada 30 Day TBill Index

**Income Distribution**

Annually

**Capital Gains Distribution**

Annually

**Sales Status**

Open

**Min. Investment $**

500

**Subsequent Investment $**

25

**Fund Category**

Global Neutral Balanced

**Management Company**

RBC Global Asset Management Inc.

**Web Site**

www.rbcgam.com

**Notes**

Performance Analysis is in CAD and for CAD series A fund (RBF460).

This is a continuing fund resulting from a merger effective June 27, 2014.

**Portfolio Analysis as of September 30, 2019**

<table>
<thead>
<tr>
<th>Asset Mix</th>
<th>% Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>5.1</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>37.6</td>
</tr>
<tr>
<td>Canadian Equity</td>
<td>18.7</td>
</tr>
<tr>
<td>US Equity</td>
<td>20.8</td>
</tr>
<tr>
<td>International Equity</td>
<td>17.6</td>
</tr>
<tr>
<td>Other</td>
<td>0.1</td>
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</tbody>
</table>

**Equity Style**

Value Blend Growth

**Statistics**

- P/B Ratio: 2.2
- P/E Ratio: 16.5
- Avg. Mkt Cap $B: 50.0

**Top 5 Sectors**

- Financials: 24.3
- Information Technology: 12.3
- Industrials: 11.5
- Consumer Discretionary: 9.0
- Consumer Staples: 9.0

**Fixed Income Breakdown**

- Government Bonds: 39.6
- Corporate Bonds: 44.8
- Other Bonds: 3.1
- Mortgage Backed Securities: 0.0
- ST Investments (Cash & Other): 11.6
- Asset Backed Securities: 0.9

**Top 25 Holdings**

- RBC Bond Fund O: 18.5
- RBC Global Corporate Bond Fund O: 9.3
- PH&N US Multi-Style All-Cap Equity Fd O: 5.5
- RBC Canadian Dividend Fund O: 5.4
- RBC Private Canadian Equity Pool O: 5.4
- RBC European Equity Fund O: 5.2
- RBC QUBE U.S. Equity Fund O: 5.1
- RBC Global Bond Fund O: 4.1
- RBC QUBE Canadian Equity Fund O: 3.3
- RBC Emerging Markets Equity Fund O: 3.2
- PH&N Canadian Equity Underlying II O: 3.0
- RBC Global dividend Growth Fund O: 2.9
- BlueBay Glb Monthly Income Bond O: 2.9
- RBC Global Equity Focus Fund O: 2.8
- PH&N Canadian Equity Underlying O: 2.6
- RBC Asia Pacific ex-Japan Equity O: 2.4
- RBC U.S. Dividend Fund O: 2.1
- RBC Priv U.S. Large-Cap Core Eqty Pool O: 2.0
- BlueBay Glb Inv Grade Corp Bd (Can) O: 2.0
- BlueBay Glb Sovereign Bond (Can) O: 1.2
- RBC Japanese Equity Fund O: 1.2
- RBC U.S. Mid-Cap Growth Equity Fund O: 1.0
- RBC European Mid-Cap Equity Fund O: 1.0
- RBC U.S. Equity Fund O: 1.0
- RBC U.S. Mid-Cap Value Equity Fund O: 1.0
- Total % of Top 25 Holdings: 94.2
- Total Number of Portfolio Holdings: 35
- Total Number of Stock Holdings: 1,515
- Total Number of Bond Holdings: 10,418
- Total Number of Other Holdings: 478
- Total Number of Underlying Holdings: 12,411

**Performance Analysis as of September 30, 2019**

- Growth of $10,000: Series A $20,431
- Calendar Returns %: Series A
- Trailing Return %: Fund
- No. of Funds in Category

**Top 25 Holdings**

- RBC Bond Fund O: 18.5
- RBC Global Corporate Bond Fund O: 9.3
- PH&N US Multi-Style All-Cap Equity Fd O: 5.5
- RBC Canadian Dividend Fund O: 5.4
- RBC Private Canadian Equity Pool O: 5.4
- RBC European Equity Fund O: 5.2
- RBC QUBE U.S. Equity Fund O: 5.1
- RBC Global Bond Fund O: 4.1
- RBC QUBE Canadian Equity Fund O: 3.3
- RBC Emerging Markets Equity Fund O: 3.2
- PH&N Canadian Equity Underlying II O: 3.0
- RBC Global dividend Growth Fund O: 2.9
- BlueBay Glb Monthly Income Bond O: 2.9
- RBC Global Equity Focus Fund O: 2.8
- PH&N Canadian Equity Underlying O: 2.6
- RBC Asia Pacific ex-Japan Equity O: 2.4
- RBC U.S. Dividend Fund O: 2.1
- RBC Priv U.S. Large-Cap Core Eqty Pool O: 2.0
- BlueBay Glb Inv Grade Corp Bd (Can) O: 2.0
- BlueBay Glb Sovereign Bond (Can) O: 1.2
- RBC Japanese Equity Fund O: 1.2
- RBC U.S. Mid-Cap Growth Equity Fund O: 1.0
- RBC European Mid-Cap Equity Fund O: 1.0
- RBC U.S. Equity Fund O: 1.0
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- Total % of Top 25 Holdings: 94.2
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RBC Select Balanced Portfolio

Management Overview

Manager Bios

Sarah Riopelle
RBC Global Asset Management Inc.

Sarah Riopelle is Vice President and Senior Portfolio Manager, Investment Solutions. Sarah began her investment career in 1996. She is a member of the RBC Investment Strategy Committee and is responsible for the firm’s Portfolio Solutions. Sarah has a Bachelor of Commerce in Finance and International Management from the University of Ottawa and is a CFA charterholder.

Performance Analysis Cont’d as of September 30, 2019

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Total Distributions</td>
<td>—</td>
<td>0.74</td>
<td>0.44</td>
<td>0.43</td>
<td>1.30</td>
<td>2.02</td>
<td>0.50</td>
<td>0.30</td>
<td>0.42</td>
<td>0.23</td>
<td>0.24</td>
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<tr>
<td>Interest</td>
<td>—</td>
<td>0.09</td>
<td>0.06</td>
<td>0.09</td>
<td>0.10</td>
<td>0.09</td>
<td>0.07</td>
<td>0.06</td>
<td>0.03</td>
<td>0.05</td>
<td>0.15</td>
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<tr>
<td>Dividends</td>
<td>—</td>
<td>0.13</td>
<td>0.13</td>
<td>0.15</td>
<td>0.13</td>
<td>0.10</td>
<td>0.13</td>
<td>0.12</td>
<td>0.10</td>
<td>0.09</td>
<td>0.07</td>
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<tr>
<td>Capital Gains</td>
<td>—</td>
<td>0.52</td>
<td>0.25</td>
<td>0.20</td>
<td>1.07</td>
<td>1.83</td>
<td>0.30</td>
<td>0.12</td>
<td>0.30</td>
<td>0.09</td>
<td>0.03</td>
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<tr>
<td>Return Of Capital</td>
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<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
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</table>

Best/Worst Periods %

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<thead>
<tr>
<th></th>
<th>Ended</th>
<th>1 Yr</th>
<th>Ended</th>
<th>3 Yr</th>
<th>Ended</th>
<th>5 Yr</th>
<th>Ended</th>
<th>10 Yr</th>
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<tr>
<td>Best</td>
<td>7-1997</td>
<td>25.8</td>
<td>4-1998</td>
<td>15.0</td>
<td>8-2000</td>
<td>11.7</td>
<td>2-2019</td>
<td>7.6</td>
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<tr>
<td>Worst</td>
<td>2-2009</td>
<td>-19.8</td>
<td>2-2009</td>
<td>-5.2</td>
<td>5-2012</td>
<td>-0.7</td>
<td>8-2010</td>
<td>2.1</td>
</tr>
<tr>
<td>Average</td>
<td>6.2</td>
<td>5.9</td>
<td>5.6</td>
<td>5.0</td>
<td>5.0</td>
<td>5.0</td>
<td>5.0</td>
<td>5.0</td>
</tr>
<tr>
<td>No. of Periods</td>
<td>289</td>
<td>265</td>
<td>241</td>
<td>181</td>
<td>181</td>
<td>181</td>
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<tr>
<td>Pct. Positive</td>
<td>77.5</td>
<td>84.9</td>
<td>97.9</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

* Distributions are characterized into income type at year-end.

Commentary as of September 30, 2019

The economic backdrop continued to soften during the third quarter of 2019 amid concerns that the U. S. would join Europe and emerging markets in posting weaker growth. The expansion was held back by manufacturing weakness, elevated uncertainty caused by the impact of protectionism and Brexit, fading fiscal stimulus and a slowing Chinese economy. In response to the uncertainty, major central banks loosened monetary policy.

The Fund’s overweight position in equities and underweight position in fixed income had a neutral impact on performance. Government-bond prices rose as major central banks indicated that they would lower interest rates in an effort to bolster flagging global economic growth. European bonds outperformed, with U.K. and Italian bonds performing particularly well while Japanese bonds underperformed. Returns in the fixed-income segment of the portfolio were boosted by the RBC Bond Fund and the RBC Global Corporate Bond Fund.

Equities posted modest gains against a deteriorating macroeconomic backdrop. North American stocks climbed, offsetting declines in emerging markets and a flat overall performance for global equities. Canadian stocks touched an all-time high during the period, driven by gold-mining equities and the Information Technology sector. Returns were bolstered by the RBC Canadian Dividend Fund and the RBC Private Canadian Equity Pool.

Financial markets face an evolving set of headwinds, and against this backdrop, central banks will continue to offer monetary support. While interest rates are likely to rise over time, bond yields could remain low or even be negative for many years. The portfolio manager continues to expect stocks to outperform bonds over the longer term and the Fund therefore remains overweight equities and underweight fixed income. The portfolio manager recently trimmed exposure to stocks by half a percentage point and moved the proceeds to cash.
RBC Select Balanced Portfolio

Disclosure

RBC Funds, BlueBay Funds, PH&N Funds and RBC Corporate Class Funds are offered by RBC Global Asset Management Inc. and distributed through authorized dealers.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus or Fund Facts document before investing. Except as otherwise noted, the indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. Mutual funds are not guaranteed or covered by the Canadian Deposit Insurance Corporation or by any other government deposit insurer. For money market funds, there can be no assurances that the fund will be able to maintain its net asset value per unit at a constant amount or that the full amount of your investment in the fund will be returned to you. The value of mutual funds change frequently and past performance may not be repeated.

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MER (%) for RBC Funds, PH&N Funds and BlueBay Funds is based on actual expenses for the preceding calendar year or most recent half-year period ended June 30 expressed on an annualized basis, depending on availability of data at the time of publication.

MER (%) for RBC Corporate Class Funds is based on actual expenses for the preceding full year period ended March 31 or half-year period ended September 30 expressed on an annualized basis, depending on availability of data at the time of publication.

Series H and Series I are not available for purchase by new investors. Existing investors who hold Series H or Series I units can continue to make additional investments into the same series of the funds they hold.

Graphs are only used to illustrate the effects of the compound growth rate and do not reflect future values of any fund or returns on investment of any fund.

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Quartile rankings are determined by Morningstar Research Inc., an independent research firm, based on categories maintained by the Canadian Investment Funds Standards Committee (CIFSC). Quartile rankings are comparisons of the performance of a fund to other funds in a particular category and are subject to change monthly. The quartiles divide the data into four equal segments expressed in terms of rank (1, 2, 3 or 4).

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