



RBC Global
Asset Management

RBC FUNDS AND RBC PRIVATE POOLS

2014
Annual Management
Report of Fund
Performance



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MONEY MARKET FUND

RBC CANADIAN T-BILL FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide current income and liquidity consistent with short-term money-market interest rates while preserving the value of the investment.

The Fund is invested primarily in short-term government debt securities with a maximum term of 365 days. Investments include Government of Canada Treasury bills, notes guaranteed by the federal government, provincial Treasury bills, floating-rate notes and short-term bank deposits.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value fell to \$454 million as of December 31, 2014, from \$543 million at the end of 2013. Most of the change was due to net redemptions.

As of December 31, 2014, the current yields were 0.4% for Series A units and 0.4% for Series D units.

Over the past year, the Fund's Series A units gained 0.5%, compared with the 0.9% rise in the FTSE TMX Canada 91-Day T-Bill Index. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses. In response to an extremely low interest rate environment and to support the yield to unitholders, the management fees of the Fund have been temporarily reduced by RBC GAM. The decision to temporarily reduce management fees is determined at the discretion of RBC GAM.

The Bank of Canada (the "BOC") kept benchmark interest rates unchanged for a fourth straight year, reflecting a domestic economy that did not live up to expectations. Consequently, government money-market yields stayed within a tight range, volatility remained low, and yields indicated that investors expected Canadian interest rates to stay near current levels for the foreseeable future. While the U.S. economic recovery accelerated, the spillover benefits to Canada were slow in materializing. Europe's stagnant economy also had a negative impact on Canadian growth, while a slowdown in China and other emerging markets played a part in the big drop in energy prices

in the second half of 2014, leading to questions about the resilience of Canada's economy. BOC Governor Stephen Poloz based the decision to keep rates unchanged on falling inflation, the large debt levels of Canadian households and the effect of the slowdowns in Europe and emerging markets on the domestic economy. The outlook was also clouded by geopolitical flare-ups.

The portfolio manager kept the Fund's average term to maturity longer than average on expectations that the BOC would stand pat on interest rates and invested in longer-term assets to generate a higher yield. With federal-government investments consistently yielding below the cost of overnight funding, the portfolio manager relied increasingly on provincial securities and money-market bonds to boost yield without taking on too much additional risk. The Fund's holdings of overnight term deposits were kept to a minimum.

Recent Developments

Central banks in most industrialized nations have in recent years been keeping monetary policy exceptionally favourable for economic growth. However, the U.S. Federal Reserve is preparing to abandon its emergency-level stimulus policy by boosting interest rates in 2015, after earlier terminating a bond-buying program. The U.S. economy looks increasingly able to support a tightening in monetary policy as recovering labour markets are fuelling a pick-up in economic activity. Projections for global economic growth continue to fall, however. As a result, most countries, including Canada, continue to provide ample policy steps to support economic growth. The portfolio manager believes that the second half of 2015 will usher in a period of higher U.S. interest rates, and that this change will make the money market more volatile. However, concern about the impact of falling oil prices on the Canadian economy prompted the BOC to cut its benchmark interest rate in early 2015.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.



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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²					Net Assets End of Year/Period
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital	Total	
Series A												
Dec. 31, 2014	10.00	0.10	(0.05)	–	–	0.05	(0.05)	–	–	–	(0.05)	10.00
Dec. 31, 2013	10.00	0.11	(0.05)	–	–	0.06	(0.05)	–	–	–	(0.05)	10.00
Dec. 31, 2012	10.00	0.07	(0.05)	–	–	0.02	(0.06)	–	–	–	(0.06)	10.00
Dec. 31, 2011	10.00	0.12	(0.05)	–	–	0.07	(0.07)	–	–	–	(0.07)	10.00
Dec. 31, 2010	10.00	0.07	(0.03)	–	–	0.04	(0.04)	–	–	–	(0.04)	10.00
Series D												
Dec. 31, 2014	10.00	0.10	(0.05)	–	–	0.05	(0.05)	–	–	–	(0.05)	10.00
Dec. 31, 2013	10.00	0.11	(0.06)	–	–	0.05	(0.05)	–	–	–	(0.05)	10.00
Dec. 31, 2012	10.00	0.07	(0.05)	–	–	0.02	(0.06)	–	–	–	(0.06)	10.00
Dec. 31, 2011	10.00	0.12	(0.05)	–	–	0.07	(0.07)	–	–	–	(0.07)	10.00
Dec. 31, 2010	10.00	0.07	(0.03)	–	–	0.04	(0.04)	–	–	–	(0.04)	10.00

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	10.00	395 252	39 525	0.55	0.55	n/a	—
Dec. 31, 2013	10.00	475 213	47 521	0.55	0.55	n/a	—
Dec. 31, 2012	10.00	575 024	57 502	0.52	0.52	n/a	—
Dec. 31, 2011	10.00	696 676	69 668	0.47	0.47	n/a	—
Dec. 31, 2010	10.00	844 239	84 424	0.27	0.27	n/a	—
Series D							
Dec. 31, 2014	10.00	58 871	5 887	0.55	0.55	n/a	—
Dec. 31, 2013	10.00	68 099	6 810	0.55	0.55	n/a	—
Dec. 31, 2012	10.00	75 553	7 555	0.52	0.52	n/a	—
Dec. 31, 2011	10.00	95 845	9 585	0.47	0.47	n/a	—
Dec. 31, 2010	10.00	103 488	10 349	0.27	0.27	n/a	—

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	0.75%	33%	67%
Series D	0.60%	17%	83%

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

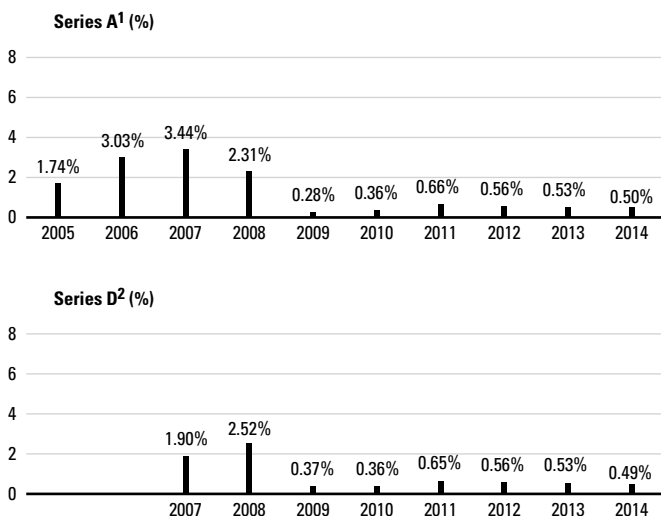


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



¹ Inception date January 25, 1991.

² Inception date July 3, 2007.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Provincial Obligations	76.2
Federal Obligations	23.7
Term Deposits	0.1
Cash/Other	—

Top 25 Holdings*

	% of Net Asset Value
Government of Canada Treasury Bills 0.937% Jan 7 15	15.4
Province of New Brunswick 0.979% Jan 22 15	11.0
CMHC 0.998% Apr 1 15	8.3
Province of Quebec 1.022% Mar 20 15	5.8
Province of British Columbia 1.039% Feb 10 15	5.5
Province of Saskatchewan 1.000% Feb 26 15	5.5
Province of Nova Scotia 1.029% Mar 30 15	5.1
Province of Quebec 0.978% Jan 23 15	4.6
Province of Ontario 1.020% Mar 4 15	3.6
Province of British Columbia 1.060% Sep 16 15	3.3
Province of Ontario 1.080% Sep 2 15	3.3
Province of British Columbia 1.080% Sep 4 15	3.3
Alberta Capital Finance Authority 1.078% Jun 15 15	2.9
Province of Saskatchewan 0.978% Jan 6 15	2.6
Province of Ontario 1.060% Sep 30 15	2.5
Hydro-Quebec 1.132% Feb 15 15	2.4
Province of Saskatchewan 0.981% Jan 8 15	2.2
Province of Saskatchewan 1.001% Feb 3 15	2.2
Province of Quebec 1.000% Feb 20 15	2.2
Province of Quebec 0.999% Mar 4 15	2.2
Province of Ontario 1.030% Feb 25 15	2.1
Province of Ontario 1.175% Jan 12 15	2.0
Province of New Brunswick 0.980% Jan 8 15	1.0
Province of British Columbia 1.029% Feb 5 15	1.0
Total	100.0

* The Fund holds fewer than 25 holdings.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



MONEY MARKET FUND

RBC CANADIAN MONEY MARKET FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

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The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide current income and liquidity consistent with short-term money-market interest rates while preserving the value of the investment.

The Fund is invested primarily in high-quality short-term government- and corporate-debt securities with a maximum term of 365 days.

The Fund's corporate-debt holdings are deemed by major debt-rating agencies to be suitable for conservative investors. The Fund also includes short-term debt issued by Canadian chartered banks and promissory notes issued or guaranteed by Canadian governments or their agencies.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value fell to \$1.7 billion as of December 31, 2014, from \$2.1 billion at the end of 2013. Most of the change was due to net redemptions.

As of December 31, 2014, the current yields were 0.6% for Series A units, 0.6% for Advisor Series units, 0.6% for Series D units, 0.7% for Series F units and 1.2% for Series O units.

Over the past year, the Fund's Series A units gained 0.6%, compared with the 0.9% rise in the FTSE TMX Canada 91-Day T-Bill Index. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses. In response to an extremely low interest rate environment and to support the yield to unitholders, the management fees of the Fund have been temporarily reduced by RBC GAM. The decision to temporarily reduce management fees is determined at the discretion of RBC GAM.

The Bank of Canada (the "BOC") kept benchmark interest rates unchanged for a fourth straight year, reflecting a domestic economy that did not live up to expectations. Consequently, money-market yields stayed within a tight range, volatility remained low, and yields indicated that investors expected Canadian interest rates to stay near current levels for the foreseeable future. While the U.S. economic recovery accelerated, the spillover benefits to Canada were slow in

materializing as a weakening currency could not counteract slow business investment. Europe's stagnant economy also had a negative impact on Canadian growth, while a slowdown in China and other emerging markets played a part in the big drop in energy prices in the second half of 2014 and led to questions about the resilience of Canada's economy in a lower-oil-price environment. BOC Governor Stephen Poloz based the decision to keep rates unchanged on falling inflation, the large debt levels of Canadian households and the effect of the slowdowns in Europe and emerging markets on the domestic economy. The outlook was also clouded by geopolitical flare-ups. Consequently, money-market yields stayed in a tight range and volatility remained very low. Access to corporate paper was sporadic as most issuers preferred to finance debt through the bond markets.

The portfolio manager maintained a longer average term to maturity on expectations that there would be no change to the BOC's benchmark interest rate. As a result, the primary investments for the Fund continued to be asset-backed commercial paper and bank paper, which generated extra yield and are easily tradable. To improve the Fund's yield, the portfolio manager increased holdings of floating-rate notes and bonds with less than a year of maturity remaining. Tighter regulatory liquidity requirements were met via holdings of provincial paper and more focused maturity management.

Recent Developments

Central banks in most industrialized nations have in recent years been keeping monetary policy exceptionally favourable for economic growth. However, the U.S. Federal Reserve is preparing to abandon its emergency-level stimulus policy by boosting interest rates in 2015, after earlier terminating a bond-buying program. The U.S. economy looks increasingly able to support a tightening in monetary policy as recovering labour markets are fuelling a pick-up in economic activity.

Projections for global economic growth continue to fall, however. As a result, most countries, including Canada, continue to provide ample policy steps to support economic growth. The portfolio manager believes that the second half of 2015 will usher in a period of higher U.S. benchmark interest rates, and that this change will make the money market more volatile. However, concern about the impact of falling oil prices on the Canadian economy prompted the BOC to cut its benchmark interest rate in early 2015. Accordingly, the Fund's asset allocation will continue until summer to focus on higher-yielding corporate debt, and on longer-dated debt as attractively valued securities become available.



Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	10.00	0.12	(0.06)	–	–	0.06	(0.06)	–	–	–	(0.06)	10.00
Dec. 31, 2013	10.00	0.12	(0.06)	–	–	0.06	(0.06)	–	–	–	(0.06)	10.00
Dec. 31, 2012	10.00	0.12	(0.06)	–	–	0.06	(0.06)	–	–	–	(0.06)	10.00
Dec. 31, 2011	10.00	0.12	(0.05)	–	–	0.07	(0.07)	–	–	–	(0.07)	10.00
Dec. 31, 2010	10.00	0.07	(0.04)	–	–	0.03	(0.03)	–	–	–	(0.03)	10.00
Advisor Series												
Dec. 31, 2014	10.00	0.12	(0.06)	–	–	0.06	(0.06)	–	–	–	(0.06)	10.00
Dec. 31, 2013	10.00	0.12	(0.06)	–	–	0.06	(0.06)	–	–	–	(0.06)	10.00
Dec. 31, 2012	10.00	0.12	(0.06)	–	–	0.06	(0.06)	–	–	–	(0.06)	10.00
Dec. 31, 2011	10.00	0.12	(0.05)	–	–	0.07	(0.07)	–	–	–	(0.07)	10.00
Dec. 31, 2010	10.00	0.07	(0.04)	–	–	0.03	(0.03)	–	–	–	(0.03)	10.00
Series D												
Dec. 31, 2014	10.00	0.12	(0.06)	–	–	0.06	(0.06)	–	–	–	(0.06)	10.00
Dec. 31, 2013	10.00	0.12	(0.06)	–	–	0.06	(0.06)	–	–	–	(0.06)	10.00
Dec. 31, 2012	10.00	0.12	(0.06)	–	–	0.06	(0.06)	–	–	–	(0.06)	10.00
Dec. 31, 2011	10.00	0.12	(0.05)	–	–	0.07	(0.07)	–	–	–	(0.07)	10.00
Dec. 31, 2010	10.00	0.07	(0.04)	–	–	0.03	(0.03)	–	–	–	(0.03)	10.00
Series F												
Dec. 31, 2014	10.00	0.12	(0.06)	–	–	0.06	(0.06)	–	–	–	(0.06)	10.00
Dec. 31, 2013	10.00	0.12	(0.06)	–	–	0.06	(0.07)	–	–	–	(0.07)	10.00
Dec. 31, 2012	10.00	0.12	(0.05)	–	–	0.07	(0.07)	–	–	–	(0.07)	10.00
Dec. 31, 2011	10.00	0.12	(0.05)	–	–	0.07	(0.07)	–	–	–	(0.07)	10.00
Dec. 31, 2010	10.00	0.07	(0.03)	–	–	0.04	(0.04)	–	–	–	(0.04)	10.00
Series O												
Dec. 31, 2014	10.00	0.12	–	–	–	0.12	(0.12)	–	–	–	(0.12)	10.00
Dec. 31, 2013	10.00	0.12	–	–	–	0.12	(0.12)	–	–	–	(0.12)	10.00
Dec. 31, 2012	10.00	0.12	–	–	–	0.12	(0.12)	–	–	–	(0.12)	10.00
Dec. 31, 2011	10.00	0.12	–	–	–	0.12	(0.12)	–	–	–	(0.12)	10.00
Dec. 31, 2010	10.00	0.07	–	–	–	0.07	(0.07)	–	–	–	(0.07)	10.00

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	10.00	1 236 246	123 625	0.61	0.61	n/a	—
Dec. 31, 2013	10.00	1 477 907	147 791	0.61	0.61	n/a	—
Dec. 31, 2012	10.00	1 743 639	174 364	0.58	0.58	n/a	—
Dec. 31, 2011	10.00	2 079 683	207 968	0.55	0.55	n/a	—
Dec. 31, 2010	10.00	2 465 410	246 541	0.41	0.41	n/a	—
Advisor Series							
Dec. 31, 2014	10.00	13 881	1 388	0.61	0.61	n/a	—
Dec. 31, 2013	10.00	11 647	1 165	0.61	0.61	n/a	—
Dec. 31, 2012	10.00	10 860	1 086	0.57	0.57	n/a	—
Dec. 31, 2011	10.00	13 098	1 310	0.55	0.55	n/a	—
Dec. 31, 2010	10.00	11 338	1 134	0.41	0.41	n/a	—
Series D							
Dec. 31, 2014	10.00	179 277	17 928	0.61	0.61	n/a	—
Dec. 31, 2013	10.00	192 022	19 202	0.61	0.61	n/a	—
Dec. 31, 2012	10.00	192 346	19 235	0.58	0.58	n/a	—
Dec. 31, 2011	10.00	211 994	21 199	0.55	0.55	n/a	—
Dec. 31, 2010	10.00	262 008	26 201	0.41	0.41	n/a	—
Series F							
Dec. 31, 2014	10.00	12 965	1 297	0.56	0.56	n/a	—
Dec. 31, 2013	10.00	19 691	1 969	0.56	0.56	n/a	—
Dec. 31, 2012	10.00	25 449	2 545	0.52	0.52	n/a	—
Dec. 31, 2011	10.00	38 106	3 811	0.50	0.50	n/a	—
Dec. 31, 2010	10.00	66 089	6 609	0.35	0.35	n/a	—
Series O							
Dec. 31, 2014	10.00	284 482	28 448	0.02	0.02	n/a	—
Dec. 31, 2013	10.00	441 689	44 169	0.02	0.02	n/a	—
Dec. 31, 2012	10.00	696 135	69 614	0.02	0.02	n/a	—
Dec. 31, 2011	10.00	806 713	80 671	0.02	0.02	n/a	—
Dec. 31, 2010	10.00	208 855	20 885	0.02	0.02	n/a	—

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	0.75%	33%	67%
Advisor Series	0.75%	33%	67%
Series D	0.60%	17%	83%
Series F	0.50%	–	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

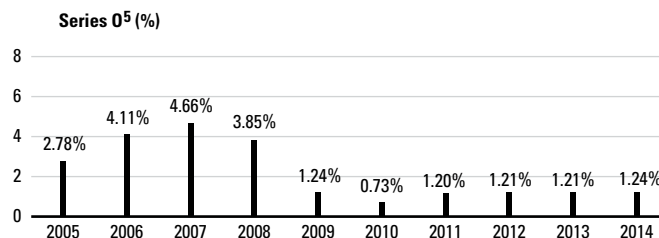
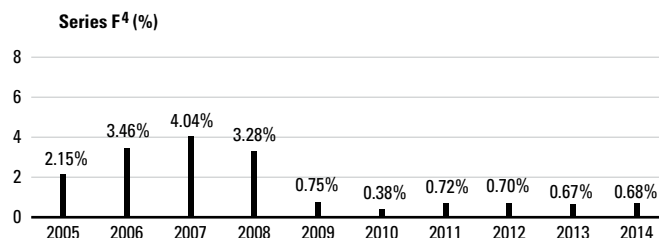
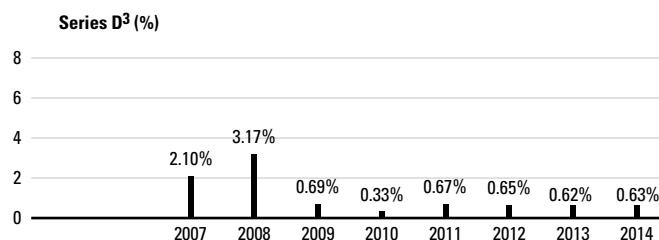
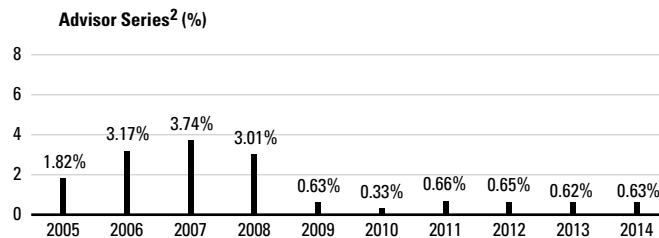
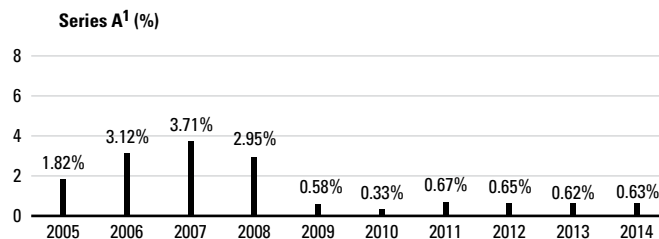
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



¹ Inception date November 30, 1986.
² Inception date January 12, 2004.
³ Inception date July 3, 2007.
⁴ Inception date July 22, 2002.
⁵ Inception date November 2, 2004.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Commercial Paper	61.3
Bankers Acceptances and Bank Obligations	33.5
Provincial Obligations	5.0
Cash/Other	0.2

Top 25 Holdings

	% of Net Asset Value
SAFE Trust - Series 1996-1 1.176% Jan 2 15	2.3
Canadian Imperial Bank of Commerce 1.171% Jan 5 15	2.2
SOUND Trust 1.176% Jan 2 15	2.2
Bank of Montreal 1.184% Jan 2 15	2.1
HSBC Bank Canada 1.219% Feb 3 15	2.1
Bank of Nova Scotia 1.350% Sep 11 15	2.1
Bank of Montreal 1.214% Jan 22 15	2.0
Husky Energy Inc. 1.245% Jan 23 15	1.7
Canadian Imperial Bank of Commerce 1.443% Jan 8 15	1.7
Toronto-Dominion Bank 1.473% Jan 21 15	1.7
Fusion Trust 1.330% Apr 6 15	1.6
Zeus Receivables Trust - Senior Notes 1.222% Jan 13 15	1.5
Bank of Montreal 1.352% Jan 22 15	1.5
HSBC Bank Canada 1.220% Feb 26 15	1.4
King Street Funding Trust 1.219% Feb 18 15	1.4
Ridge Trust 1.269% Jan 6 15	1.4
JPMorgan Chase & Co. 1.260% May 26 15	1.4
Wells Fargo Financial Canada Corp. 1.389% Jun 30 15	1.4
Darwin Receivables Trust - Senior Notes 1.281% May 4 15	1.4
Merit Trust - Senior Notes 1.281% May 4 15	1.3
Canadian Imperial Bank of Commerce 1.373% May 22 15	1.3
Enbridge Inc. 1.249% Jan 5 15	1.3
TransCanada PipeLines Ltd. 1.238% Jan 21 15	1.3
SOUND Trust 1.199% Jan 5 15	1.3
National Bank of Canada 1.226% Jan 29 15	1.3
Top 25 Holdings	40.9

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



MONEY MARKET FUND

RBC PREMIUM MONEY MARKET FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide current income and liquidity consistent with short-term money market rates for investors who have at least \$100,000 to invest.

To preserve the value of the investment, the Fund is invested primarily in high-quality, short-term (one year or less) debt securities, including Treasury bills, bankers acceptances and commercial paper.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value fell to \$1.7 billion as of December 31, 2014, from \$2.3 billion at the end of 2013. Most of the change was due to net redemptions.

As of December 31, 2014, the current yields were 0.9% for Series A units, 1.0% for Series F units and 1.1% for Series I units.

Over the past year, the Fund's Series A units gained 0.9%, compared with the 0.9% rise in the FTSE TMX Canada 91-Day T-Bill Index. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The Bank of Canada (the "BOC") kept benchmark interest rates unchanged for a fourth straight year, reflecting a domestic economy that did not live up to expectations. Consequently, government money-market yields stayed within a tight range, volatility remained low, and yields indicated that investors expected Canadian interest rates to stay near current levels for the foreseeable future. While the U.S. economic recovery accelerated, the spillover benefits to Canada were slow in materializing as a weakening currency could not counteract slow business investment. Europe's stagnant economy also had a negative impact on Canadian growth, while a slowdown in China and other emerging markets played a part in the big drop in energy prices in the second half of 2014 and led to questions about the resilience of Canada's economy in a lower-oil-price environment. BOC Governor Stephen Poloz based the decision to keep rates unchanged on falling inflation, the large debt levels of Canadian households and the effect of the slowdowns in Europe and emerging markets on the domestic economy. The outlook was also clouded by geopolitical flare-ups.

Consequently, money-market yields stayed in a tight range and volatility remained very low. Access to corporate paper was sporadic as most issuers preferred to finance debt through the bond markets.

The portfolio manager maintained a longer average term to maturity on expectations that there would be no change to the BOC's benchmark interest rate. As a result, the primary investments for the Fund continued to be asset-backed commercial paper and bank paper, which generated extra yield and are easily tradable. To improve the Fund's yield, the portfolio manager increased holdings of floating-rate notes and bonds with less than a year of maturity remaining. Tighter regulatory liquidity requirements were met via holdings of provincial paper and more focused maturity management.

Recent Developments

Central banks in most industrialized nations have in recent years been keeping monetary policy exceptionally favourable for economic growth. However, the U.S. Federal Reserve is preparing to abandon its emergency-level stimulus policy by boosting interest rates in 2015, after earlier terminating a bond-buying program. The U.S. economy looks increasingly able to support a tightening in monetary policy as recovering labour markets are fuelling a pick-up in economic activity.

Projections for global economic growth continue to fall, however. As a result, most countries, including Canada, continue to provide ample policy steps to support economic growth. The portfolio manager believes that the second half of 2015 will usher in a period of higher U.S. benchmark interest rates, and that this change will make the money market more volatile. However, concern about the impact of falling oil prices on the Canadian economy prompted the BOC to cut its benchmark interest rate in early 2015. Accordingly, the Fund's asset allocation will continue until summer to focus on higher-yielding corporate debt, and on longer-dated debt as attractively valued securities become available.

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Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

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Other Related-Party Transactions

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Related-Party Trading Activities

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- (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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



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Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	10.00	0.12	(0.04)	–	–	0.08	(0.08)	–	–	–	(0.08)	10.00
Dec. 31, 2013	10.00	0.12	(0.04)	–	–	0.08	(0.09)	–	–	–	(0.09)	10.00
Dec. 31, 2012	10.00	0.12	(0.03)	–	–	0.09	(0.09)	–	–	–	(0.09)	10.00
Dec. 31, 2011	10.00	0.12	(0.03)	–	–	0.09	(0.09)	–	–	–	(0.09)	10.00
Dec. 31, 2010	10.00	0.07	(0.03)	–	–	0.04	(0.04)	–	–	–	(0.04)	10.00
Series F												
Dec. 31, 2014	10.00	0.12	(0.02)	–	–	0.10	(0.10)	–	–	–	(0.10)	10.00
Dec. 31, 2013	10.00	0.12	(0.02)	–	–	0.10	(0.10)	–	–	–	(0.10)	10.00
Dec. 31, 2012	10.00	0.12	(0.02)	–	–	0.10	(0.10)	–	–	–	(0.10)	10.00
Dec. 31, 2011	10.00	0.12	(0.02)	–	–	0.10	(0.10)	–	–	–	(0.10)	10.00
Dec. 31, 2010	10.00	0.07	(0.02)	–	–	0.05	(0.05)	–	–	–	(0.05)	10.00
Series I												
Dec. 31, 2014	10.00	0.12	(0.01)	–	–	0.11	(0.11)	–	–	–	(0.11)	10.00
Dec. 31, 2013	10.00	0.12	(0.01)	–	–	0.11	(0.11)	–	–	–	(0.11)	10.00
Dec. 31, 2012	10.00	0.12	(0.01)	–	–	0.11	(0.11)	–	–	–	(0.11)	10.00
Dec. 31, 2011	10.00	0.12	(0.01)	–	–	0.11	(0.11)	–	–	–	(0.11)	10.00
Dec. 31, 2010	10.00	0.07	(0.01)	–	–	0.06	(0.06)	–	–	–	(0.06)	10.00

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	10.00	1 717 382	171 738	0.35	0.35	n/a	—
Dec. 31, 2013	10.00	2 249 586	224 959	0.35	0.35	n/a	—
Dec. 31, 2012	10.00	2 795 422	279 542	0.35	0.35	n/a	—
Dec. 31, 2011	10.00	3 794 478	379 448	0.35	0.35	n/a	—
Dec. 31, 2010	10.00	5 388 003	538 800	0.34	0.34	n/a	—
Series F							
Dec. 31, 2014	10.00	10 882	1 088	0.24	0.24	n/a	—
Dec. 31, 2013	10.00	14 559	1 456	0.24	0.24	n/a	—
Dec. 31, 2012	10.00	27 419	2 742	0.24	0.24	n/a	—
Dec. 31, 2011	10.00	58 648	5 865	0.24	0.24	n/a	—
Dec. 31, 2010	10.00	123 078	12 308	0.24	0.24	n/a	—
Series I							
Dec. 31, 2014	10.00	15 287	1 529	0.13	0.13	n/a	—
Dec. 31, 2013	10.00	15 767	1 577	0.13	0.13	n/a	—
Dec. 31, 2012	10.00	19 122	1 912	0.13	0.13	n/a	—
Dec. 31, 2011	10.00	26 334	2 633	0.13	0.13	n/a	—
Dec. 31, 2010	10.00	48 903	4 890	0.13	0.13	n/a	—

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	0.30%	83%	17%
Series F	0.20%	—	100%
Series I	0.10%	—	100%

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

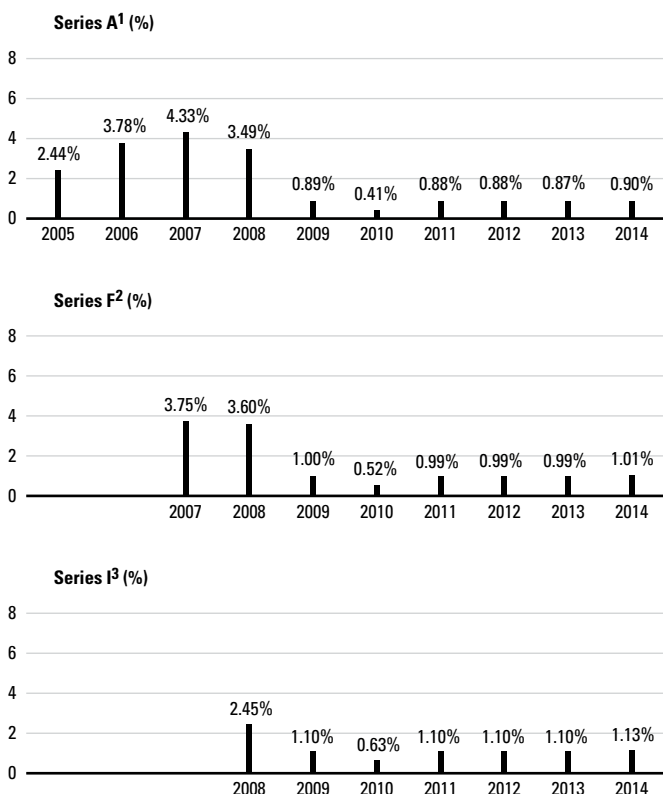


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



¹ Inception date March 17, 1997.

² Inception date March 7, 2007.

³ Inception date May 12, 2008.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Commercial Paper	59.4
Bankers Acceptances and Bank Obligations	35.2
Provincial Obligations	5.0
Cash/Other	0.4

Top 25 Holdings

	% of Net Asset Value
Bank of Nova Scotia 1.350% Sep 11 15	4.1
Canadian Imperial Bank of Commerce 1.205% Jan 7 15	3.8
Toronto-Dominion Bank 1.230% Jan 30 15	3.6
SAFE Trust - Series 1996-1 1.233% Jan 23 15	3.5
Bay Street Funding Trust - Class A 1.380% Dec 2 15	2.1
HSBC Bank Canada 1.213% Jan 2 15	2.1
Clarity Trust 1.209% Jan 7 15	2.1
Zeus Receivables Trust - Senior Notes 1.199% Jan 15 15	2.1
Banner Trust 1.219% Feb 19 15	1.9
Canadian Imperial Bank of Commerce 1.443% Jan 8 15	1.7
Toronto-Dominion Bank 1.473% Jan 21 15	1.7
SOUND Trust 1.176% Jan 2 15	1.7
Merit Trust - Senior Notes 1.219% Feb 19 15	1.6
Bank of Montreal 1.352% Jan 22 15	1.5
Merit Trust - Senior Notes 1.222% Mar 3 15	1.5
Reliant Trust 1.219% Feb 19 15	1.5
Ridge Trust 1.269% Jan 6 15	1.5
Bank of Montreal 1.406% Oct 5 15	1.5
Wells Fargo Financial Canada Corp. 1.389% Jun 30 15	1.4
Province of Saskatchewan 1.007% Feb 10 15	1.4
Enbridge Inc. 1.249% Jan 5 15	1.4
Husky Energy Inc. 1.245% Jan 20 15	1.4
Inter Pipeline Ltd. 1.245% Jan 20 15	1.4
Canadian Imperial Bank of Commerce 1.373% May 22 15	1.4
TransCanada PipeLines Ltd. 1.209% Jan 13 15	1.4
Top 25 Holdings	49.3

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



MONEY MARKET FUND

RBC \$U.S. MONEY MARKET FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE (in USD)

Investment Objective and Strategies

The Fund seeks to provide U.S. dollar current income and liquidity consistent with short-term U.S. money-market rates.

To preserve the value of the investment, the Fund is invested primarily in high-quality short-term (one year or less) debt securities including Treasury bills, bankers acceptances and commercial paper.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value fell to \$167 million as of December 31, 2014, from \$200 million at the end of 2013. Most of the change was due to net redemptions.

As of December 31, 2014, the current yields were 0.1% for Series A units, 0.1% for Series D units and 0.2% for Series O units.

Over the past year, the Fund's Series A units gained 0.1%, compared with 0.0% for the Citigroup 3-Month T-Bill Index. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses. In response to an extremely low interest rate environment and to support the yield to unitholders, the management fees of the Fund have been temporarily reduced by RBC GAM. The decision to temporarily reduce management fees is determined at the discretion of RBC GAM.

U.S. economic growth accelerated in 2014, as improved employment prospects fuelled increased economic activity. With labour markets improving, the U.S. Federal Reserve (the "Fed") retreated somewhat from its posture of extraordinarily loose monetary policy by first winding down its bond-buying program, and began considering whether to start raising benchmark interest rates sometime in 2015. U.S. money-market rates changed little, as yields generally react to changes in the benchmark fed-funds rate more than any bond purchases. As the year progressed, it became evident that the U.S. was the only economy gaining traction toward sustainable growth. Europe fell back into recession while Chinese growth stalled, bringing into question earlier global growth projections. These concerns were highlighted by a substantial decline in energy prices late in the year, which triggered worries about the ability of oil-exporting economies to

withstand low oil prices. The outlook was also clouded by geopolitical flare-ups. Uncomfortably low global inflation was cited as one of the reasons for the Fed's reluctance to commit more boldly to raising rates, as low inflation removes any urgency for consumers to make purchases. In this environment, money-market rates remained in a tight range during the year, with extremely low volatility.

The portfolio manager maintained a longer average term to maturity through most of 2014, as expectations were that there would be no change to the Fed's benchmark interest rate. This led the portfolio manager to hold longer maturities that generate additional yield. Corporate holdings in the Fund continued to decline due to a shortage of issuers in the money markets. The primary investments continued to be asset-backed commercial paper for yield and bank paper for liquidity, although the Fund invested in more provincial paper as yields on these securities were attractive relative to bank paper, and minimum liquidity rules necessitated higher holdings of provincial paper.

Recent Developments

Projections for global economic growth continue to fall, and most nations are expected to continue providing ample policy steps to support economic growth. The portfolio manager believes that the second half of 2015 will usher in a period of higher U.S. benchmark interest rates, and that this will make money markets more volatile. Other large economies will continue to provide stimulus, resulting in a global divergence in policy, in the view of the portfolio manager, who expects the Fed to begin raising rates in mid-2015. Accordingly, the Fund's asset allocation will continue to focus until summer on higher-yielding corporate debt, and on longer-dated debt as attractively valued securities become available.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.



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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS (in USD)

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	10.00	0.03	(0.02)	–	–	0.01	(0.01)	–	–	–	(0.01)	10.00
Dec. 31, 2013	10.00	0.03	(0.02)	–	–	0.01	(0.01)	–	–	–	(0.01)	10.00
Dec. 31, 2012	10.00	0.04	(0.02)	–	–	0.02	(0.02)	–	–	–	(0.02)	10.00
Dec. 31, 2011	10.00	0.03	(0.02)	–	–	0.01	(0.01)	–	–	–	(0.01)	10.00
Dec. 31, 2010	10.00	0.04	(0.03)	–	–	0.01	(0.01)	–	–	–	(0.01)	10.00
Series D												
Dec. 31, 2014	10.00	0.03	(0.02)	–	–	0.01	(0.01)	–	–	–	(0.01)	10.00
Dec. 31, 2013	10.00	0.03	(0.02)	–	–	0.01	(0.02)	–	–	–	(0.02)	10.00
Dec. 31, 2012	10.00	0.04	(0.02)	–	–	0.02	(0.02)	–	–	–	(0.02)	10.00
Dec. 31, 2011	10.00	0.03	(0.02)	–	–	0.01	(0.01)	–	–	–	(0.01)	10.00
Dec. 31, 2010	10.00	0.04	(0.03)	–	–	0.01	(0.01)	–	–	–	(0.01)	10.00
Series O												
Dec. 31, 2014	10.00	0.02	–	–	–	0.02	(0.02)	–	–	–	(0.02)	10.00
Dec. 31, 2013	10.00	0.03	–	–	–	0.03	(0.04)	–	–	–	(0.04)	10.00
Dec. 31, 2012	10.00	0.04	–	–	–	0.04	(0.04)	–	–	–	(0.04)	10.00
Dec. 31, 2011	10.00	0.03	–	–	–	0.03	(0.03)	–	–	–	(0.03)	10.00
Dec. 31, 2010	10.00	0.04	–	–	–	0.04	(0.04)	–	–	–	(0.04)	10.00

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (in USD) (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	10.00	142 087	14 209	0.17	0.17	n/a	—
Dec. 31, 2013	10.00	171 061	17 106	0.21	0.21	n/a	—
Dec. 31, 2012	10.00	253 402	25 340	0.22	0.22	n/a	—
Dec. 31, 2011	10.00	317 759	31 776	0.22	0.22	n/a	—
Dec. 31, 2010	10.00	406 817	40 682	0.27	0.27	n/a	—
Series D							
Dec. 31, 2014	10.00	23 125	2 312	0.17	0.17	n/a	—
Dec. 31, 2013	10.00	27 081	2 708	0.21	0.21	n/a	—
Dec. 31, 2012	10.00	26 545	2 654	0.22	0.22	n/a	—
Dec. 31, 2011	10.00	28 862	2 886	0.22	0.22	n/a	—
Dec. 31, 2010	10.00	33 676	3 368	0.26	0.26	n/a	—
Series O							
Dec. 31, 2014	10.00	1 521	152	0.02	0.02	n/a	—
Dec. 31, 2013	10.00	1 811	181	0.02	0.02	n/a	—
Dec. 31, 2012	10.00	3 107	311	0.02	0.02	n/a	—
Dec. 31, 2011	10.00	35 071	3 507	0.02	0.02	n/a	—
Dec. 31, 2010	10.00	113 561	11 356	0.02	0.02	n/a	—

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	0.85%	29%	71%
Series D	0.60%	17%	83%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

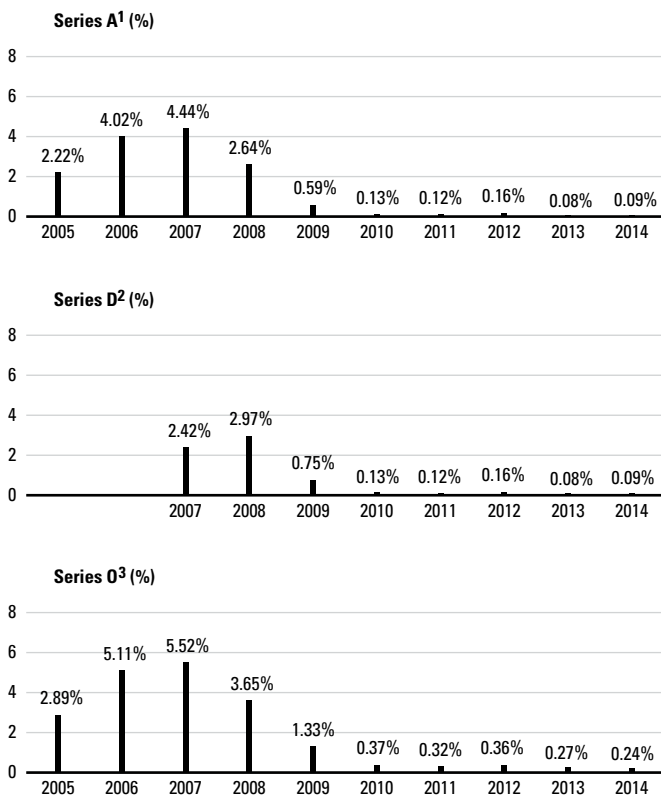


PAST PERFORMANCE (in USD)

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



¹ Inception date July 31, 1990.

² Inception date July 3, 2007.

³ Inception date March 1, 2005.

SUMMARY OF INVESTMENT PORTFOLIO (in USD)

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Commercial Paper	66.1
Provincial Obligations	18.2
Bankers Acceptances and Bank Obligations	14.2
Cash/Other	1.5

Top 25 Holdings

	% of Net Asset Value
Province of Ontario 0.128% Feb 5 15	12.0
Ridge Trust 0.300% Jan 2 15	6.6
Caisse Centrale Desjardins 0.230% Mar 25 15	6.0
Province of Ontario 0.080% Feb 3 15	4.0
SOUND Trust 0.351% Jan 12 15	3.8
Banner Trust 0.240% Feb 4 15	3.6
SAFE Trust - Series 1996-1 0.379% Jun 26 15	3.4
Reliant Trust 0.288% Jan 6 15	3.2
Zeus Receivables Trust - Senior Notes 0.299% Apr 22 15	2.8
SAFE Trust - Series 1996-1 0.341% Apr 2 15	2.8
Merit Trust - Senior Notes 0.330% Feb 23 15	2.7
Prime Trust - Senior Notes 0.240% Feb 4 15	2.7
Prime Trust - Senior Notes 0.275% Jan 15 15	2.2
Caisse Centrale Desjardins 0.223% Feb 18 15	2.2
HSBC Bank Canada 0.250% May 27 15	2.1
Banner Trust 0.337% Mar 9 15	1.9
Province of Ontario 0.308% Jan 2 15	1.8
Bank of Nova Scotia 0.338% Mar 16 15	1.7
National Bank of Canada 0.359% Jan 23 15	1.7
Toronto-Dominion Bank 0.330% Jul 29 15	1.7
SOUND Trust 0.351% Mar 5 15	1.6
Bank of Montreal 0.302% Jan 1 15	1.5
Darwin Receivables Trust - Senior Notes 0.288% Jan 6 15	1.5
Canadian Imperial Bank of Commerce 0.123% Jan 12 15	1.5
SOUND Trust 0.229% Jan 30 15	1.5
Top 25 Holdings	76.5

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



MONEY MARKET FUND

**RBC PREMIUM \$U.S. MONEY
MARKET FUND**

December 31, 2014

Portfolio Manager *RBC Global Asset Management Inc. ("RBC GAM")*

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE (in USD)

Investment Objective and Strategies

The Fund seeks to provide current income and liquidity consistent with short-term money market rates for investors who have at least US\$100,000 to invest.

To preserve the value of the investment, the Fund is invested primarily in high-quality, short-term (one year or less) debt securities denominated in U.S. dollars. These include treasury bills issued or guaranteed by Canadian or foreign governments, bankers acceptances and commercial paper issued by Canadian or foreign corporations and agencies such as the World Bank.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value fell to \$357 million as of December 31, 2014, from \$454 million at the end of 2013. Most of the change was due to net redemptions.

As of December 31, 2014, the current yields were 0.1% for Series A units, 0.2% for Series F units and 0.2% for Series I units.

Over the past year, the Fund's Series A units gained 0.1%, compared with 0.0% for the Citigroup 3-Month T-Bill Index. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses. In response to an extremely low interest rate environment and to support the yield to unitholders, the management fees of the Fund have been temporarily reduced by RBC GAM. The decision to temporarily reduce management fees is determined at the discretion of RBC GAM.

U.S. economic growth accelerated in 2014, as improved employment prospects fuelled increased economic activity. With labour markets improving, the U.S. Federal Reserve (the "Fed") retreated somewhat from its posture of extraordinarily loose monetary policy by first winding down its bond-buying program, and began considering whether to start raising benchmark interest rates sometime in 2015.

U.S. money-market rates changed little, as yields generally react to changes in the benchmark fed-funds rate more than any bond purchases. As the year progressed, it became evident that the U.S. was the only economy gaining traction toward sustainable growth. Europe fell back into recession while Chinese growth stalled, bringing into question earlier global growth projections. These concerns were highlighted by a substantial decline in energy prices late in the year, which triggered worries about the ability of oil-exporting economies to withstand low oil prices. The outlook was also clouded by geopolitical flare-ups. Uncomfortably low global inflation was cited as one of the reasons for the Fed's reluctance to commit more boldly to raising rates, as low inflation removes any urgency for consumers to make purchases. In this environment, money-market rates remained in a tight range during the year, with extremely low volatility.

The portfolio manager maintained a longer average term to maturity through most of 2014, as expectations were that there would be no change to the Bank of Canada's benchmark interest rate. This led the portfolio manager to hold longer maturities that generate additional yield. Corporate holdings in the Fund continued to decline due to a shortage of issuers in the money markets. The primary investments continued to be asset-backed commercial paper for yield and bank paper for liquidity, although the Fund invested in more provincial paper as yields on these securities were attractive relative to bank paper, and minimum liquidity rules necessitated higher holdings of provincial paper.

Recent Developments

Projections for global economic growth continue to fall, and most nations are expected to continue providing ample policy steps to support economic growth. The portfolio manager believes that the second half of 2015 will usher in a period of higher U.S. benchmark interest rates, and that this will make money markets more volatile. Other large economies will continue to provide stimulus, resulting in a global divergence in policy, in the view of the portfolio manager, who expects the Fed to begin raising rates in mid-2015. Accordingly, the Fund's asset allocation will continue to focus until summer on higher-yielding corporate debt, and on longer-dated debt as attractively valued securities become available.



Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

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

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank and RBC IS are the registrars of the Fund and keep records of who owns the units of the Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS (in USD)

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	10.02	0.02	(0.01)	–	–	0.01	(0.01)	–	–	–	(0.01)	10.02
Dec. 31, 2013	10.02	0.03	(0.02)	–	–	0.01	(0.01)	–	–	–	(0.01)	10.02
Dec. 31, 2012	10.02	0.04	(0.02)	–	–	0.02	(0.02)	–	–	–	(0.02)	10.02
Dec. 31, 2011	10.02	0.03	(0.02)	–	–	0.01	(0.01)	–	–	–	(0.01)	10.02
Dec. 31, 2010	10.00	0.04	(0.03)	0.02	–	0.03	(0.01)	–	–	–	(0.01)	10.02
Series F												
Dec. 31, 2014	10.02	0.02	(0.01)	–	–	0.01	(0.01)	–	–	–	(0.01)	10.02
Dec. 31, 2013	10.02	0.03	(0.02)	–	–	0.01	(0.01)	–	–	–	(0.01)	10.02
Dec. 31, 2012	10.02	0.04	(0.02)	–	–	0.02	(0.02)	–	–	–	(0.02)	10.02
Dec. 31, 2011	10.02	0.03	(0.01)	–	–	0.02	(0.02)	–	–	–	(0.02)	10.02
Dec. 31, 2010	10.00	0.04	(0.02)	0.02	–	0.04	(0.02)	–	–	–	(0.02)	10.02
Series I												
Dec. 31, 2014	10.02	0.02	(0.01)	–	–	0.01	(0.01)	–	–	–	(0.01)	10.02
Dec. 31, 2013	10.02	0.03	(0.02)	–	–	0.01	(0.01)	–	–	–	(0.01)	10.02
Dec. 31, 2012	10.02	0.04	(0.02)	–	–	0.02	(0.02)	–	–	–	(0.02)	10.02
Dec. 31, 2011	10.02	0.03	(0.01)	–	–	0.02	(0.02)	–	–	–	(0.02)	10.02
Dec. 31, 2010	10.00	0.05	(0.02)	0.02	–	0.05	(0.03)	–	–	–	(0.03)	10.02

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (in USD) (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	10.00	345 022	34 266	0.13	0.13	n/a	—
Dec. 31, 2013	10.00	433 996	43 400	0.18	0.18	n/a	—
Dec. 31, 2012	10.00	554 940	55 494	0.19	0.19	n/a	—
Dec. 31, 2011	10.00	609 543	60 954	0.24	0.24	n/a	—
Dec. 31, 2010	10.00	1 176 861	117 686	0.30	0.30	n/a	—
Series F							
Dec. 31, 2014	10.00	14 234	1 414	0.13	0.13	n/a	—
Dec. 31, 2013	10.00	19 614	1 961	0.18	0.18	n/a	—
Dec. 31, 2012	10.00	34 160	3 416	0.19	0.19	n/a	—
Dec. 31, 2011	10.00	41 808	4 181	0.19	0.19	n/a	—
Dec. 31, 2010	10.00	93 726	9 373	0.24	0.24	n/a	—
Series I							
Dec. 31, 2014	10.00	21	2	0.13	0.13	n/a	—
Dec. 31, 2013	10.00	192	19	0.19	0.19	n/a	—
Dec. 31, 2012	10.00	1 166	117	0.19	0.19	n/a	—
Dec. 31, 2011	10.00	1 091	109	0.18	0.18	n/a	—
Dec. 31, 2010	10.00	6 212	621	0.18	0.18	n/a	—

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	0.35%	71%	29%
Series F	0.25%	—	100%
Series I	0.15%	—	100%

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

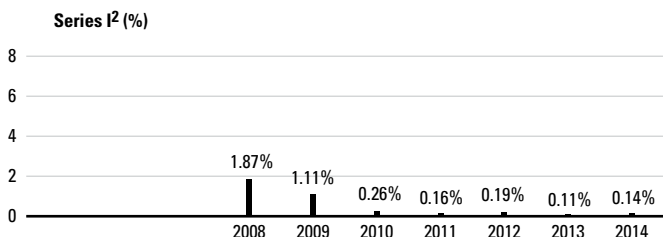
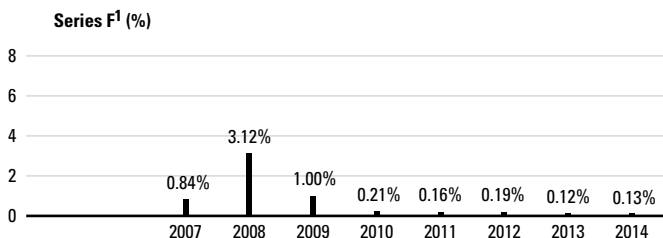
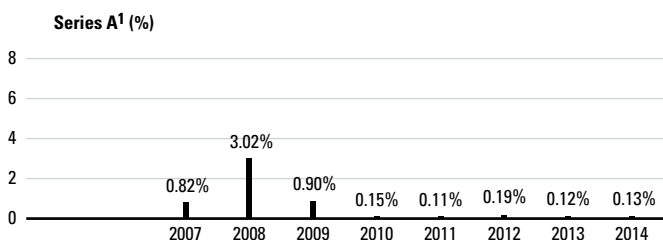


PAST PERFORMANCE (in USD)

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



¹ Inception date November 1, 2007.

² Inception date May 12, 2008.

SUMMARY OF INVESTMENT PORTFOLIO (in USD)

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Commercial Paper	65.9
Bankers Acceptances and Bank Obligations	18.3
Provincial Obligations	15.5
Cash/Other	0.3

Top 25 Holdings

	% of Net Asset Value
Ridge Trust 0.300% Jan 2 15	7.2
Province of Ontario 0.099% Mar 2 15	6.5
Province of Ontario 0.130% Feb 18 15	6.4
Caisse Centrale Desjardins 0.164% Jan 13 15	4.1
HSBC Bank Canada 0.160% Feb 3 15	3.7
Prime Trust - Senior Notes 0.271% Feb 13 15	3.4
HSBC Bank Canada 0.250% Jan 21 15	2.8
SOUND Trust 0.420% Apr 1 15	2.8
Zeus Receivables Trust - Senior Notes 0.341% Mar 26 15	2.8
Banner Trust 0.420% Apr 1 15	2.8
Banner Trust 0.271% Feb 13 15	2.3
Fusion Trust 0.300% Jan 27 15	2.1
Darwin Receivables Trust - Senior Notes 0.329% Mar 23 15	2.0
Zeus Receivables Trust - Senior Notes 0.299% Apr 23 15	2.0
Fusion Trust 0.300% Apr 13 15	2.0
Province of Ontario 0.308% Jan 2 15	2.0
Bank of Montreal 0.302% Jan 1 15	1.9
Enbridge Inc. 0.210% Feb 26 15	1.8
Bank of Nova Scotia 0.338% Mar 16 15	1.8
National Bank of Canada 0.359% Jan 23 15	1.8
Bank of Nova Scotia 0.253% Jan 22 15	1.8
Toronto-Dominion Bank 0.330% Jul 29 15	1.8
Darwin Receivables Trust - Senior Notes 0.310% Jan 12 15	1.7
Darwin Receivables Trust - Senior Notes 0.400% May 11 15	1.7
Merit Trust - Senior Notes 0.299% Apr 16 15	1.7
Top 25 Holdings	70.9

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



FIXED-INCOME FUND

RBC CANADIAN SHORT-TERM INCOME FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

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MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide a competitive level of monthly income by investing primarily in short-term, high-quality fixed-income securities issued or guaranteed by Canadian federal, provincial or municipal governments or corporations. The Fund may also invest in high-quality first mortgages on Canadian residential property.

The Fund's assets have an average maturity of two to five years.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$5.2 billion as of December 31, 2014, from \$4.8 billion at the end of 2013. Of the change, \$219 million was due to net inflows and \$147 million to portfolio returns.

Over the past year, the Fund's Series A units gained 2.1%, which underperformed the 3.1% rise in the benchmark. The broad-based index rose 8.8%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

Short-term fixed-income yields declined – sending bond prices higher – for most of 2014. The trend went against the broad expectation among mainstream investors that yields would rise as the U.S. economy gathered momentum during the year. While an economic recovery did materialize in the U.S., Europe slipped back into recession amid concern that inflation was too low. Growth in Asia, and China in particular, fell short of the heated economic growth pace of the past decade. Substandard global growth was generally faulted as the cause of uncomfortably low inflation, prompting central banks to adopt policies aimed at supporting economic growth. Geopolitical concerns in Ukraine and the Middle East did not abate, and later in the year substantial declines in global energy prices introduced new concern over fiscal performance in Russia and other oil-exporting nations. These forces all contributed to the fall in fixed-income yields, which reflected a flight to quality as well as a view that deflation pressures were more of an immediate concern. Once the U.S. Federal Reserve (the "Fed") had wound down its bond-purchase program later in 2014, investors turned their attention to whether the overall economic environment was strong enough for the Fed to begin raising its benchmark interest rate sometime in 2015.

The portfolio manager kept the Fund's exposure to corporate credit unchanged through the year, as corporate earnings and balance sheets remained healthy. Cash positions were maintained at a minimum for most of the year. Later in the year, however, the portfolio manager built up cash positions amid overstretched valuations and a desire to capitalize on the fact that cash yielded more than short-term bonds. This strategy resulted in the Fund being less sensitive than its benchmark to changes in interest rates.

Recent Developments

Yields at historically low levels suggest that bonds may be overvalued, and the portfolio manager believes that interest rates should rise when energy prices stabilize and as the Fed abandons emergency-level monetary policy and begins to boost benchmark interest rates sometime in 2015. Such a decision by the Fed would be a turning point for North American fixed-income markets. Running counter to this dynamic is the possibility that global growth will continue to founder, which may stay the Fed's hand for a few quarters. The portfolio manager anticipates that a rise in benchmark rates would make short-term rates relatively attractive as longer-term yields could decline due to low inflation. Consequently, the Fund's immediate-term strategy will be to maintain higher cash holdings alongside corporate exposure until such time as valuations improve.

Effective January 1, 2014, the administration fee for Series A units was reduced to 0.05% from 0.10%.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series and Series D units.



Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as the Independent Review Committee with respect to one or more of the following transactions:

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- (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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	10.80	0.32	(0.13)	(0.02)	0.06	0.23	(0.19)	–	–	–	(0.19)	10.84
Dec. 31, 2013	10.90	0.34	(0.13)	(0.05)	(0.05)	0.11	(0.20)	–	–	–	(0.20)	10.79
Dec. 31, 2012	10.99	0.38	(0.13)	(0.03)	(0.06)	0.16	(0.25)	–	–	–	(0.25)	10.90
Dec. 31, 2011	10.88	0.41	(0.13)	0.02	0.09	0.39	(0.28)	–	–	–	(0.28)	10.99
Dec. 31, 2010	10.92	0.43	(0.13)	0.05	(0.08)	0.27	(0.30)	–	–	–	(0.30)	10.88
Advisor Series												
Dec. 31, 2014	10.86	0.32	(0.13)	(0.02)	0.06	0.23	(0.19)	–	–	–	(0.19)	10.90
Dec. 31, 2013	10.95	0.34	(0.13)	(0.05)	(0.05)	0.11	(0.21)	–	–	–	(0.21)	10.85
Dec. 31, 2012	11.04	0.39	(0.13)	(0.03)	(0.06)	0.17	(0.26)	–	–	–	(0.26)	10.95
Dec. 31, 2011	10.93	0.42	(0.12)	0.02	0.09	0.41	(0.29)	–	–	–	(0.29)	11.04
Dec. 31, 2010	10.97	0.43	(0.12)	0.05	(0.08)	0.28	(0.31)	–	–	–	(0.31)	10.93
Series D												
Dec. 31, 2014	10.83	0.32	(0.08)	(0.02)	0.06	0.28	(0.24)	–	–	–	(0.24)	10.87
Dec. 31, 2013	10.93	0.34	(0.08)	(0.05)	(0.05)	0.16	(0.26)	–	–	–	(0.26)	10.82
Dec. 31, 2012	11.02	0.38	(0.08)	(0.03)	(0.06)	0.21	(0.30)	–	–	–	(0.30)	10.93
Dec. 31, 2011	10.91	0.42	(0.08)	0.02	0.09	0.45	(0.33)	–	–	–	(0.33)	11.02
Dec. 31, 2010	10.95	0.43	(0.08)	0.05	(0.08)	0.32	(0.35)	–	–	–	(0.35)	10.91
Series F												
Dec. 31, 2014	10.89	0.32	(0.07)	(0.02)	0.06	0.29	(0.25)	–	–	–	(0.25)	10.93
Dec. 31, 2013	10.99	0.34	(0.07)	(0.05)	(0.05)	0.17	(0.27)	–	–	–	(0.27)	10.88
Dec. 31, 2012	11.07	0.38	(0.07)	(0.03)	(0.06)	0.22	(0.31)	–	–	–	(0.31)	10.99
Dec. 31, 2011	10.96	0.42	(0.06)	0.02	0.09	0.47	(0.35)	–	–	–	(0.35)	11.07
Dec. 31, 2010	11.01	0.44	(0.06)	0.05	(0.08)	0.35	(0.37)	–	–	–	(0.37)	10.96
Series O												
Dec. 31, 2014	10.87	0.32	–	(0.02)	0.06	0.36	(0.31)	–	–	–	(0.31)	10.91
Dec. 31, 2013	10.96	0.34	–	(0.05)	(0.05)	0.24	(0.34)	–	–	–	(0.34)	10.86
Dec. 31, 2012	11.05	0.38	–	(0.03)	(0.06)	0.29	(0.38)	–	–	–	(0.38)	10.96
Dec. 31, 2011	10.94	0.42	–	0.02	0.09	0.53	(0.41)	–	–	–	(0.41)	11.05
Dec. 31, 2010	10.98	0.43	–	0.05	(0.08)	0.40	(0.44)	–	–	–	(0.44)	10.94

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	10.84	1 142 935	105 441	1.16	1.16	36.84	—
Dec. 31, 2013	10.80	1 531 387	141 754	1.22	1.22	45.34	—
Dec. 31, 2012	10.91	1 977 968	181 352	1.21	1.21	21.62	—
Dec. 31, 2011	11.00	1 453 464	132 151	1.21	1.21	50.58	—
Dec. 31, 2010	10.89	1 228 219	112 798	1.18	1.18	81.96	—
Advisor Series							
Dec. 31, 2014	10.90	27 560	2 529	1.16	1.16	36.84	—
Dec. 31, 2013	10.86	33 727	3 106	1.16	1.16	45.34	—
Dec. 31, 2012	10.96	33 377	3 045	1.16	1.16	21.62	—
Dec. 31, 2011	11.06	31 915	2 887	1.15	1.15	50.58	—
Dec. 31, 2010	10.95	30 330	2 771	1.13	1.13	81.96	—
Series D							
Dec. 31, 2014	10.87	21 077	1 940	0.76	0.76	36.84	—
Dec. 31, 2013	10.83	27 435	2 532	0.77	0.77	45.34	—
Dec. 31, 2012	10.94	28 191	2 577	0.77	0.77	21.62	—
Dec. 31, 2011	11.03	27 471	2 490	0.77	0.77	50.58	—
Dec. 31, 2010	10.92	26 905	2 464	0.75	0.75	81.96	—
Series F							
Dec. 31, 2014	10.93	11 341	1 038	0.60	0.60	36.84	—
Dec. 31, 2013	10.89	11 870	1 090	0.61	0.61	45.34	—
Dec. 31, 2012	11.00	11 357	1 033	0.61	0.61	21.62	—
Dec. 31, 2011	11.09	7 659	691	0.60	0.60	50.58	—
Dec. 31, 2010	10.98	7 172	653	0.59	0.59	81.96	—
Series O							
Dec. 31, 2014	10.91	3 968 376	363 822	0.02	0.02	36.84	—
Dec. 31, 2013	10.87	3 200 651	294 524	0.02	0.02	45.34	—
Dec. 31, 2012	10.97	2 483 513	226 334	0.02	0.02	21.62	—
Dec. 31, 2011	11.06	1 875 073	169 516	0.02	0.02	50.58	—
Dec. 31, 2010	10.95	1 466 382	133 887	0.02	0.02	81.96	—

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.00%	50%	50%
Advisor Series	1.00%	50%	50%
Series D	0.65%	23%	77%
Series F	0.50%	–	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

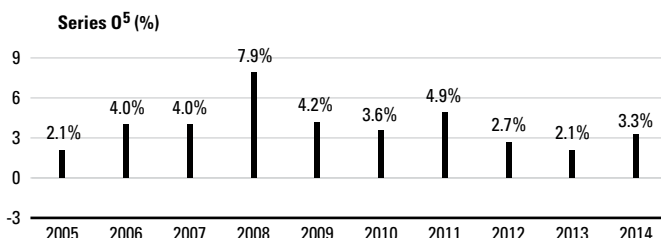
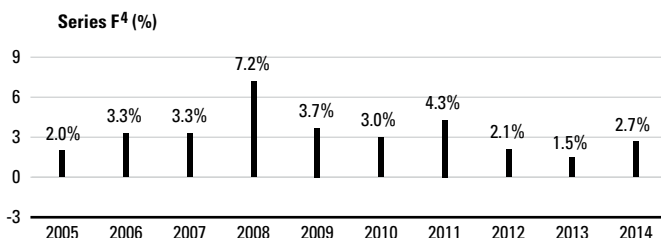
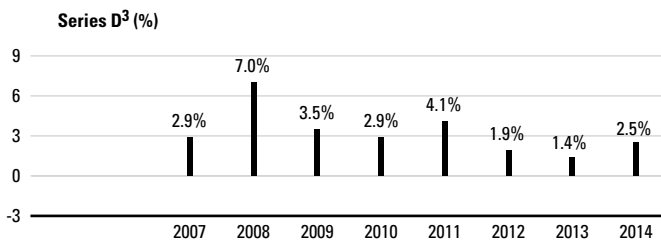
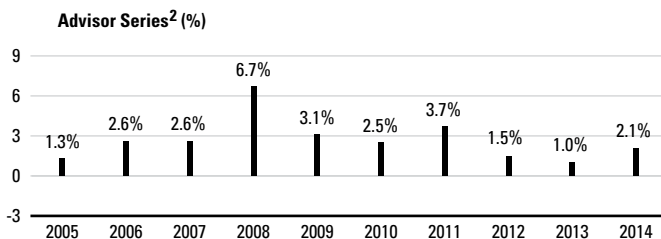
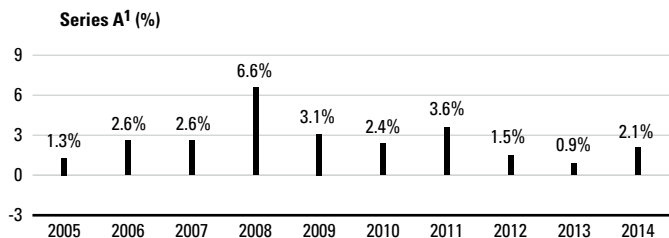
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

FTSE TMX Canada Short Term Bond Index

The broad-based index is the FTSE TMX Canada Universe Bond Index.

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	2.1	1.5	2.1	2.7	–
Benchmark	3.1	2.3	3.0	3.8	–
Broad-based index	8.8	3.7	5.4	5.3	–
Advisor Series ²	2.1	1.5	2.1	2.7	–
Benchmark	3.1	2.3	3.0	3.8	–
Broad-based index	8.8	3.7	5.4	5.3	–
Series D ³	2.5	1.9	2.5	–	3.5
Benchmark	3.1	2.3	3.0	–	4.2
Broad-based index	8.8	3.7	5.4	–	5.9
Series F ⁴	2.7	2.1	2.7	3.3	–
Benchmark	3.1	2.3	3.0	3.8	–
Broad-based index	8.8	3.7	5.4	5.3	–
Series O ⁵	3.3	2.7	3.3	–	3.9
Benchmark	3.1	2.3	3.0	–	3.9
Broad-based index	8.8	3.7	5.4	–	5.3

The returns of each series may vary because of differences in management fees and expenses. The Benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark and broad-based indexes.

¹ Inception date January 27, 1992.

² Inception date January 13, 2004.

³ Inception date July 3, 2007.

⁴ Inception date July 17, 2003.

⁵ Inception date March 8, 2005.

INDEX DESCRIPTIONS

FTSE TMX Canada Short Term Bond Index* This index is a measure of the performance of Canadian bonds with terms to maturity of one to five years and is a good proxy for a short-term fixed-income investment.

FTSE TMX Canada Universe Bond Index* This index is designed as a broad measure of the Canadian investment-grade fixed-income market and includes bonds with maturities of at least one year.

* FTSE TMX fixed-income benchmarks were known as the DEX benchmarks before a name change.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Corporate Bonds	59.2
Provincial/Municipal Bonds	21.5
Federal Bonds	14.0
Mortgage-Backed Securities	0.3
Cash/Other	5.0

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	4.5
Canada Housing Trust No. 1 3.350% Dec 15 20	3.3
Province of Ontario 2.100% Sep 8 18	3.0
Canada Housing Trust No. 1 1.700% Dec 15 17	2.8
Canada Housing Trust No. 1 2.050% Jun 15 17	2.7
Province of Ontario 4.300% Mar 8 17	2.6
Canadian Imperial Bank of Commerce 2.650% Nov 8 16	2.3
Province of Quebec 4.500% Dec 1 17	2.3
Province of Ontario 1.900% Sep 8 17	2.2
Bank of Montreal 2.240% Dec 11 17	1.8
Bank of Montreal 3.210% Sep 13 18	1.7
Government of Canada 1.500% Sep 1 17	1.5
HSBC Bank Canada 2.491% May 13 19	1.4
Bank of Nova Scotia 2.370% Jan 11 18	1.3
Royal Bank of Canada 2.680% Dec 8 16	1.2
National Bank of Canada 2.794% Aug 9 18	1.2
Province of Alberta 1.600% Jun 15 18	1.1
Province of Quebec 5.000% Dec 1 15	1.1
Financement-Québec 3.500% Dec 1 16	1.1
Bank of Nova Scotia 2.598% Feb 27 17	1.1
Province of Ontario 2.100% Sep 8 19	1.1
Bank of Montreal 2.430% Mar 4 19	1.0
Wells Fargo Canada Corp. 2.774% Feb 9 17	1.0
Toronto-Dominion Bank 2.447% Apr 2 19	1.0
Toronto-Dominion Bank 2.171% Apr 2 18	1.0
Top 25 Holdings	45.3

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



FIXED-INCOME FUND

RBC MONTHLY INCOME BOND FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide regular monthly income with the potential for modest capital appreciation by investing primarily in units of fixed-income funds managed by RBC GAM or an affiliate (called the “underlying funds”). To achieve its objective, the Fund invests in underlying funds from the RBC Funds family or the PH&N Funds family.

The portfolio manager allocates and rebalances the Fund’s assets among underlying funds based on the underlying funds’ ability to help the Fund meet its investment objectives.

Risk

The Fund has risks associated with investing in various fixed-income strategies. These risks are similar to the risks of investing in the underlying funds. The Fund is suitable for investors who plan to hold their investments for the short-to-medium term and can tolerate low investment risk.

There were no significant changes to the investment objective and strategies that affected the Fund’s overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund’s net asset value fell to \$874 million as of December 31, 2014, from \$907 million at the end of 2013. Of the change, \$81 million was due to net redemptions and \$47 million to portfolio returns.

Over the past year, the Fund’s Series A units rose 5.6%, which underperformed the 6.5% rise in the benchmark. The broad-based index rose 8.8%. The Fund’s return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

In January 2014, monthly distributions for the Fund were decreased to 2.25 cents per Series A unit. For the year, the Fund made total distributions of approximately 27 cents per Series A unit, consisting of 21 cents per unit of income and 6 cents per unit of return of capital.

Bond yields, both in Canada and globally, declined from the beginning of the year for a number of reasons including demand for safety amid geopolitical conflict; looser Eurozone and Japanese monetary policies; new regulatory requirements for banks; and demand from pension funds looking to match cash flows with retirement payouts. In addition, the abrupt and astonishingly large decline in oil prices in the second half of the year led to global concern about deflation and stoked overall demand for fixed-income investments.

Canadian bonds performed in line with U.S. fixed income, with long-maturity bonds delivering double-digit returns and far outpacing returns on short-term securities. Provincial and corporate bonds, viewed generally as more risky than federal government bonds, had mixed performance. Short- to medium-maturity provincial and corporate bonds outperformed federal government bonds on strong investor appetite for yield in the low-interest-rate environment. Prices of riskier assets such as U.S. high-yield corporate and emerging-market bonds declined due to exposure to the poorly performing Energy sector, where falling oil prices raised concerns about the ability of energy-related issuers to honour their debts. All of the Fund’s holdings had a positive impact on returns, led by the Phillips, Hager & North Total Return Bond Fund and the RBC Bond Fund. Performance was also boosted by the Phillips, Hager & North Short Term Bond & Mortgage Fund and the RBC Global Corporate Bond Fund.

Recent Developments

With bond yields in all major markets now well below equilibrium, valuation risk is again evident in sovereign fixed-income markets and bonds may be at risk of an abrupt upwards adjustment in yields. The portfolio manager’s expectation that U.S. growth and inflation will tick upwards in 2015 reinforces the portfolio manager’s belief that bond yields are unsustainably low. Low or even negative total returns for bondholders are likely as rising bond yields could result in capital losses, more than offsetting coupon income.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada (“Royal Bank”) and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund’s day-to-day operations, holds title to the Fund’s property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients’ Series A, Advisor Series, Series H and Series D units.



Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	9.76	0.33	(0.12)	0.01	0.32	0.54	(0.21)	–	–	(0.06)	(0.27)	10.03
Dec. 31, 2013	10.06	0.35	(0.12)	(0.03)	(0.23)	(0.03)	(0.23)	–	–	(0.07)	(0.30)	9.76
Dec. 31, 2012	10.01	0.41	(0.12)	0.07	0.00	0.36	(0.30)	–	(0.03)	–	(0.33)	10.06
Dec. 31, 2011	9.76	0.44	(0.11)	0.02	0.26	0.61	(0.31)	–	–	–	(0.31)	10.01
Dec. 31, 2010 ³	10.00 [†]	0.14	(0.02)	0.09	(0.26)	(0.05)	(0.10)	–	(0.06)	–	(0.16)	9.76
Advisor Series												
Dec. 31, 2014	9.77	0.33	(0.12)	0.01	0.33	0.55	(0.21)	–	–	(0.06)	(0.27)	10.05
Dec. 31, 2013	10.07	0.35	(0.11)	(0.03)	(0.23)	(0.02)	(0.23)	–	–	(0.07)	(0.30)	9.77
Dec. 31, 2012	10.02	0.45	(0.12)	0.08	0.00	0.41	(0.30)	–	(0.03)	–	(0.33)	10.07
Dec. 31, 2011	9.77	0.43	(0.11)	0.02	0.25	0.59	(0.31)	–	–	–	(0.31)	10.02
Dec. 31, 2010 ³	10.00 [†]	0.16	(0.02)	0.10	(0.31)	(0.07)	(0.10)	–	(0.06)	–	(0.16)	9.77
Series H												
Dec. 31, 2014	9.77	0.33	(0.10)	0.01	0.33	0.57	(0.21)	–	–	(0.06)	(0.27)	10.05
Dec. 31, 2013 ⁴	9.80 [†]	0.15	(0.04)	(0.01)	(0.10)	–	(0.10)	–	–	(0.03)	(0.13)	9.77
Series D												
Dec. 31, 2014	9.87	0.33	(0.08)	0.01	0.33	0.59	(0.21)	–	–	(0.06)	(0.27)	10.18
Dec. 31, 2013	10.13	0.35	(0.08)	(0.03)	(0.23)	0.01	(0.23)	–	–	(0.07)	(0.30)	9.87
Dec. 31, 2012	10.04	0.45	(0.08)	0.08	0.00	0.45	(0.30)	–	(0.03)	–	(0.33)	10.13
Dec. 31, 2011	9.77	0.40	(0.07)	0.02	0.24	0.59	(0.34)	–	–	–	(0.34)	10.04
Dec. 31, 2010 ³	10.00 [†]	0.12	(0.02)	0.08	(0.23)	(0.05)	(0.10)	–	(0.06)	–	(0.16)	9.77
Series F												
Dec. 31, 2014	9.91	0.34	(0.06)	0.01	0.33	0.62	(0.21)	–	–	(0.06)	(0.27)	10.24
Dec. 31, 2013	10.15	0.36	(0.06)	(0.03)	(0.23)	0.04	(0.23)	–	–	(0.07)	(0.30)	9.91
Dec. 31, 2012	10.04	0.42	(0.06)	0.07	0.00	0.43	(0.30)	–	(0.03)	–	(0.33)	10.15
Dec. 31, 2011	9.79	0.45	(0.06)	0.02	0.27	0.68	(0.37)	–	–	–	(0.37)	10.04
Dec. 31, 2010 ³	10.00 [†]	0.12	(0.01)	0.08	(0.23)	(0.04)	(0.10)	–	(0.06)	–	(0.16)	9.79
Series I												
Dec. 31, 2014	9.91	0.34	(0.05)	0.01	0.33	0.63	(0.21)	–	–	(0.06)	(0.27)	10.26
Dec. 31, 2013 ⁴	9.92 [†]	0.15	(0.02)	(0.01)	(0.10)	0.02	(0.10)	–	–	(0.03)	(0.13)	9.91



FINANCIAL HIGHLIGHTS (cont.)

Change in Net Assets Per Unit (\$) (cont.)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series O												
Dec. 31, 2014	10.11	0.34	–	0.01	0.34	0.69	(0.21)	–	–	(0.06)	(0.27)	10.52
Dec. 31, 2013	10.29	0.36	–	(0.03)	(0.24)	0.09	(0.23)	–	–	(0.07)	(0.30)	10.11
Dec. 31, 2012	10.11	0.45	–	0.09	0.00	0.54	(0.30)	–	(0.03)	–	(0.33)	10.29
Dec. 31, 2011	9.79	0.54	–	0.02	0.32	0.88	(0.35)	–	–	–	(0.35)	10.11
Dec. 31, 2010 ³	10.00 [†]	0.20	–	0.13	(0.38)	(0.05)	(0.10)	–	(0.06)	–	(0.16)	9.79

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From October 12, 2010.

⁴ From August 12, 2013.

[†] Initial offering net asset value per unit.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	10.03	812 294	80 949	1.20	1.20	11.92	–
Dec. 31, 2013	9.76	868 877	89 011	1.20	1.20	20.87	–
Dec. 31, 2012	10.06	1 051 721	104 538	1.20	1.20	3.39	–
Dec. 31, 2011	10.01	220 043	21 981	1.20	1.20	3.66	–
Dec. 31, 2010 ⁴	9.76	69 402	7 109	1.21	1.21	1.04	–
Advisor Series							
Dec. 31, 2014	10.05	23 324	2 321	1.20	1.20	11.92	–
Dec. 31, 2013	9.77	20 505	2 098	1.19	1.19	20.87	–
Dec. 31, 2012	10.07	10 425	1 035	1.21	1.21	3.39	–
Dec. 31, 2011	10.02	4 489	448	1.19	1.19	3.66	–
Dec. 31, 2010 ⁴	9.77	1 019	104	1.19	1.19	1.04	–
Series H							
Dec. 31, 2014	10.05	8 035	799	1.07	1.07	11.92	–
Dec. 31, 2013 ⁵	9.77	1 961	201	1.11	1.11	20.87	–
Series D							
Dec. 31, 2014	10.18	7 537	740	0.82	0.82	11.92	–
Dec. 31, 2013	9.87	4 856	492	0.81	0.81	20.87	–
Dec. 31, 2012	10.13	5 199	513	0.83	0.83	3.39	–
Dec. 31, 2011	10.04	3 626	361	0.79	0.79	3.66	–
Dec. 31, 2010 ⁴	9.77	442	45	0.81	0.81	1.04	–
Series F							
Dec. 31, 2014	10.24	18 565	1 812	0.65	0.65	11.92	–
Dec. 31, 2013	9.91	9 951	1 005	0.64	0.64	20.87	–
Dec. 31, 2012	10.15	4 738	467	0.65	0.65	3.39	–
Dec. 31, 2011	10.04	1 271	127	0.63	0.63	3.66	–
Dec. 31, 2010 ⁴	9.79	330	34	0.58	0.58	1.04	–



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data (cont.)

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series I							
Dec. 31, 2014	10.26	3 539	345	0.52	0.52	11.92	—
Dec. 31, 2013 ⁵	9.91	931	94	0.55	0.55	20.87	—
Series O							
Dec. 31, 2014	10.52	208	20	0.06	0.06	11.92	—
Dec. 31, 2013	10.11	1	—	0.06	0.06	20.87	—
Dec. 31, 2012	10.29	1	—	0.06	0.06	3.39	—
Dec. 31, 2011	10.11	5	—	0.06	0.06	3.66	—
Dec. 31, 2010 ⁴	9.79	23	2	0.06	0.06	1.04	—

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From October 12, 2010.

⁵ From August 12, 2013.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees*	Breakdown of Services	
		Distribution	Other [†]
Series A	1.00%	50%	50%
Advisor Series	1.00%	50%	50%
Series H	0.90%	56%	44%
Series D	0.65%	23%	77%
Series F	0.50%	—	100%
Series I	0.40%	—	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Management fees represent the actual average management fee rate for the period ended December 31, 2014.

[†] Includes all costs related to management, trustee, investment advisory services, general administration and profit.

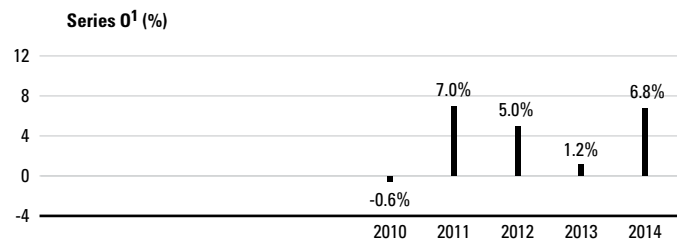
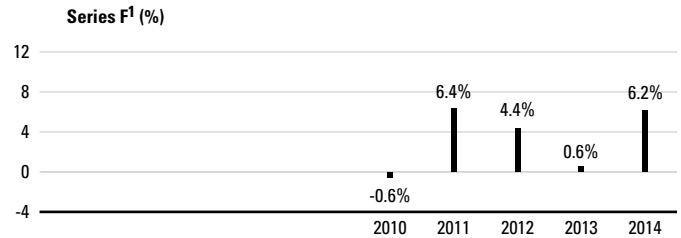
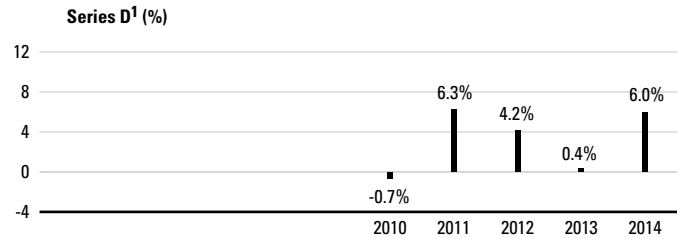
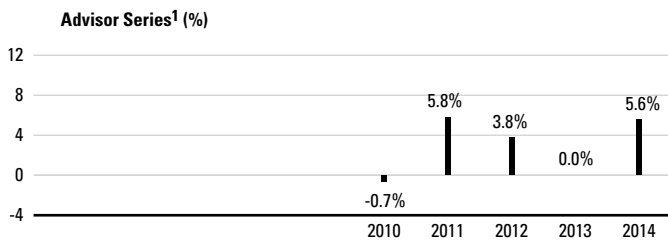
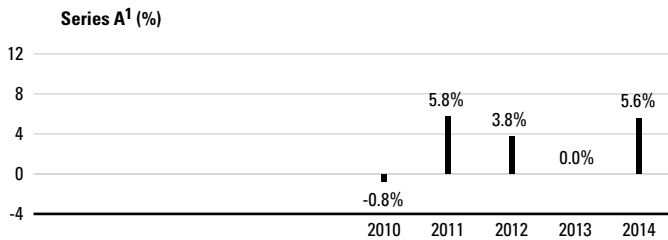


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

The blended benchmark (the "Benchmark") is composed of:

- 60% FTSE TMX Canada Universe Bond Index
- 40% FTSE TMX Canada Short Term Bond Index

The broad-based index is the FTSE TMX Canada Universe Bond Index.

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	5.6	3.1	—	—	3.4
Benchmark	6.5	3.1	—	—	3.9
Broad-based index	8.8	3.7	—	—	4.7
Advisor Series ¹	5.6	3.1	—	—	3.4
Benchmark	6.5	3.1	—	—	3.9
Broad-based index	8.8	3.7	—	—	4.7
Series H ²	5.8	—	—	—	4.8
Benchmark	6.5	—	—	—	5.6
Broad-based index	8.8	—	—	—	7.2
Series D ¹	6.0	3.5	—	—	3.8
Benchmark	6.5	3.1	—	—	3.9
Broad-based index	8.8	3.7	—	—	4.7
Series F ¹	6.2	3.7	—	—	4.0
Benchmark	6.5	3.1	—	—	3.9
Broad-based index	8.8	3.7	—	—	4.7
Series I ²	6.3	—	—	—	5.4
Benchmark	6.5	—	—	—	5.6
Broad-based index	8.8	—	—	—	7.2
Series O ¹	6.8	4.3	—	—	4.6
Benchmark	6.5	3.1	—	—	3.9
Broad-based index	8.8	3.7	—	—	4.7

The returns of each series may vary because of differences in management fees and expenses. The Benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark and broad-based index.

¹ Inception date October 12, 2010.

² Inception date August 12, 2013.

INDEX DESCRIPTIONS

FTSE TMX Canada Universe Bond Index* This index is designed as a broad measure of the Canadian investment-grade fixed-income market and includes bonds with maturities of at least one year.

FTSE TMX Canada Short Term Bond Index* This index is a measure of the performance of Canadian bonds with terms to maturity of one to five years and is a good proxy for a short-term fixed-income investment.

* FTSE TMX fixed-income benchmarks were known as the DEX benchmarks before a name change.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Income Funds	99.0
Cash/Other	1.0

Top 25 Holdings*

	% of Net Asset Value
Phillips, Hager & North Short Term Bond & Mortgage Fund	39.9
RBC Bond Fund	20.0
Phillips, Hager & North Total Return Bond Fund	20.0
RBC Global Corporate Bond Fund	10.0
RBC High Yield Bond Fund	5.0
RBC Emerging Markets Bond Fund	4.2
Cash & Cash Equivalents	0.9
Total	100.0

* The Fund holds fewer than 25 holdings.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.

The Simplified Prospectus and other information about the underlying funds are available on SEDAR website at www.sedar.com.



FIXED-INCOME FUND

RBC BOND FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor: RBC Global Asset Management (UK) Limited, London, England
(for a portion of the Fund)

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund pursues above-average long-term returns consisting of interest income and moderate capital growth by investing mainly in high-quality fixed-income securities issued by Canadian governments and corporations. Holdings within the portfolio in non-investment grade bonds are limited to 20% of assets.

The Fund may invest in similar securities outside of Canada.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$13.2 billion as of December 31, 2014, from \$11.8 billion at the end of 2013. Most of the change was due to portfolio returns.

Over the past year, the Fund's Series A units rose 7.8%, which underperformed the 8.8% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while the benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

Bond yields, both in Canada and globally, declined from the beginning of the year due to demand for safety amid geopolitical conflict; looser Eurozone and Japanese monetary policies; new regulatory requirements for banks; and demand from pension funds looking to match cash flows with retirement payouts. Finally, the abrupt and astonishingly large decline in oil prices in the second half of the year led to global concern about disinflation and stoked overall demand for fixed-income investments.

Canadian bonds performed in line with U.S. fixed income, with long-maturity bonds delivering double-digit returns and far outpacing returns on short-term securities. Provincial and corporate bonds, viewed generally as more risky than government bonds, had a more mixed performance. Short- to medium-maturity provincial and corporate bonds outperformed government bonds on strong investor appetite for yield in the low-interest-rate environment. Prices of riskier assets such as U.S. high-yield corporate and emerging-market bonds declined due to exposure to the poorly performing Energy sector, where falling oil prices raised concerns about the ability of energy-related issuers to honour their debts.

The U.S. dollar climbed against most currencies, and the Fund's small exposure to the U.S. dollar contributed to the Fund's performance. Other contributors to performance were overweight positions in provincial and Canadian corporate bonds, which cushioned losses from an underweight position in long-maturity bonds and exposure to U.S. high-yield corporate and emerging-market bonds.

Recent Developments

The Canadian economy is now faced with the need to adjust to declining oil prices, which fell to the lowest levels in five years late in 2014. Concern about the impact of falling oil prices on the Canadian economy prompted the Bank of Canada (the "BOC") to cut its benchmark interest rate early in 2015. Close attention needs to be paid to global events. Large-scale bond-buying in the Eurozone would force down yields in Europe, making higher-yielding Canadian bonds relatively attractive.

Over the next 12 months, the portfolio manager expects global bond yields to trade within recent ranges. However, yields should rise gradually assuming that unemployment in the U.S. stays low and the U.S. Federal Reserve (the "Fed") starts the process of lifting benchmark interest rates from the extraordinarily low levels that had been warranted by the financial crisis. The portfolio manager expects wider swings in bond prices heading into the first Fed rate hike. In this scenario, the portfolio manager will be adjusting the Fund's holdings to reduce losses tied to interest-rate sensitivity while taking advantage of opportunities offered by expected volatility to accumulate attractively priced corporate bonds. The Fund will start the year with an overweight position in non-government bonds to earn extra income.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.



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

Sub-Advisor

RBC Global Asset Management (UK) Limited is the sub-advisor and provides investment advice for the Fund.

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series, Series H and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	6.26	0.22	(0.08)	0.03	0.31	0.48	(0.15)	–	–	–	(0.15)	6.60
Dec. 31, 2013	6.54	0.26	(0.08)	0.01	(0.28)	(0.09)	(0.18)	–	(0.01)	–	(0.19)	6.25
Dec. 31, 2012	6.50	0.26	(0.08)	0.10	(0.03)	0.25	(0.17)	–	(0.04)	–	(0.21)	6.54
Dec. 31, 2011	6.16	0.24	(0.07)	0.05	0.30	0.52	(0.17)	–	–	–	(0.17)	6.50
Dec. 31, 2010	5.99	0.28	(0.07)	0.06	0.10	0.37	(0.21)	–	–	–	(0.21)	6.16
Advisor Series												
Dec. 31, 2014	6.39	0.23	(0.08)	0.03	0.31	0.49	(0.15)	–	–	–	(0.15)	6.74
Dec. 31, 2013	6.66	0.26	(0.08)	0.01	(0.28)	(0.09)	(0.19)	–	(0.01)	–	(0.20)	6.38
Dec. 31, 2012	6.62	0.26	(0.08)	0.10	(0.03)	0.25	(0.17)	–	(0.04)	–	(0.21)	6.66
Dec. 31, 2011	6.27	0.25	(0.07)	0.05	0.30	0.53	(0.17)	–	–	–	(0.17)	6.62
Dec. 31, 2010	6.09	0.28	(0.07)	0.06	0.10	0.37	(0.21)	–	–	–	(0.21)	6.27
Series H												
Dec. 31, 2014	6.33	0.22	(0.07)	0.03	0.31	0.49	(0.12)	–	–	–	(0.12)	6.72
Dec. 31, 2013 ³	6.60 [†]	0.17	(0.05)	0.01	(0.18)	(0.05)	(0.11)	–	(0.01)	–	(0.12)	6.32
Series D												
Dec. 31, 2014	6.30	0.22	(0.05)	0.03	0.31	0.51	(0.18)	–	–	–	(0.18)	6.64
Dec. 31, 2013	6.58	0.26	(0.05)	0.01	(0.28)	(0.06)	(0.22)	–	(0.01)	–	(0.23)	6.29
Dec. 31, 2012	6.54	0.26	(0.05)	0.10	(0.03)	0.28	(0.20)	–	(0.04)	–	(0.24)	6.58
Dec. 31, 2011	6.19	0.24	(0.05)	0.05	0.30	0.54	(0.19)	–	–	–	(0.19)	6.54
Dec. 31, 2010	6.01	0.28	(0.05)	0.06	0.10	0.39	(0.23)	–	–	–	(0.23)	6.19
Series F												
Dec. 31, 2014	6.45	0.23	(0.04)	0.03	0.32	0.54	(0.18)	–	–	–	(0.18)	6.81
Dec. 31, 2013	6.73	0.27	(0.04)	0.01	(0.29)	(0.05)	(0.22)	–	(0.01)	–	(0.23)	6.44
Dec. 31, 2012	6.69	0.26	(0.04)	0.10	(0.03)	0.29	(0.21)	–	(0.04)	–	(0.25)	6.73
Dec. 31, 2011	6.33	0.25	(0.04)	0.06	0.31	0.58	(0.21)	–	–	–	(0.21)	6.69
Dec. 31, 2010	6.15	0.28	(0.04)	0.07	0.10	0.41	(0.24)	–	–	–	(0.24)	6.33
Series I												
Dec. 31, 2014	6.42	0.23	(0.03)	0.03	0.31	0.54	(0.17)	–	–	–	(0.17)	6.79
Dec. 31, 2013	6.73	0.27	(0.03)	0.01	(0.29)	(0.04)	(0.27)	–	(0.01)	–	(0.28)	6.41
Dec. 31, 2012	6.69	0.26	(0.03)	0.10	(0.03)	0.30	(0.22)	–	(0.04)	–	(0.26)	6.73
Dec. 31, 2011	6.34	0.25	(0.03)	0.06	0.31	0.59	(0.22)	–	–	–	(0.22)	6.69
Dec. 31, 2010	6.15	0.28	(0.03)	0.07	0.10	0.42	(0.25)	–	–	–	(0.25)	6.34



FINANCIAL HIGHLIGHTS (cont.)

Change in Net Assets Per Unit (\$) (cont.)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series O												
Dec. 31, 2014	6.54	0.23	–	0.03	0.32	0.58	(0.23)	–	–	–	(0.23)	6.89
Dec. 31, 2013	6.80	0.27	–	0.01	(0.29)	(0.01)	(0.25)	–	(0.01)	–	(0.26)	6.53
Dec. 31, 2012	6.76	0.27	–	0.10	(0.03)	0.34	(0.26)	–	(0.04)	–	(0.30)	6.80
Dec. 31, 2011	6.41	0.25	–	0.06	0.31	0.62	(0.25)	–	–	–	(0.25)	6.76
Dec. 31, 2010	6.21	0.28	–	0.07	0.10	0.45	(0.27)	–	–	–	(0.27)	6.41

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From April 29, 2013.

[†] Initial offering net asset value per unit.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	6.60	1 642 304	248 942	1.22	1.22	35.76	–
Dec. 31, 2013	6.26	1 776 367	283 729	1.22	1.22	31.63	–
Dec. 31, 2012	6.55	2 271 734	347 067	1.21	1.21	33.88	–
Dec. 31, 2011	6.51	1 807 620	277 653	1.20	1.20	49.74	–
Dec. 31, 2010	6.17	1 597 317	258 985	1.18	1.18	44.95	–
Advisor Series							
Dec. 31, 2014	6.74	42 893	6 368	1.17	1.17	35.76	–
Dec. 31, 2013	6.39	36 190	5 666	1.17	1.17	31.63	–
Dec. 31, 2012	6.67	42 437	6 358	1.14	1.14	33.88	–
Dec. 31, 2011	6.63	28 020	4 225	1.15	1.15	49.74	–
Dec. 31, 2010	6.28	20 258	3 226	1.12	1.12	44.95	–
Series H							
Dec. 31, 2014	6.72	3 956	589	1.02	1.02	35.76	–
Dec. 31, 2013 ⁴	6.33	1	–	1.00	1.00	31.63	–
Series D							
Dec. 31, 2014	6.64	61 636	9 286	0.77	0.77	35.76	–
Dec. 31, 2013	6.30	53 735	8 532	0.77	0.77	31.63	–
Dec. 31, 2012	6.59	68 826	10 448	0.77	0.77	33.88	–
Dec. 31, 2011	6.55	49 188	7 512	0.77	0.77	49.74	–
Dec. 31, 2010	6.20	37 364	6 028	0.75	0.75	44.95	–
Series F							
Dec. 31, 2014	6.81	13 230	1 943	0.61	0.61	35.76	–
Dec. 31, 2013	6.45	7 299	1 131	0.62	0.62	31.63	–
Dec. 31, 2012	6.74	7 441	1 104	0.61	0.61	33.88	–
Dec. 31, 2011	6.70	5 539	827	0.60	0.60	49.74	–
Dec. 31, 2010	6.34	5 385	850	0.59	0.59	44.95	–



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data (cont.)

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series I							
Dec. 31, 2014	6.79	4 525	666	0.49	0.49	35.76	—
Dec. 31, 2013	6.42	490	76	0.48	0.48	31.63	—
Dec. 31, 2012	6.74	898	133	0.45	0.45	33.88	—
Dec. 31, 2011	6.70	7	1	0.44	0.44	49.74	—
Dec. 31, 2010	6.35	6	1	0.45	0.45	44.95	—
Series O							
Dec. 31, 2014	6.89	11 430 668	1 658 442	0.02	0.02	35.76	—
Dec. 31, 2013	6.54	9 949 423	1 522 142	0.02	0.02	31.63	—
Dec. 31, 2012	6.81	7 151 935	1 049 482	0.02	0.02	33.88	—
Dec. 31, 2011	6.77	5 724 748	845 173	0.02	0.02	49.74	—
Dec. 31, 2010	6.42	5 262 312	820 196	0.02	0.02	44.95	—

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From April 29, 2013.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.00%	50%	50%
Advisor Series	1.00%	50%	50%
Series H	0.90%	55%	45%
Series D	0.65%	23%	77%
Series F	0.50%	—	100%
Series I	0.40%	—	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

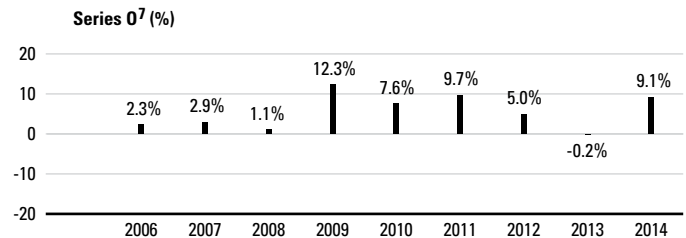
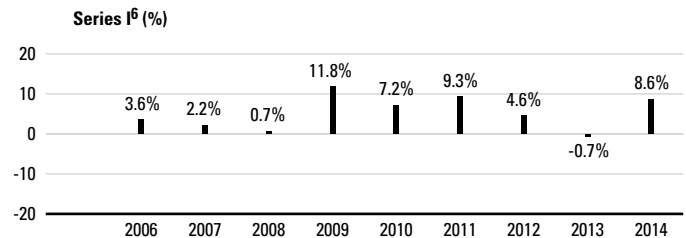
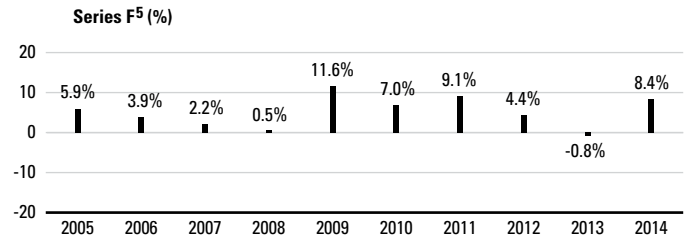
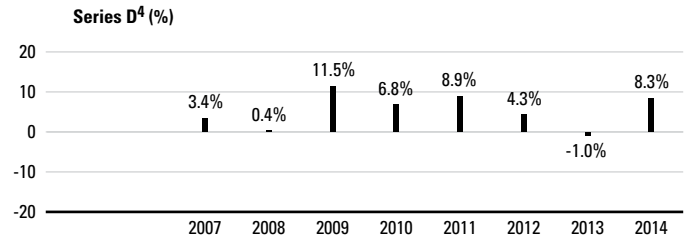
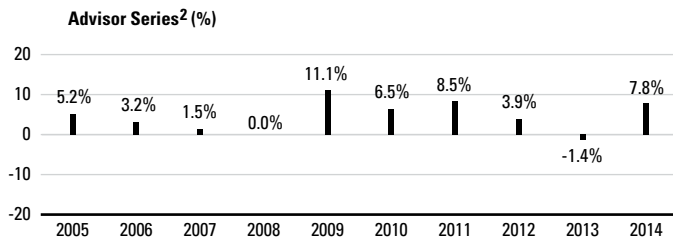
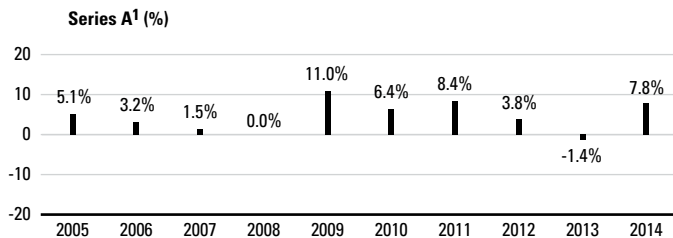


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

FTSE TMX Canada Universe Bond Index

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	7.8	3.3	4.9	4.5	–
Benchmark	8.8	3.7	5.4	5.3	–
Advisor Series ²	7.8	3.4	5.0	4.6	–
Benchmark	8.8	3.7	5.4	5.3	–
Series H ³	8.1	–	–	–	3.2
Benchmark	8.8	–	–	–	3.3
Series D ⁴	8.3	3.8	5.4	–	5.6
Benchmark	8.8	3.7	5.4	–	5.9
Series F ⁵	8.4	3.9	5.6	5.2	–
Benchmark	8.8	3.7	5.4	5.3	–
Series I ⁶	8.6	4.1	5.7	–	5.6
Benchmark	8.8	3.7	5.4	–	5.3
Series O ⁷	9.1	4.6	6.2	–	5.9
Benchmark	8.8	3.7	5.4	–	5.3

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

- ¹ Inception date October 31, 1972.
- ² Inception date January 13, 2004.
- ³ Inception date April 29, 2013.
- ⁴ Inception date July 3, 2007.
- ⁵ Inception date August 13, 2001.
- ⁶ Inception date August 8, 2006.
- ⁷ Inception date September 5, 2006.

INDEX DESCRIPTION

FTSE TMX Canada Universe Bond Index* This index is designed as a broad measure of the Canadian investment-grade fixed-income market and includes bonds with maturities of at least one year.

* FTSE TMX fixed-income benchmarks were known as the DEX benchmarks before a name change.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)
As at December 31, 2014

Investment Mix

	% of Net Asset Value
Corporate Bonds	43.0
Provincial/Municipal Bonds	39.9
Federal Bonds	6.4
Foreign Bonds	6.3
Income Funds	2.1
Mortgage-Backed Securities	0.1
Cash/Other	2.2

Top 25 Holdings

	% of Net Asset Value
United States 10-Year Note Future, March 2015	4.6
Province of Ontario 3.450% Jun 2 45	3.2
Province of Ontario 3.500% Jun 2 24	2.9
Province of Ontario 2.850% Jun 2 23	2.7
Province of Ontario 3.500% Jun 2 43	2.2
Province of Ontario 4.650% Jun 2 41	2.1
Province of Ontario 6.500% Mar 8 29	2.1
Province of Ontario 4.600% Jun 2 39	1.9
Province of Ontario 1.900% Sep 8 17	1.8
Province of Quebec 3.000% Sep 1 23	1.8
Province of Ontario 4.200% Jun 2 20	1.7
Province of Ontario 4.400% Jun 2 19	1.6
Province of Ontario 4.000% Jun 2 21	1.4
Canada Housing Trust No. 1 3.350% Dec 15 20	1.3
Cash & Cash Equivalents	1.3
Toronto-Dominion Bank 2.447% Apr 2 19	1.3
Province of Quebec 5.000% Dec 1 41	1.3
Province of Ontario 3.150% Jun 2 22	1.3
Province of Quebec 3.750% Sep 1 24	1.2
BlueBay Emerging Markets Corporate Bond Fund	1.2
United States 5-Year Note Future, March 2015	1.2
Province of Ontario 4.700% Jun 2 37	1.1
Royal Bank of Canada 2.770% Dec 11 18	1.1
RBC Emerging Markets Foreign Exchange Fund	1.0
Canada Housing Trust No. 1 2.350% Sep 15 23	0.9
Top 25 Holdings	44.2

The Fund may use futures contracts as an asset substitution or as a way to reduce interest-rate risk.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



FIXED-INCOME FUND

RBC ADVISOR CANADIAN BOND FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide a modest enhancement of long-term returns, consisting of income and modest capital gains, over that of its benchmark before fees and expenses are deducted, while keeping overall risk of underperformance to modest levels.

The Fund invests primarily in fixed-income securities such as bonds, debentures and notes issued by Canadian governments and corporations. The Fund may also invest in AAA-rated securities of selected agencies such as the World Bank whose debt is considered appropriate for conservative investors.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value fell to \$47 million as of December 31, 2014, from \$85 million at the end of 2013. Most of the change was due to net redemptions.

Over the past year, the Fund's Advisor Series units gained 7.9%, which underperformed the 8.8% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while the benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

Bond yields, both in Canada and globally, declined during the period amid geopolitical conflict, the spread of the deadly Ebola virus and looser European and Japanese monetary policies driven by slowing economic growth and fears of deflation. The end of the U.S. Federal Reserve's (the "Fed") bond-buying program in October was met with little fanfare, as investors turned their attention to Japan's launch of additional monetary stimulus and measures by Eurozone central bankers to support the economy and, more importantly, prevent deflation. Global deflationary forces were a large part of the reason that yields resisted the predictions of many investors that they would head higher during the year.

In this environment, Canadian bonds performed in line with U.S. fixed income. Canadian bond yields tend to fall less than U.S. yields in periods when interest rates are falling – usually leading to worse returns for Canadian bonds. However, this was not the case in 2014, as strong foreign demand for provincial bonds and Canadian corporate securities supported domestic bond prices. Another development that kept Canadian bond yields in check was the relative weakness of the Canadian economy, which reduced pressure on the Bank of Canada (the "BOC") to raise interest rates.

Provincial bonds were the best-performing asset in the Fund's benchmark. As a result, the Fund's overweight position in provincial securities was positive for relative performance. On a maturity basis, securities with terms exceeding 10 years performed best, boosted by investor demand for higher yields in the low-interest-rate environment. Demand for longer-term assets was also bolstered by subdued inflation.

Recent Developments

The Canadian economy is now faced with the need to adjust to declining oil prices, which fell to the lowest levels in five years late in 2014. Concern about the impact of falling oil prices on the Canadian economy prompted the BOC to cut its benchmark interest rate early in 2015. Over the next 12 months, the portfolio manager expects global bond yields to trade within recent ranges. However, yields should rise gradually assuming that U.S. unemployment stays low and the U.S. Fed starts the process of lifting benchmark interest rates from the extraordinarily low levels that had been warranted since the financial crisis.

Close attention needs to be paid to global events. Large-scale bond-buying in the Eurozone would force down yields in Europe, making higher-yielding Canadian bonds relatively attractive. Demand for income makes corporate and provincial bonds attractive relative to government bonds, and additional yield offered by these securities would help offset capital losses as yields rise. The Fund plans to maintain overweight positions in both areas.



Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Advisor Series units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrar

RBC IS is the registrar of the Fund and keeps records of who owns the units of the Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Advisor Series												
Dec. 31, 2014	11.47	0.45	(0.11)	0.41	0.25	1.00	(0.33)	–	–	–	(0.33)	12.04
Dec. 31, 2013	12.04	0.44	(0.11)	0.12	(0.68)	(0.23)	(0.35)	–	–	–	(0.35)	11.46
Dec. 31, 2012	12.04	0.44	(0.11)	0.19	(0.19)	0.33	(0.34)	–	–	–	(0.34)	12.04
Dec. 31, 2011	11.44	0.48	(0.10)	0.31	0.29	0.98	(0.38)	–	–	–	(0.38)	12.04
Dec. 31, 2010	11.19	0.50	(0.10)	0.12	0.14	0.66	(0.41)	–	–	–	(0.41)	11.44
Series F												
Dec. 31, 2014	11.67	0.48	(0.07)	0.44	0.27	1.12	(0.37)	–	–	–	(0.37)	12.26
Dec. 31, 2013	12.25	0.45	(0.07)	0.13	(0.70)	(0.19)	(0.39)	–	–	–	(0.39)	11.66
Dec. 31, 2012	12.25	0.45	(0.07)	0.20	(0.19)	0.39	(0.39)	–	–	–	(0.39)	12.25
Dec. 31, 2011	11.63	0.49	(0.07)	0.31	0.29	1.02	(0.41)	–	–	–	(0.41)	12.25
Dec. 31, 2010	11.38	0.51	(0.07)	0.12	0.14	0.70	(0.46)	–	–	–	(0.46)	11.63
Series O												
Dec. 31, 2014	11.80	0.35	–	0.32	0.19	0.86	(0.46)	–	–	–	(0.46)	12.39
Dec. 31, 2013	12.36	0.45	–	0.13	(0.71)	(0.13)	(0.44)	–	–	–	(0.44)	11.79
Dec. 31, 2012	12.36	0.46	–	0.20	(0.19)	0.47	(0.46)	–	–	–	(0.46)	12.36
Dec. 31, 2011	11.77	0.49	–	0.31	0.29	1.09	(0.53)	–	–	–	(0.53)	12.36
Dec. 31, 2010	11.52	0.52	–	0.12	0.14	0.78	(0.53)	–	–	–	(0.53)	11.77

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Advisor Series							
Dec. 31, 2014	12.04	36 130	3 000	0.93	0.93	11.87	—
Dec. 31, 2013	11.47	42 079	3 668	0.93	0.93	18.55	—
Dec. 31, 2012	12.06	64 534	5 352	0.94	0.94	26.46	—
Dec. 31, 2011	12.05	70 869	5 879	0.94	0.94	37.92	—
Dec. 31, 2010	11.45	71 808	6 270	0.92	0.92	30.84	—
Series F							
Dec. 31, 2014	12.26	10 805	881	0.60	0.60	11.87	—
Dec. 31, 2013	11.67	9 669	828	0.61	0.61	18.55	—
Dec. 31, 2012	12.26	13 475	1 099	0.61	0.61	26.46	—
Dec. 31, 2011	12.26	15 498	1 264	0.61	0.61	37.92	—
Dec. 31, 2010	11.64	14 882	1 279	0.59	0.59	30.84	—
Series O							
Dec. 31, 2014	12.39	1	—	0.03	0.03	11.87	—
Dec. 31, 2013	11.80	33 458	2 836	0.02	0.02	18.55	—
Dec. 31, 2012	12.37	32 095	2 595	0.02	0.02	26.46	—
Dec. 31, 2011	12.37	37 776	3 054	0.03	0.03	37.92	—
Dec. 31, 2010	11.78	60 471	5 132	0.02	0.02	30.84	—

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Advisor Series	0.80%	31%	69%
Series F	0.50%	—	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

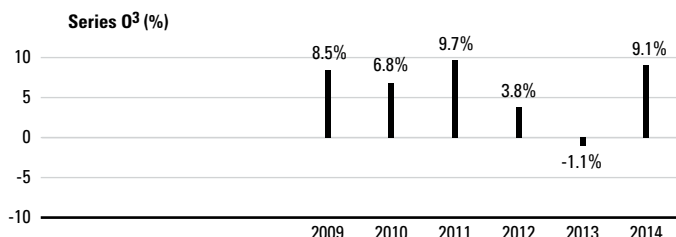
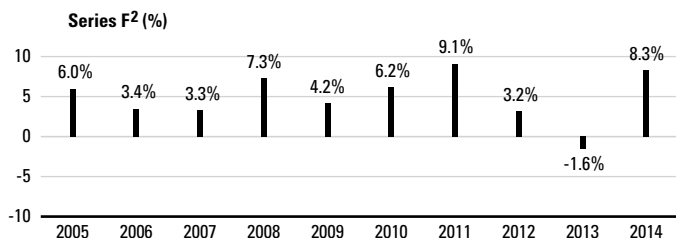
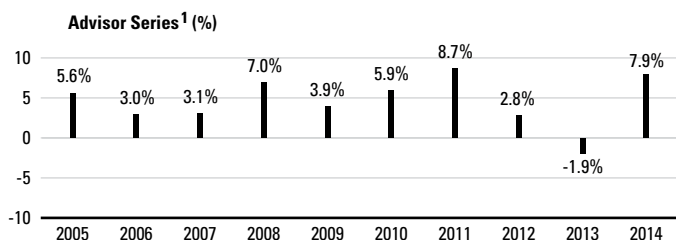


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

FTSE TMX Canada Universe Bond Index

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Advisor Series ¹	7.9	2.9	4.6	4.6	—
Benchmark	8.8	3.7	5.4	5.3	—
Series F ²	8.3	3.2	5.0	4.9	—
Benchmark	8.8	3.7	5.4	5.3	—
Series O ³	9.1	3.9	5.6	—	7.1
Benchmark	8.8	3.7	5.4	—	5.2

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date November 15, 1999.

² Inception date October 29, 2001.

³ Inception date October 26, 2009.

INDEX DESCRIPTION

FTSE TMX Canada Universe Bond Index* This index is designed as a broad measure of the Canadian investment-grade fixed-income market and includes bonds with maturities of at least one year.

* FTSE TMX fixed-income benchmarks were known as the DEX benchmarks before a name change.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Provincial/Municipal Bonds	36.8
Corporate Bonds	35.7
Federal Bonds	25.7
Cash/Other	1.8

Top 25 Holdings

	% of Net Asset Value
Canada Housing Trust No. 1 1.850% Dec 15 16	6.2
Canada Housing Trust No. 1 3.350% Dec 15 20	4.5
Canada Housing Trust No. 1 1.700% Dec 15 17	3.9
Province of Ontario 4.200% Jun 2 20	3.6
Province of Ontario 4.650% Jun 2 41	3.3
Province of New Brunswick 5.650% Dec 27 28	2.8
Royal Bank of Canada 2.580% Apr 13 17	2.6
Government of Canada 4.000% Jun 1 41	2.6
Government of Canada 1.250% Mar 1 18	2.6
Province of Quebec 3.500% Dec 1 22	2.5
TCHC Issuer Trust 4.877% May 11 37	2.5
Province of Manitoba 4.650% Mar 5 40	2.4
Province of Quebec 4.500% Dec 1 17	2.3
Province of Quebec 9.500% Mar 30 23	2.2
Province of Ontario 2.850% Jun 2 23	2.2
Province of Quebec 5.000% Dec 1 41	1.9
Government of Canada 3.500% Dec 1 45	1.9
Government of Canada 1.500% Jun 1 23	1.8
Province of Ontario 6.500% Mar 8 29	1.8
Province of Nova Scotia 4.900% Jun 1 35	1.7
Province of Quebec 4.500% Dec 1 19	1.7
Province of Ontario 3.150% Jun 2 22	1.5
Province of Ontario 2.100% Sep 8 18	1.4
Bank of Montreal 2.240% Dec 11 17	1.4
Government of Canada 2.500% Jun 1 24	1.3
Top 25 Holdings	62.6

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



FIXED-INCOME FUND

RBC CANADIAN GOVERNMENT BOND INDEX FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide a total return consisting of income and moderate capital growth consistent with the FTSE TMX Canada Federal Bond Index before fees and expenses are deducted.

The Fund invests in fixed-income securities issued or guaranteed by the Government of Canada. Securities are chosen so that the yield, risk and maturities of the Fund's holdings closely resemble the index.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value fell to \$234 million as of December 31, 2014, from \$277 million at the end of 2013. Most of the change was due to net redemptions.

Over the past year, the Fund's Series A units gained 6.3%, which underperformed the 9.3% rise in the benchmark. The broad-based index rose 8.8%. The Fund's return is after the deduction of fees and expenses, while the benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

Bond yields, both in Canada and globally, declined during the period amid geopolitical conflict, the spread of the deadly Ebola virus and looser European and Japanese monetary policies driven by slowing economic growth and fears of deflation. The end of the U.S. Federal Reserve's (the "Fed") bond-buying program in October was met with little fanfare, as investors turned their attention to Japan's launch of additional monetary stimulus and measures by Eurozone central bankers to support the economy and, more importantly, prevent deflation. Global deflationary forces were a large part of the reason that yields resisted the predictions of many investors that they would head higher during the year.

In this environment, Canadian bonds performed in line with U.S. fixed income. Canadian bond yields tend to fall less than U.S. yields in periods when interest rates are falling – usually leading to worse returns for Canadian bonds. However, this was not the case in 2014, as strong foreign demand for provincial bonds and Canadian corporate securities supported domestic bond prices. Another development that kept Canadian bond yields in check was the relative weakness of the Canadian economy, which reduced pressure on the Bank of Canada (the "BOC") to raise interest rates.

In the one-year period ending December 31, 2014, bonds maturing in one to five years decreased to 53% of the Fund's assets from 60%. For bonds maturing in five to 10 years, the number increased to 25% from 21%. For maturities exceeding 10 years, the percentage increased to 22% from 19%.

Recent Developments

The Canadian economy is now faced with the need to adjust to declining oil prices, which fell to the lowest levels in five years late in 2014. Concern about the impact of falling oil prices on the Canadian economy prompted the BOC to cut its benchmark interest rate early in 2015. Over the next 12 months, the portfolio manager expects global bond yields to trade within recent ranges. However, yields should rise gradually assuming that U.S. unemployment stays low and the U.S. Fed starts the process of lifting benchmark interest rates from the extraordinarily low levels that had been warranted since the financial crisis.

Close attention needs to be paid to global events. Large-scale bond-buying in the Eurozone would force down yields in Europe, making higher-yielding Canadian bonds relatively attractive. Demand for income makes corporate and provincial bonds attractive relative to government bonds, and additional yield offered by these securities would help offset capital losses as yields rise. Government bonds would only fare well in the event that the economy recovery slows further or global uncertainty resurfaces.



Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Dec. 31, 2014	11.50	0.29	(0.08)	0.02	0.50	0.73	(0.22)	—	—	—	(0.22)	12.00
Dec. 31, 2013	12.05	0.31	(0.08)	0.07	(0.56)	(0.26)	(0.25)	—	(0.06)	—	(0.31)	11.50
Dec. 31, 2012	12.13	0.34	(0.08)	0.03	(0.11)	0.18	(0.26)	—	—	—	(0.26)	12.05
Dec. 31, 2011	11.55	0.38	(0.07)	0.08	0.48	0.87	(0.31)	—	—	—	(0.31)	12.13
Dec. 31, 2010	11.37	0.42	(0.07)	0.05	0.13	0.53	(0.36)	—	—	—	(0.36)	11.55

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Dec. 31, 2014	12.00	234 408	19 534	0.67	0.67	21.16	—
Dec. 31, 2013	11.50	277 282	24 111	0.67	0.67	29.93	—
Dec. 31, 2012	12.06	410 926	34 084	0.66	0.66	28.07	—
Dec. 31, 2011	12.13	403 740	33 281	0.66	0.66	43.09	—
Dec. 31, 2010	11.55	329 485	28 520	0.65	0.65	28.24	—

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

Series A	Management Fees	Breakdown of Services	
		Distribution	Other*
	0.50%	20%	80%

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

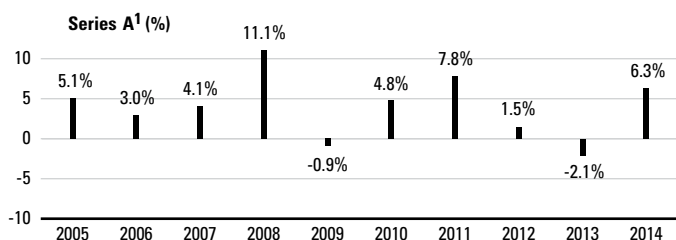


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for Series A of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

FTSE TMX Canada Federal Bond Index

The broad-based index is the FTSE TMX Canada Universe Bond Index.

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	6.3	1.9	3.6	4.0	—
Benchmark	9.3	3.2	5.2	5.2	—
Broad-based index	8.8	3.7	5.4	5.3	—

The Benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark and broad-based indexes.

¹ Inception date June 5, 2000.

INDEX DESCRIPTIONS

FTSE TMX Canada Federal Bond Index* This index is designed to represent the total return of the Canadian government bond market. It covers Government of Canada fixed-income securities, including agency and non-agency debt and crown corporations, and certain supranational entities. The index is a market-value-weighted average of total bond returns, including coupon return and capital gains or losses.

FTSE TMX Canada Universe Bond Index* This index is designed as a broad measure of the Canadian investment-grade fixed-income market and includes bonds with maturities of at least one year.

* FTSE TMX fixed-income benchmarks were known as the DEX benchmarks before a name change.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Federal Bonds	97.4
Supranational Bonds	2.0
Cash/Other	0.6

Top 25 Holdings

	% of Net Asset Value
Canada Housing Trust No. 1 1.700% Dec 15 17	7.2
Canada Housing Trust No. 1 3.350% Dec 15 20	6.8
Government of Canada 4.000% Jun 1 41	6.5
Government of Canada 1.500% Sep 1 17	5.7
Canada Housing Trust No. 1 1.850% Dec 15 16	5.6
Government of Canada 1.000% May 1 16	5.4
Canada Housing Trust No. 1 4.100% Dec 15 18	5.3
Canada Housing Trust No. 1 1.950% Jun 15 19	5.3
Government of Canada 2.750% Sep 1 16	5.2
Government of Canada 1.500% Jun 1 23	4.6
Government of Canada 5.000% Jun 1 37	3.9
Government of Canada 3.500% Jun 1 20	3.6
Government of Canada 2.750% Jun 1 22	3.4
Government of Canada 1.250% Sep 1 18	3.1
Canada Housing Trust No. 1 2.650% Mar 15 22	3.1
Canada Housing Trust No. 1 2.050% Jun 15 17	3.0
Government of Canada 1.250% Mar 1 18	3.0
Government of Canada 5.750% Jun 1 29	2.9
Government of Canada 5.750% Jun 1 33	2.3
Government of Canada 2.500% Jun 1 24	2.2
Government of Canada 3.500% Dec 1 45	2.1
Inter-American Development Bank CAD 4.400% Jan 26 26	2.0
Labrador-Island Link Funding Trust 3.760% Jun 1 33	1.2
Canada Housing Trust No. 1 2.350% Sep 15 23	1.2
Canada Housing Trust No. 1 2.350% Dec 15 18	1.1
Top 25 Holdings	95.7

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



FIXED-INCOME FUND

RBC GLOBAL BOND FUND

December 31, 2014

Portfolio Manager *RBC Global Asset Management Inc. ("RBC GAM")*

Sub-Advisor: RBC Global Asset Management (UK) Limited, London, England
(for a portion of the Fund)

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

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The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund pursues above-average long-term total returns, consisting of interest income and some capital growth in world fixed-income markets.

The Fund invests principally in high-quality, fixed-income securities denominated in foreign currencies and issued by foreign and Canadian governments. The Fund may use derivative contracts extensively to manage currency risk and to protect against losses. The Fund may also invest in debt issued by foreign corporations and international agencies like the World Bank.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value increased to \$3.9 billion as of December 31, 2014, from \$3.1 billion at the end of 2013. Of the change, \$503 million was due to net inflows and \$324 million to portfolio returns.

Over the past year, the Fund's Series A units gained 7.3%, which underperformed the 9.4% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while the benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

Global bond markets performed well in 2014, as yields continued to decline from the already low levels existing at the beginning of the year. The performance contrasted with the portfolio manager's expectation that yields would climb somewhat due to the improving U.S. economic outlook and expectations that the U.S. Federal Reserve (the "Fed") would wind down its economy-bolstering asset-purchase program, known as quantitative easing, in the latter part of 2014. While these two scenarios played out, higher U.S. Treasury yields were nowhere to be seen. Investors flooded into global bonds driven by higher capital requirements; leverage restrictions and other requirements imposed by regulatory changes; increased demand from pension funds matching cash flows with retirement payouts; and disinflation in Europe improving the purchasing power of bond coupons. The European Central Bank (the "ECB") responded to disinflation fears by reducing its benchmark interest rate to near zero, charging banks to keep money with the central bank and announcing its intention to begin a bond-buying program of as much as 1 trillion euros by 2017.

In Asia, the Bank of Japan (the "BOJ") continued with its own aggressive form of quantitative easing and promised even more if expectations for inflation failed to reach the bank's 2% target. Yields on German bunds and Japanese government bonds declined the most among major-market bonds to historically low levels. Long-maturity bonds in most developed economies delivered double-digit returns, far outpacing returns on short-term securities. Longer-term sovereign bonds issued by Italy and Spain performed best, delivering total returns exceeding 20%. Corporate bonds, generally viewed as more risky than government bonds, had a more mixed performance. Investment-grade corporate bonds outperformed government bonds, while U.S. high-yield and emerging-market bonds underperformed due to exposure to the poorly performing Energy sector. The U.S. dollar climbed against most currencies, and the Fund's exposure to the U.S. dollar contributed to the Fund's performance.

The Fund's overweight position in long-dated Spanish and Italian bonds cushioned losses from an underweight position in long-maturity bonds elsewhere and from exposure to U.S. high-yield corporate and emerging-market bonds.

Recent Developments

The ECB and the BOJ are promising more than 1 trillion dollars of bond purchases over the next year to combat disinflationary pressures. These measures tend to support prices of global bonds, so it is hard to envision U.S. Treasury yields moving much higher when two major central banks are going full-bore on bond purchases.

Over the next 12 months, the portfolio manager expects global bond yields to trade within recent ranges, but yields should rise gradually as global economic growth gets a boost from lower energy prices. The portfolio manager expects wider swings in bond prices heading into a hike in the Fed's benchmark interest rate later this year. The portfolio manager will be adjusting the Fund's holdings to protect against losses tied to interest-rate sensitivity while taking advantage of opportunities offered by any volatility in fixed-income markets to accumulate attractively priced corporate bonds. The Fund will likely maintain a marginal overweight position in non-government bonds to earn extra income. Meanwhile, the portfolio manager's expectation that market volatility will increase provides opportunities for the Fund to benefit from more active trading in riskier assets.

Effective August 11, 2014, Series H units of the Fund were launched.

Effective June 27, 2014, the RBC Private Global Bond Pool merged into the Fund and unitholders of the RBC Private Global Bond Pool received units of the Fund on a dollar-for-dollar, tax-deferred basis.



Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Sub-Advisor

RBC Global Asset Management (UK) Limited is the sub-advisor and provides investment advice for the Fund.

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	10.42	0.29	(0.19)	0.34	0.32	0.76	(0.10)	–	(0.27)	–	(0.37)	10.80
Dec. 31, 2013	10.49	0.31	(0.19)	(0.09)	0.03	0.06	(0.13)	–	–	–	(0.13)	10.41
Dec. 31, 2012	10.37	0.31	(0.19)	0.63	(0.17)	0.58	(0.12)	–	(0.35)	–	(0.47)	10.49
Dec. 31, 2011	10.10	0.34	(0.17)	(0.16)	0.45	0.46	(0.17)	–	–	–	(0.17)	10.37
Dec. 31, 2010	9.99	0.36	(0.17)	0.52	(0.48)	0.23	(0.17)	–	–	–	(0.17)	10.10
Advisor Series												
Dec. 31, 2014	10.66	0.29	(0.19)	0.34	0.32	0.76	(0.10)	–	(0.28)	–	(0.38)	11.06
Dec. 31, 2013	10.72	0.31	(0.19)	(0.09)	0.03	0.06	(0.12)	–	–	–	(0.12)	10.65
Dec. 31, 2012	10.58	0.32	(0.18)	0.64	(0.17)	0.61	(0.12)	–	(0.35)	–	(0.47)	10.72
Dec. 31, 2011	10.30	0.34	(0.17)	(0.16)	0.46	0.47	(0.17)	–	–	–	(0.17)	10.58
Dec. 31, 2010	10.18	0.36	(0.17)	0.51	(0.47)	0.23	(0.17)	–	–	–	(0.17)	10.30
Series H												
Dec. 31, 2014³	11.08[†]	0.11	(0.07)	0.13	0.12	0.29	(0.03)	–	(0.28)	–	(0.31)	11.09
Series D												
Dec. 31, 2014	10.53	0.29	(0.11)	0.34	0.32	0.84	(0.17)	–	(0.27)	–	(0.44)	10.93
Dec. 31, 2013	10.60	0.31	(0.11)	(0.09)	0.03	0.14	(0.20)	–	–	–	(0.20)	10.52
Dec. 31, 2012	10.47	0.32	(0.11)	0.63	(0.17)	0.67	(0.19)	–	(0.35)	–	(0.54)	10.60
Dec. 31, 2011	10.19	0.34	(0.10)	(0.16)	0.45	0.53	(0.24)	–	–	–	(0.24)	10.47
Dec. 31, 2010	10.08	0.36	(0.10)	0.52	(0.48)	0.30	(0.24)	–	–	–	(0.24)	10.19
Series F												
Dec. 31, 2014	10.92	0.30	(0.10)	0.35	0.33	0.88	(0.20)	–	(0.28)	–	(0.48)	11.34
Dec. 31, 2013	10.97	0.32	(0.10)	(0.10)	0.03	0.15	(0.20)	–	–	–	(0.20)	10.91
Dec. 31, 2012	10.81	0.33	(0.10)	0.65	(0.18)	0.70	(0.21)	–	(0.35)	–	(0.56)	10.97
Dec. 31, 2011	10.51	0.35	(0.09)	(0.16)	0.47	0.57	(0.24)	–	–	–	(0.24)	10.81
Dec. 31, 2010	10.35	0.34	(0.09)	0.50	(0.46)	0.29	(0.22)	–	–	–	(0.22)	10.51
Series I												
Dec. 31, 2014⁴	11.18[†]	0.20	(0.05)	0.23	0.22	0.60	(0.16)	–	(0.28)	–	(0.44)	11.33



FINANCIAL HIGHLIGHTS (cont.)

Change in Net Assets Per Unit (\$) (cont.)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series O												
Dec. 31, 2014	10.72	0.30	–	0.34	0.33	0.97	(0.30)	–	(0.28)	–	(0.58)	11.11
Dec. 31, 2013	10.78	0.32	–	(0.10)	0.03	0.25	(0.30)	–	–	–	(0.30)	10.71
Dec. 31, 2012	10.64	0.32	–	0.65	(0.17)	0.80	(0.31)	–	(0.35)	–	(0.66)	10.78
Dec. 31, 2011	10.36	0.35	–	(0.16)	0.46	0.65	(0.36)	–	–	–	(0.36)	10.64
Dec. 31, 2010	10.23	0.37	–	0.53	(0.48)	0.42	(0.34)	–	–	–	(0.34)	10.36

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciling of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From August 11, 2014.

⁴ From April 21, 2014.

[†] Initial offering net asset value per unit.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	10.80	125 557	11 623	1.78	1.78	78.54	–
Dec. 31, 2013	10.42	121 364	11 646	1.78	1.78	75.20	–
Dec. 31, 2012	10.51	131 275	12 495	1.76	1.76	104.12	–
Dec. 31, 2011	10.40	126 546	12 170	1.76	1.76	94.29	–
Dec. 31, 2010	10.11	131 047	12 956	1.72	1.72	61.64	–
Advisor Series							
Dec. 31, 2014	11.06	9 860	892	1.75	1.75	78.54	–
Dec. 31, 2013	10.66	6 018	565	1.74	1.74	75.20	–
Dec. 31, 2012	10.74	4 199	391	1.65	1.65	104.12	–
Dec. 31, 2011	10.60	1 737	164	1.71	1.71	94.29	–
Dec. 31, 2010	10.31	5 421	526	1.67	1.67	61.64	–
Series H							
Dec. 31, 2014⁴	11.09	1 113	100	1.53	1.53	78.54	–
Series D							
Dec. 31, 2014	10.93	9 232	845	1.06	1.06	78.54	–
Dec. 31, 2013	10.53	5 657	537	1.06	1.06	75.20	–
Dec. 31, 2012	10.61	5 646	532	1.06	1.06	104.12	–
Dec. 31, 2011	10.49	3 987	380	1.04	1.04	94.29	–
Dec. 31, 2010	10.21	4 344	426	1.02	1.02	61.64	–
Series F							
Dec. 31, 2014	11.34	54 298	4 790	0.89	0.89	78.54	–
Dec. 31, 2013	10.92	39 310	3 600	0.89	0.89	75.20	–
Dec. 31, 2012	10.98	21 833	1 988	0.90	0.90	104.12	–
Dec. 31, 2011	10.84	11 746	1 084	0.89	0.89	94.29	–
Dec. 31, 2010	10.52	5 958	566	0.89	0.89	61.64	–
Series I							
Dec. 31, 2014⁵	11.33	36 620	3 233	0.62	0.62	78.54	–



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data (cont.)

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series O							
Dec. 31, 2014	11.11	3 707 325	333 574	0.03	0.03	78.54	—
Dec. 31, 2013	10.72	2 945 202	274 705	0.03	0.03	75.20	—
Dec. 31, 2012	10.79	2 126 283	197 034	0.03	0.03	104.12	—
Dec. 31, 2011	10.67	1 689 434	158 407	0.02	0.02	94.29	—
Dec. 31, 2010	10.38	1 517 870	146 291	0.02	0.02	61.64	—

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From August 11, 2014.

⁵ From April 21, 2014.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.50%	53%	47%
Advisor Series	1.50%	53%	47%
Series H	1.30%	62%	38%
Series D	0.90%	17%	83%
Series F	0.75%	—	100%
Series I	0.50%	—	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

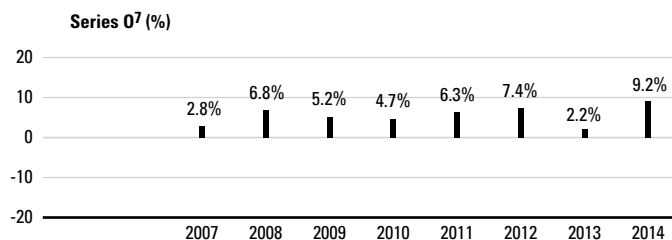
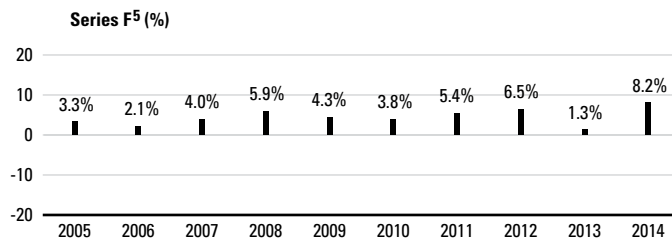
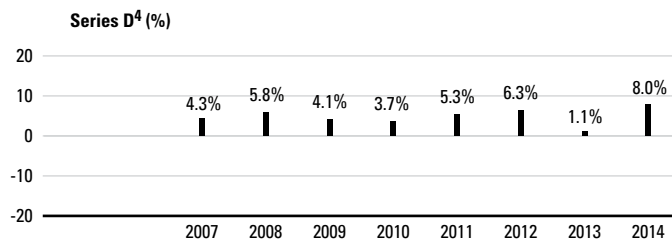
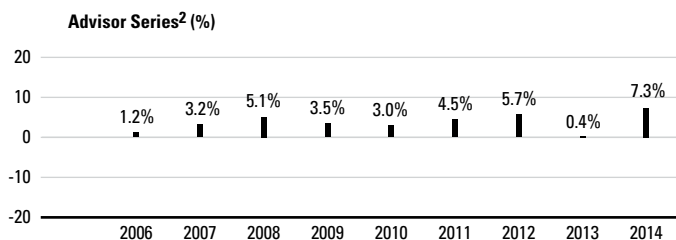
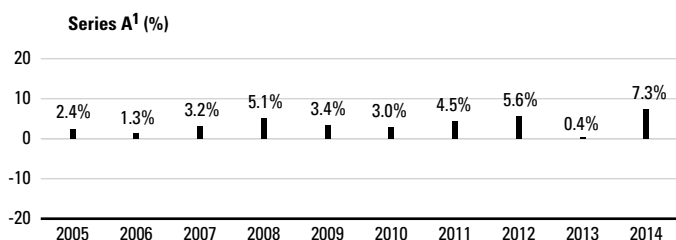


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years .

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

Citigroup World Government Bond Index (hedged to CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	7.3	4.4	4.1	3.6	–
Benchmark	9.4	5.2	5.2	4.8	–
Advisor Series ²	7.3	4.4	4.2	–	4.1
Benchmark	9.4	5.2	5.2	–	5.1
Series H ³	–	–	–	–	2.8
Benchmark	–	–	–	–	5.4
Series D ⁴	8.0	5.1	4.9	–	5.1
Benchmark	9.4	5.2	5.2	–	5.4
Series F ⁵	8.2	5.3	5.0	4.5	–
Benchmark	9.4	5.2	5.2	4.8	–
Series I ⁶	–	–	–	–	5.3
Benchmark	–	–	–	–	5.0
Series O ⁷	9.2	6.2	5.9	–	6.1
Benchmark	9.4	5.2	5.2	–	5.3

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date October 31, 1991.

² Inception date August 28, 2006.

³ Inception date August 11, 2014.

⁴ Inception date July 3, 2007.

⁵ Inception date August 13, 2001.

⁶ Inception date April 21, 2014.

⁷ Inception date October 1, 2007.

INDEX DESCRIPTION

Citigroup World Government Bond Index (hedged to CAD) This index is a broad measure of the performance of investment-grade foreign government bonds. The index is hedged to Canadian dollars.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Europe	41.7
Dollar Bloc	27.5
Japan	15.2
Emerging Markets	4.0
Supranational	1.8
Other Countries	1.0
Income Funds	4.9
Cash/Other	3.9

Top 25 Holdings

	% of Net Asset Value
Japan Government Twenty Year JPY 1.600% Jun 20 30	4.2
United States Treasury 0.250% May 15 16	4.2
BlueBay Emerging Markets Corporate Bond Fund	4.0
Buoni Poliennali Del Tesoro EUR 1.500% Dec 15 16	3.7
Bundesrepublik Deutschland EUR 4.000% Jan 4 18	3.0
United Kingdom Gilt GBP 3.250% Jan 22 44	2.9
Spain Government EUR 0.500% Oct 31 17	2.8
United States Treasury 3.250% Dec 31 16	2.8
Development Bank of Japan JPY 1.750% Mar 17 17	2.6
United States Treasury 3.500% Feb 15 39	2.4
Japan Government Twenty Year JPY 1.400% Sep 20 34	2.4
Cash & Cash Equivalents	2.3
United States Treasury 1.000% Sep 30 19	2.3
France O.A.T. EUR 4.000% Oct 25 38	2.2
Bundesrepublik Deutschland EUR 1.500% Sep 4 22	1.9
United States Treasury 0.375% Nov 15 15	1.9
France O.A.T. EUR 1.000% May 25 19	1.6
Belgium Government EUR 4.250% Sep 28 22	1.6
Spain Government EUR 5.150% Oct 31 44	1.5
United States Treasury 0.875% Jan 31 17	1.5
Buoni Poliennali Del Tesoro EUR 5.000% Aug 1 39	1.5
United States Treasury 2.750% Nov 15 23	1.5
Japan Finance Corporation for Municipal Enterprises JPY 2.000% May 9 16	1.4
Buoni Poliennali Del Tesoro EUR 2.500% May 1 19	1.3
Buoni Poliennali Del Tesoro EUR 5.500% Nov 1 22	1.3
Top 25 Holdings	58.8

The Fund may use futures contracts as an asset substitution or to reduce interest-rate risk.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



FIXED-INCOME FUND

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

December 31, 2014

Portfolio Manager *RBC Global Asset Management Inc. ("RBC GAM")*

Sub-Advisor: RBC Global Asset Management (U.S.) Inc., Minneapolis, Minnesota

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE (in USD)

Investment Objective and Strategies

The Fund seeks 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.

To achieve the Fund's objectives, the portfolio manager invests primarily in bonds issued by U.S. corporations rated BBB- and above by Standard & Poor's or an equivalent rating agency. The portfolio manager employs a value-focused philosophy that emphasizes quality companies having stable to improving credit profiles, and which are considered to be undervalued given current market sentiment. The portfolio manager conducts fundamental company credit and industry analysis and diversifies the portfolio so that it is not concentrated in any one issuer, industry, country or credit rating.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value increased to \$120 million as of December 31, 2014, from \$46 million at the end of 2013. Most of the change was due to net inflows.

Over the past year, the Fund's Series A units rose 6.3%, which underperformed the 7.4% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while the benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

U.S. investment-grade corporate bonds performed strongly in 2014, with the credit quality of companies remaining solid overall. Corporate profitability was supported by steady U.S. economic growth and low inflation. The low-interest environment, however, prompted an increasing number of companies to take on significant amounts of debt to fund acquisitions and finance stock repurchases.

The Fund modestly underperformed the benchmark because of a small allocation to U.S. Treasury bonds and cash, areas of the market that underperformed U.S. investment-grade corporate bonds. For most of the period, the Fund favoured large financial companies, which the portfolio manager believes are less likely to substantially increase their debt. The Fund also limited exposure to companies relying heavily on overseas revenues, preferring companies with a domestic U.S. focus and which carried less exposure to the strengthening U.S. dollar.

Recent Developments

Yields on investment-grade corporate bonds have risen relative to those on benchmark Treasury bonds, restoring the gap between the two to long-term averages, as expectations of more modest global economic growth drive single-digit earnings increases. Valuations are fair compared with long-term averages, in the sub-advisor's opinion.

Investment-grade bonds continue to offer the potential for solid returns given the extra income they produce versus government bonds, while high-quality corporate bonds remain attractive amid low Treasury yields. The sub-advisor will be watchful for companies taking on unsustainable levels of debt.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Sub-Advisor

RBC Global Asset Management (U.S.) Inc. is the sub-advisor and provides investment advice for the Fund.

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series, Series H and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.



Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS (in USD)

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	10.06	0.40	(0.15)	0.04	0.20	0.49	(0.20)	–	(0.07)	–	(0.27)	10.42
Dec. 31, 2013 ³	10.00 [†]	0.16	(0.06)	–	0.03	0.13	(0.06)	–	(0.02)	–	(0.08)	10.05
Advisor Series												
Dec. 31, 2014	10.08	0.40	(0.14)	0.04	0.21	0.51	(0.24)	–	(0.07)	–	(0.31)	10.42
Dec. 31, 2013 ³	10.00 [†]	0.14	(0.07)	–	0.02	0.09	(0.05)	–	(0.02)	–	(0.07)	10.07
Series H												
Dec. 31, 2014	10.01	0.36	(0.13)	0.04	0.19	0.46	(0.26)	–	(0.07)	–	(0.33)	10.35
Dec. 31, 2013 ³	10.00 [†]	0.18	(0.04)	–	0.03	0.17	(0.12)	–	(0.02)	–	(0.14)	10.00
Series D												
Dec. 31, 2014	10.07	0.42	(0.11)	0.04	0.21	0.56	(0.25)	–	(0.07)	–	(0.32)	10.42
Dec. 31, 2013 ³	10.00 [†]	0.16	(0.04)	–	0.03	0.15	(0.07)	–	(0.02)	–	(0.09)	10.05
Series F												
Dec. 31, 2014	10.05	0.38	(0.10)	0.04	0.20	0.52	(0.24)	–	(0.07)	–	(0.31)	10.42
Dec. 31, 2013 ³	10.00 [†]	0.17	(0.04)	–	0.03	0.16	(0.10)	–	(0.02)	–	(0.12)	10.03
Series I												
Dec. 31, 2014	10.07	0.40	(0.07)	0.04	0.21	0.58	(0.26)	–	(0.07)	–	(0.33)	10.45
Dec. 31, 2013 ³	10.00 [†]	0.15	(0.03)	–	0.03	0.15	(0.08)	–	(0.02)	–	(0.10)	10.05
Series O												
Dec. 31, 2014	10.04	0.43	–	0.04	0.22	0.69	(0.37)	–	(0.07)	–	(0.44)	10.38
Dec. 31, 2013 ³	10.00 [†]	0.17	–	–	0.03	0.20	(0.14)	–	(0.02)	–	(0.16)	10.02

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From August 12, 2013.

[†] Initial offering net asset value per unit.



FINANCIAL HIGHLIGHTS (in USD) (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	10.42	16 342	1 568	1.47	1.47	31.66	—
Dec. 31, 2013 ⁴	10.06	2 067	205	1.47	1.47	46.96	—
Advisor Series							
Dec. 31, 2014	10.42	863	83	1.37	1.37	31.66	—
Dec. 31, 2013 ⁴	10.08	139	14	1.47	1.47	46.96	—
Series H							
Dec. 31, 2014	10.35	821	79	1.21	1.21	31.66	—
Dec. 31, 2013 ⁴	10.01	1	—	1.30	1.30	46.96	—
Series D							
Dec. 31, 2014	10.42	907	87	1.07	1.07	31.66	—
Dec. 31, 2013 ⁴	10.07	270	27	1.07	1.07	46.96	—
Series F							
Dec. 31, 2014	10.42	2 363	227	0.91	0.91	31.66	—
Dec. 31, 2013 ⁴	10.05	198	20	0.90	0.90	46.96	—
Series I							
Dec. 31, 2014	10.45	3 000	287	0.69	0.69	31.66	—
Dec. 31, 2013 ⁴	10.07	507	50	0.73	0.73	46.96	—
Series O							
Dec. 31, 2014	10.38	96 158	9 264	0.02	0.02	31.66	—
Dec. 31, 2013 ⁴	10.04	42 333	4 217	0.02	0.02	46.96	—

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From August 12, 2013.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.25%	40%	60%
Advisor Series	1.25%	40%	60%
Series H	1.10%	45%	55%
Series D	0.90%	17%	83%
Series F	0.75%	—	100%
Series I	0.60%	—	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.



PAST PERFORMANCE (in USD)

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (in USD) (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

Barclays Capital U.S. Corporate Bond Index (USD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	6.3	—	—	—	5.6
Benchmark	7.4	—	—	—	6.9
Advisor Series ¹	6.4	—	—	—	5.7
Benchmark	7.4	—	—	—	6.9
Series H ¹	6.6	—	—	—	5.9
Benchmark	7.4	—	—	—	6.9
Series D ¹	6.7	—	—	—	6.0
Benchmark	7.4	—	—	—	6.9
Series F ¹	6.9	—	—	—	6.2
Benchmark	7.4	—	—	—	6.9
Series I ¹	7.1	—	—	—	6.4
Benchmark	7.4	—	—	—	6.9
Series O ¹	7.8	—	—	—	7.1
Benchmark	7.4	—	—	—	6.9

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date August 12, 2013.

INDEX DESCRIPTION

Barclays Capital U.S. Corporate Bond Index (USD) This index is a broad measure of performance for the U.S. investment-grade, fixed-rate corporate-bond market.

SUMMARY OF INVESTMENT PORTFOLIO (in USD)

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
United States	83.2
Other Countries	11.5
Cash/Other	5.3

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	4.3
United States Treasury 1.000% Mar 31 17	2.5
Verizon Communications Inc. 6.550% Sep 15 43	1.5
United States Treasury 2.375% Aug 15 24	1.4
United States Treasury 2.875% May 15 43	1.2
GE Capital Corp. 6.875% Jan 10 39	1.2
Vodafone Group Plc. USD 5.625% Feb 27 17	1.1
JPMorgan Chase & Co. 6.000% Jan 15 18	1.1
Macy's Retail Holdings Inc. 3.875% Jan 15 22	1.0
DIRECTV Holdings LLC 5.200% Mar 15 20	1.0
LyondellBasell Industries N.V. USD 6.000% Nov 15 21	1.0
Morgan Stanley 5.500% Jul 28 21	0.9
Time Warner Inc. 4.875% Mar 15 20	0.9
Bank of America 5.300% Mar 15 17	0.9
Pioneer Natural Resources Co. 5.875% Jul 15 16	0.9
Kerr-McGee Corp. 6.950% Jul 1 24	0.9
Synchrony Financial 3.750% Aug 15 21	0.8
Georgia-Pacific LLC 3.163% Nov 15 21	0.8
Kinder Morgan Energy Partners LP 4.250% Sep 1 24	0.8
Toronto-Dominion Bank USD 2.250% Nov 5 19	0.8
Noble Energy Inc. 3.900% Nov 15 24	0.8
Nabors Industries Inc. 2.350% Sep 15 16	0.8
Ford Motor Credit Co. LLC 8.000% Dec 15 16	0.8
ING US Inc. 2.900% Feb 15 18	0.8
NBCUniversal Media LLC 5.150% Apr 30 20	0.8
Top 25 Holdings	29.0

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



FIXED-INCOME FUND

RBC GLOBAL CORPORATE BOND FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor: RBC Global Asset Management (UK) Limited, London, England
(for a portion of the Fund)

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide a high level of interest income with the potential for modest capital growth by investing primarily in global corporate bonds.

The majority of the Fund's holdings will consist of corporate debt rated by major credit-rating agencies as investment grade. The Fund may also invest up to 30% in non-investment grade corporate debt and emerging-market sovereign and corporate bonds.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$3.4 billion as of December 31, 2014, from \$1.3 billion at the end of 2013. Most of the change was due to net inflows.

Over the past year, the Fund's Series A units gained 6.7%, which underperformed the 7.9% rise in the benchmark. The broad-based index rose 8.4%. The Fund's return is after the deduction of fees and expenses, while the benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

High-quality global corporate bonds fared well in 2014 amid geopolitical conflict and demand for their extra yield relative to government bonds. Bonds with longer maturities outperformed shorter-term fixed-income securities as prices for these securities generally rise more when interest rates are declining. Riskier securities such as U.S. high-yield and emerging-market bonds proved resilient for much of the year. This resilience was tested in the second half of the year by a rapid and significant decline in oil prices, slowing global growth and geopolitical risk, which resulted in high-yield and emerging-market bonds underperforming higher-quality investments in the fourth quarter.

The Fund lagged the benchmark as it was tilted toward shorter-term debt during a period when longer-term bonds performed better. This preference for short-term securities did not aid performance as the portfolio manager's expectation that yields would rise did not occur. Cash held in the portfolio was also a drag on returns.

Aiding returns were individual investments in higher-quality bonds in Canada and developed Asian countries such as Japan. Investments in high-yield and emerging-market bonds also bolstered relative returns, as the portfolio manager focused on more conservative securities.

The Fund's higher-quality corporate-bond investments in the U.S. and Europe generally performed in line with the market. Another positive for the Fund was the impact of foreign-currency holdings.

Recent Developments

Bond markets are caught between the yield-lowering influence of uneven global growth and falling inflation versus the yield-increasing influence of possible higher benchmark interest rates from the U.S. Federal Reserve. The portfolio's performance is linked somewhat to the outlook for oil prices, which will especially impact the Fund's high-yield and emerging-market bonds. To offset risks associated with lower oil prices, the portfolio manager focuses on energy-related companies that it believes will be able to withstand a period of lower oil prices.

The Fund has higher-than-benchmark exposure to U.S. high-yield bonds and investment-grade corporate bonds and an underweight allocation to investment-grade corporate bonds in developed Asian markets and Canada. The Fund's weightings in high-quality investments in the Eurozone and U.K. are similar to benchmark. Emerging-market bonds are at a benchmark weight within the Fund. In anticipation of a gradual rise in the overall level of interest rates, the portfolio is positioned with above-benchmark exposure to debt securities with shorter maturities.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

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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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	9.38	0.52	(0.17)	(0.26)	0.53	0.62	(0.31)	–	–	–	(0.31)	9.69
Dec. 31, 2013	9.73	0.47	(0.17)	(0.35)	(0.02)	(0.07)	(0.31)	–	–	–	(0.31)	9.36
Dec. 31, 2012	9.35	0.46	(0.17)	0.35	0.13	0.77	(0.28)	–	(0.16)	–	(0.44)	9.73
Dec. 31, 2011	9.12	0.49	(0.15)	(0.15)	0.39	0.58	(0.33)	–	–	–	(0.33)	9.35
Dec. 31, 2010	8.89	0.50	(0.15)	0.40	(0.03)	0.72	(0.35)	–	(0.03)	–	(0.38)	9.12
Advisor Series												
Dec. 31, 2014	9.51	0.53	(0.17)	(0.26)	0.54	0.64	(0.32)	–	–	–	(0.32)	9.82
Dec. 31, 2013	9.86	0.48	(0.17)	(0.35)	(0.02)	(0.06)	(0.31)	–	–	–	(0.31)	9.49
Dec. 31, 2012	9.45	0.46	(0.17)	0.35	0.13	0.77	(0.26)	–	(0.16)	–	(0.42)	9.86
Dec. 31, 2011	9.22	0.49	(0.15)	(0.15)	0.39	0.58	(0.33)	–	–	–	(0.33)	9.45
Dec. 31, 2010	8.98	0.50	(0.15)	0.40	(0.03)	0.72	(0.36)	–	(0.03)	–	(0.39)	9.22
Series H												
Dec. 31, 2014	9.50	0.42	(0.15)	(0.21)	0.43	0.49	(0.24)	–	–	–	(0.24)	9.90
Dec. 31, 2013 ³	9.44 [†]	0.18	(0.06)	(0.13)	(0.01)	(0.02)	(0.04)	–	–	–	(0.04)	9.48
Series D												
Dec. 31, 2014	10.06	0.54	(0.11)	(0.27)	0.56	0.72	(0.38)	–	–	–	(0.38)	10.41
Dec. 31, 2013	10.42	0.51	(0.11)	(0.37)	(0.02)	0.01	(0.39)	–	–	–	(0.39)	10.04
Dec. 31, 2012	9.97	0.48	(0.11)	0.36	0.14	0.87	(0.33)	–	(0.17)	–	(0.50)	10.42
Dec. 31, 2011	9.70	0.51	(0.10)	(0.16)	0.41	0.66	(0.39)	–	–	–	(0.39)	9.97
Dec. 31, 2010	9.47	0.54	(0.10)	0.44	(0.04)	0.84	(0.45)	–	(0.03)	–	(0.48)	9.70
Series F												
Dec. 31, 2014	9.54	0.52	(0.09)	(0.26)	0.53	0.70	(0.38)	–	–	–	(0.38)	9.87
Dec. 31, 2013	9.90	0.48	(0.09)	(0.35)	(0.02)	0.02	(0.40)	–	–	–	(0.40)	9.52
Dec. 31, 2012	9.48	0.46	(0.09)	0.35	0.13	0.85	(0.33)	–	(0.16)	–	(0.49)	9.90
Dec. 31, 2011	9.22	0.49	(0.08)	(0.15)	0.39	0.65	(0.38)	–	–	–	(0.38)	9.48
Dec. 31, 2010	9.02	0.50	(0.08)	0.40	(0.03)	0.79	(0.47)	–	(0.03)	–	(0.50)	9.22
Series I												
Dec. 31, 2014	9.63	0.51	(0.07)	(0.25)	0.52	0.71	(0.35)	–	–	–	(0.35)	10.03
Dec. 31, 2013 ³	9.62 [†]	0.18	(0.03)	(0.13)	(0.01)	0.01	(0.12)	–	–	–	(0.12)	9.61



FINANCIAL HIGHLIGHTS (cont.)

Change in Net Assets Per Unit (\$) (cont.)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series O												
Dec. 31, 2014	9.45	0.47	–	(0.23)	0.48	0.72	(0.42)	–	–	–	(0.42)	9.82
Dec. 31, 2013	9.78	0.48	–	(0.35)	(0.02)	0.11	(0.46)	–	–	–	(0.46)	9.43
Dec. 31, 2012	9.40	0.47	–	0.36	0.14	0.97	(0.45)	–	(0.16)	–	(0.61)	9.78
Dec. 31, 2011	9.16	0.49	–	(0.15)	0.39	0.73	(0.48)	–	–	–	(0.48)	9.40
Dec. 31, 2010	9.01	0.48	–	0.39	(0.03)	0.84	(0.59)	–	(0.03)	–	(0.62)	9.16

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From August 12, 2013.

[†] Initial offering net asset value per unit.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	9.69	201 106	20 750	1.74	1.74	24.57	–
Dec. 31, 2013	9.38	202 912	21 633	1.75	1.75	41.89	–
Dec. 31, 2012	9.75	210 424	21 581	1.74	1.74	40.75	–
Dec. 31, 2011	9.37	105 158	11 218	1.74	1.74	34.38	–
Dec. 31, 2010	9.14	86 971	9 513	1.69	1.69	92.23	–
Advisor Series							
Dec. 31, 2014	9.82	113 679	11 574	1.71	1.71	24.57	–
Dec. 31, 2013	9.51	122 448	12 880	1.72	1.72	41.89	–
Dec. 31, 2012	9.88	124 349	12 590	1.72	1.72	40.75	–
Dec. 31, 2011	9.47	33 874	3 576	1.73	1.73	34.38	–
Dec. 31, 2010	9.24	22 219	2 406	1.68	1.68	92.23	–
Series H							
Dec. 31, 2014	9.90	5 869	593	1.56	1.56	24.57	–
Dec. 31, 2013 ⁴	9.50	855	90	1.65	1.65	41.89	–
Series D							
Dec. 31, 2014	10.41	58 309	5 600	1.05	1.05	24.57	–
Dec. 31, 2013	10.06	43 224	4 297	1.06	1.06	41.89	–
Dec. 31, 2012	10.44	32 457	3 109	1.06	1.06	40.75	–
Dec. 31, 2011	9.99	7 194	720	1.06	1.06	34.38	–
Dec. 31, 2010	9.72	4 237	436	1.03	1.03	92.23	–
Series F							
Dec. 31, 2014	9.87	49 867	5 051	0.90	0.90	24.57	–
Dec. 31, 2013	9.54	40 506	4 244	0.90	0.90	41.89	–
Dec. 31, 2012	9.92	38 518	3 884	0.90	0.90	40.75	–
Dec. 31, 2011	9.50	12 112	1 275	0.90	0.90	34.38	–
Dec. 31, 2010	9.24	5 812	629	0.86	0.86	92.23	–



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data (cont.)

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series I							
Dec. 31, 2014	10.03	8 699	868	0.72	0.72	24.57	—
Dec. 31, 2013 ⁴	9.63	2 604	270	0.76	0.76	41.89	—
Series O							
Dec. 31, 2014	9.82	2 925 525	297 836	0.03	0.03	24.57	—
Dec. 31, 2013	9.45	914 782	96 798	0.03	0.03	41.89	—
Dec. 31, 2012	9.80	780 196	79 596	0.04	0.04	40.75	—
Dec. 31, 2011	9.42	515 206	54 674	0.03	0.03	34.38	—
Dec. 31, 2010	9.18	382 895	41 700	0.02	0.02	92.23	—

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From August 12, 2013.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.50%	53%	47%
Advisor Series	1.50%	53%	47%
Series H	1.40%	57%	43%
Series D	0.90%	17%	83%
Series F	0.75%	—	100%
Series I	0.60%	—	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

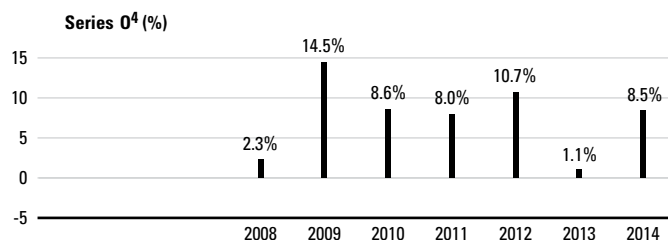
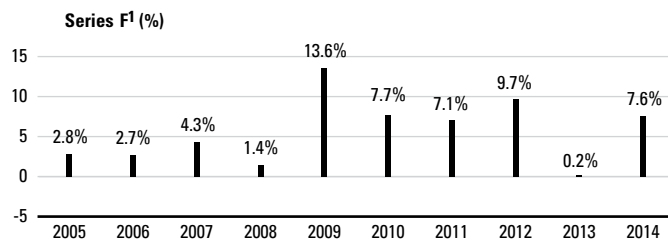
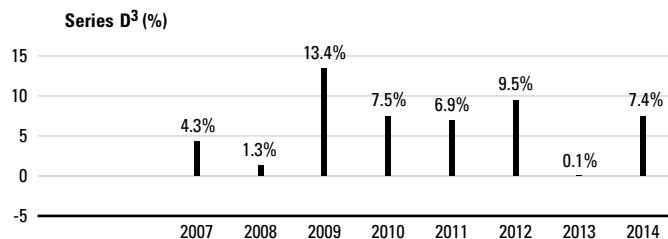
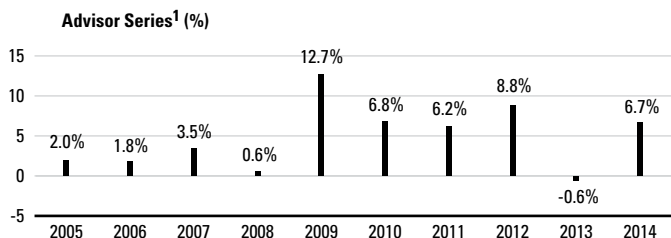
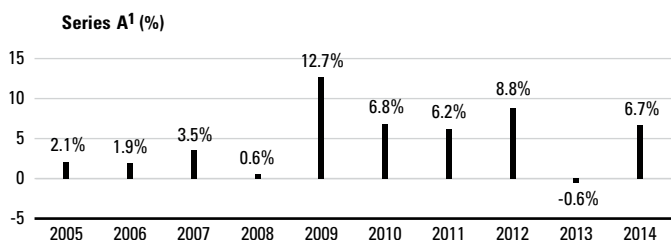


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

The blended benchmark (the "Benchmark") is composed of:

- 40% Barclays Capital U.S. Corporate Investment Grade Bond Index (hedged to CAD)
- 20% Barclays Capital Pan European Corporate Bond Index (hedged to CAD)
- 15% FTSE TMX Corporate Bond Index
- 10% JPMorgan Emerging Markets Bond Index Global Diversified (hedged to CAD)
- 10% Bank of America Merrill Lynch U.S. High Yield BB-B Index (hedged to CAD)
- 5% Barclays Capital Asia-Pacific Corporate Bond Index (hedged to CAD)

The broad-based index is the Barclays Capital U.S. Corporate Investment Grade Bond Index (hedged to CAD).

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	6.7	4.9	5.5	4.8	–
Benchmark	7.9	6.6	7.1	5.7	–
Broad-based index	8.4	5.9	7.2	5.5	–
Advisor Series ¹	6.7	4.9	5.5	4.8	–
Benchmark	7.9	6.6	7.1	5.7	–
Broad-based index	8.4	5.9	7.2	5.5	–
Series H ²	6.9	–	–	–	5.7
Benchmark	7.9	–	–	–	7.8
Broad-based index	8.4	–	–	–	7.9
Series D ³	7.4	5.6	6.2	–	6.6
Benchmark	7.9	6.6	7.1	–	6.6
Broad-based index	8.4	5.9	7.2	–	6.8
Series F ¹	7.6	5.8	6.4	5.6	–
Benchmark	7.9	6.6	7.1	5.7	–
Broad-based index	8.4	5.9	7.2	5.5	–
Series I ²	7.7	–	–	–	6.6
Benchmark	7.9	–	–	–	6.1
Broad-based index	8.4	–	–	–	6.3
Series O ⁴	8.5	6.7	7.3	–	7.6
Benchmark	7.9	6.6	7.1	–	6.6
Broad-based index	8.4	5.9	7.2	–	6.7

The returns of each series may vary because of differences in management fees and expenses. The Benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark and broad-based index.

¹ Inception date August 23, 2004.

² Inception date August 12, 2013.

³ Inception date July 3, 2007.

⁴ Inception date January 1, 2008.

INDEX DESCRIPTIONS

Barclays Capital U.S. Corporate Investment Grade Bond Index (hedged to CAD)

This index is a broad measure of the performance of investment-grade U.S. corporate and specified foreign debentures that mature in more than one year. The index is hedged to Canadian dollars.

Barclays Capital Pan European Corporate Bond Index (hedged to CAD) This index is a broad measure of the performance of investment-grade European corporate debt that matures in more than one year. The index is hedged to Canadian dollars.

FTSE TMX Corporate Bond Index* This index is a broad measure of the performance of Canadian corporate bonds that have a term to maturity of at least one year.

JPMorgan Emerging Markets Bond Index Global Diversified (hedged to CAD)

This index is a broad measure of the performance of U.S. dollar-denominated emerging-market debt in the Americas, Europe, Asia, the Middle East and Africa. The index limits the weights of countries with larger amounts of debt by including only a specific portion of their debt outstanding. The index is hedged to Canadian dollars.

Bank of America Merrill Lynch U.S. High Yield BB-B Index (hedged to CAD)

This index tracks the performance of the majority of U.S. dollar-denominated corporate debt that is below investment grade and issued in the U.S. market. Qualifying securities must have at least one year remaining to maturity and a minimum amount outstanding of \$100 million. The index is hedged to Canadian dollars.

Barclays Capital Asia-Pacific Corporate Bond Index (hedged to CAD) This index is a broad measure of the performance of Asia-Pacific region investment-grade corporate debt that matures in more than one year. The index is hedged to Canadian dollars.

* FTSE TMX fixed-income benchmarks were known as the DEX benchmarks before a name change.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
United States	49.8
Canada	19.3
Other Countries	7.8
United Kingdom	6.5
France	3.3
Germany	3.3
Netherlands	1.9
Spain	1.0
Income Funds	5.0
Cash/Other	2.1

Top 25 Holdings

	% of Net Asset Value
BlueBay Emerging Markets Corporate Bond Fund	3.0
United States 10-Year Note Future, March 2015	2.8
RBC Emerging Markets Bond Fund	2.0
Cash & Cash Equivalents	1.1
Barclays Bank Plc. EUR 6.000% Jan 14 21	1.0
Wal-Mart Stores Inc. EUR 4.875% Sep 21 29	0.6
JPMorgan Chase & Co. 1.625% May 15 18	0.6
Wells Fargo & Co. 4.600% Apr 1 21	0.6
Bank of America Corp. EUR 1.875% Jan 10 19	0.6
GE Capital Corp. 5.875% Jan 14 38	0.5
The Goldman Sachs Group Inc. GBP 5.500% Oct 12 21	0.5
Deutsche Telekom International Finance BV EUR 4.250% Jul 13 22	0.5
Vodafone Group Plc. EUR 5.375% Jun 6 22	0.5
UBS AG USD 5.875% Dec 20 17	0.4
Telefonica Emisiones S.A.U. EUR 5.811% Sep 5 17	0.4
Nordea Bank AB EUR 4.500% Mar 26 20	0.4
Siemens Financieringsmaatschappij N.V. EUR 5.625% Jun 11 18	0.4
HSBC Holdings Plc. USD 5.100% Apr 5 21	0.4
GE Capital Trust IV EUR 4.625% Sep 15 66	0.4
Bank of Montreal USD 2.375% Jan 25 19	0.4
Toronto-Dominion Bank USD 2.250% Nov 5 19	0.4
Bank of Nova Scotia USD 2.050% Jun 5 19	0.4
Oracle Corp. EUR 2.250% Jan 10 21	0.4
JPMorgan Chase & Co. 6.400% May 15 38	0.4
Verizon Communications Inc. 6.550% Sep 15 43	0.4
Top 25 Holdings	19.1

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



FIXED-INCOME FUND

RBC HIGH YIELD BOND FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide a high level of income with the potential for modest capital growth by investing primarily in higher-yielding corporate debt securities issued by Canadian and U.S. corporations.

To achieve its objectives, the portfolio manager invests primarily in debt securities rated from BBB to B by Standard & Poor's or an equivalent credit-rating company. The portfolio manager employs a value-focused philosophy, striving to invest in quality companies having stable to improving credit profiles, and which are considered undervalued.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$1.3 billion as of December 31, 2014, from \$1.1 billion at the end of 2013. Of the change, \$131 million was due to net inflows and \$54 million to investment returns.

Over the past year, the Fund's Series A units gained 3.4%, which underperformed the 8.8% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while the benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The higher-yielding debt securities that make up most of the Fund's assets performed well during the first half of 2014, with prices rising as the extra yield required by investors to hold the securities dropped to the lowest level in a half decade. In the second half of the year, the abrupt decline in the price of oil had a significantly negative impact on the Fund's oil holdings, but the effect was partially offset by the portfolio manager's preference for energy companies that can better withstand big drops in oil prices. This conservative approach allowed the Fund to outperform the broad high-yield market. The Fund underperformed the benchmark, which has more exposure to investment-grade bonds.

The allocation to investment-grade bonds, which comprise a relatively small percentage of the portfolio, acted as a buffer against the effect of falling oil prices. Investment-grade fixed-income securities tend to have longer terms than high-yield bonds, and longer-term bonds will usually perform better when overall yields are declining, as was the case in 2014. An increase in overall investor outflows linked to energy forced some managers to sell non-oil-related assets to fund redemptions and created some headwinds for fixed income in general.

The Fund started the year with above-average cash levels, reflecting the portfolio manager's concern regarding valuations. As it became apparent that yields would continue to drift lower, the Fund invested some of this cash in higher-quality U.S. high-yield bonds.

Recent Developments

The portfolio manager believes that the 2014 drop in high-yield bonds has made valuations more attractive. Apart from the Energy sector, corporate earnings and balance sheets remain strong, and default rates low. However, one of the key drivers of the high-yield market's performance over the short term – and default rates in the longer term – will be where the price of oil settles. If oil prices remain at current levels for an extended period, it is likely that borrowers in the Energy sector may feel increased financial stress, leading to an increase in defaults. The portfolio manager intends to maintain its conservative bias in the Energy sector on the assumption that prices for oil-related securities could vacillate for some time. However, as valuations become more attractive, the portfolio manager intends to take advantage of any volatility to add attractively valued bonds to the Fund.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series, Series H and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.



Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	10.61	0.65	(0.15)	(0.43)	0.26	0.33	(0.49)	–	–	–	(0.49)	10.48
Dec. 31, 2013	10.65	0.65	(0.15)	(0.28)	0.17	0.39	(0.48)	–	–	–	(0.48)	10.58
Dec. 31, 2012	10.16	0.66	(0.15)	0.33	0.10	0.94	(0.46)	–	(0.11)	–	(0.57)	10.65
Dec. 31, 2011	10.00	0.91	(0.14)	(0.60)	0.62	0.79	(0.51)	–	–	–	(0.51)	10.16
Dec. 31, 2010 ³	10.00 [†]	0.14	(0.03)	0.04	(0.11)	0.04	(0.04)	–	(0.03)	–	(0.07)	10.00
Advisor Series												
Dec. 31, 2014	10.70	0.66	(0.16)	(0.43)	0.26	0.33	(0.49)	–	–	–	(0.49)	10.57
Dec. 31, 2013	10.75	0.66	(0.16)	(0.28)	0.17	0.39	(0.49)	–	–	–	(0.49)	10.67
Dec. 31, 2012	10.24	0.65	(0.15)	0.33	0.10	0.93	(0.44)	–	(0.11)	–	(0.55)	10.75
Dec. 31, 2011	10.00	0.75	(0.14)	(0.50)	0.51	0.62	(0.44)	–	–	–	(0.44)	10.24
Dec. 31, 2010 ³	10.00 [†]	0.13	(0.03)	0.04	(0.10)	0.04	(0.04)	–	(0.03)	–	(0.07)	10.00
Series H												
Dec. 31, 2014	10.69	0.64	(0.14)	(0.42)	0.25	0.33	(0.40)	–	–	–	(0.40)	10.66
Dec. 31, 2013 ⁴	10.81 [†]	0.40	(0.10)	(0.17)	0.11	0.24	(0.29)	–	–	–	(0.29)	10.65
Series D												
Dec. 31, 2014	10.73	0.66	(0.11)	(0.43)	0.26	0.38	(0.55)	–	–	–	(0.55)	10.58
Dec. 31, 2013	10.76	0.65	(0.11)	(0.28)	0.17	0.43	(0.52)	–	–	–	(0.52)	10.69
Dec. 31, 2012	10.27	0.67	(0.11)	0.34	0.10	1.00	(0.50)	–	(0.11)	–	(0.61)	10.76
Dec. 31, 2011	10.00	0.72	(0.10)	(0.48)	0.50	0.64	(0.47)	–	–	–	(0.47)	10.27
Dec. 31, 2010 ³	10.00 [†]	0.12	(0.02)	0.04	(0.09)	0.05	(0.03)	–	(0.03)	–	(0.06)	10.02
Series F												
Dec. 31, 2014	10.73	0.66	(0.10)	(0.43)	0.26	0.39	(0.55)	–	–	–	(0.55)	10.60
Dec. 31, 2013	10.76	0.65	(0.10)	(0.28)	0.17	0.44	(0.53)	–	–	–	(0.53)	10.69
Dec. 31, 2012	10.24	0.66	(0.09)	0.34	0.10	1.01	(0.49)	–	(0.11)	–	(0.60)	10.76
Dec. 31, 2011	10.00	0.84	(0.09)	(0.56)	0.57	0.76	(0.52)	–	–	–	(0.52)	10.24
Dec. 31, 2010 ³	10.00 [†]	0.11	(0.02)	0.03	(0.08)	0.04	(0.03)	–	(0.03)	–	(0.06)	10.03
Series I												
Dec. 31, 2014	10.75	0.64	(0.08)	(0.42)	0.25	0.39	(0.46)	–	–	–	(0.46)	10.73
Dec. 31, 2013 ⁴	10.81 [†]	0.39	(0.05)	(0.17)	0.10	0.27	(0.28)	–	–	–	(0.28)	10.71



FINANCIAL HIGHLIGHTS (cont.)

Change in Net Assets Per Unit (\$) (cont.)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series O												
Dec. 31, 2014	10.79	0.66	–	(0.43)	0.26	0.49	(0.64)	–	–	–	(0.64)	10.66
Dec. 31, 2013	10.80	0.65	–	(0.28)	0.17	0.54	(0.61)	–	–	–	(0.61)	10.75
Dec. 31, 2012	10.33	0.70	–	0.36	0.11	1.17	(0.65)	–	(0.11)	–	(0.76)	10.80
Dec. 31, 2011	10.00	0.70	–	(0.47)	0.48	0.71	(0.54)	–	–	–	(0.54)	10.33
Dec. 31, 2010 ³	10.00 [†]	0.12	–	0.04	(0.09)	0.07	(0.03)	–	(0.03)	–	(0.06)	10.04

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From October 12, 2010.

⁴ From April 29, 2013.

[†] Initial offering net asset value per unit.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	10.48	171 940	16 401	1.43	1.43	43.67	–
Dec. 31, 2013	10.61	164 164	15 469	1.43	1.43	57.06	–
Dec. 31, 2012	10.69	132 710	12 415	1.43	1.43	68.85	–
Dec. 31, 2011	10.21	34 168	3 347	1.41	1.41	49.90	–
Dec. 31, 2010 ⁴	10.04	10 700	1 066	1.44	1.44	21.39	–
Advisor Series							
Dec. 31, 2014	10.57	85 467	8 083	1.47	1.47	43.67	–
Dec. 31, 2013	10.70	88 505	8 268	1.47	1.47	57.06	–
Dec. 31, 2012	10.79	84 977	7 874	1.41	1.41	68.85	–
Dec. 31, 2011	10.28	13 486	1 312	1.44	1.44	49.90	–
Dec. 31, 2010 ⁴	10.04	1 247	124	1.42	1.42	21.39	–
Series H							
Dec. 31, 2014	10.66	10 568	991	1.32	1.32	43.67	–
Dec. 31, 2013 ⁵	10.69	1 971	184	1.32	1.32	57.06	–
Series D							
Dec. 31, 2014	10.58	46 131	4 361	1.02	1.02	43.67	–
Dec. 31, 2013	10.73	55 132	5 140	1.03	1.03	57.06	–
Dec. 31, 2012	10.80	38 037	3 523	1.05	1.05	68.85	–
Dec. 31, 2011	10.31	10 716	1 039	1.06	1.06	49.90	–
Dec. 31, 2010 ⁴	10.06	522	52	1.04	1.04	21.39	–
Series F							
Dec. 31, 2014	10.60	68 962	6 505	0.88	0.88	43.67	–
Dec. 31, 2013	10.73	69 104	6 441	0.89	0.89	57.06	–
Dec. 31, 2012	10.79	43 644	4 044	0.88	0.88	68.85	–
Dec. 31, 2011	10.28	7 717	751	0.89	0.89	49.90	–
Dec. 31, 2010 ⁴	10.06	643	64	0.89	0.89	21.39	–
Series I							
Dec. 31, 2014	10.73	8 760	816	0.74	0.74	43.67	–
Dec. 31, 2013 ⁵	10.75	2 807	261	0.70	0.70	57.06	–



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data (cont.)

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series 0							
Dec. 31, 2014	10.66	942 527	88 398	0.02	0.02	43.67	—
Dec. 31, 2013	10.79	767 750	71 174	0.02	0.02	57.06	—
Dec. 31, 2012	10.83	437 885	40 420	0.02	0.02	68.85	—
Dec. 31, 2011	10.38	243 371	23 454	0.03	0.03	49.90	—
Dec. 31, 2010 ⁴	10.08	6 393	634	0.02	0.02	21.39	—

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From October 12, 2010.

⁵ From April 29, 2013.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund.

Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.25%	40%	60%
Advisor Series	1.25%	40%	60%
Series H	1.10%	23%	77%
Series D	0.90%	17%	83%
Series F	0.75%	—	100%
Series I	0.60%	—	—

Series 0 – no management fees are paid by the Fund with respect to Series 0 units. Series 0 unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

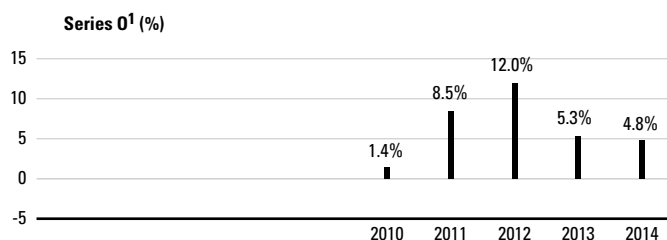
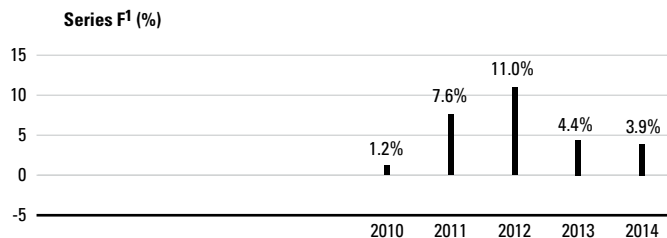
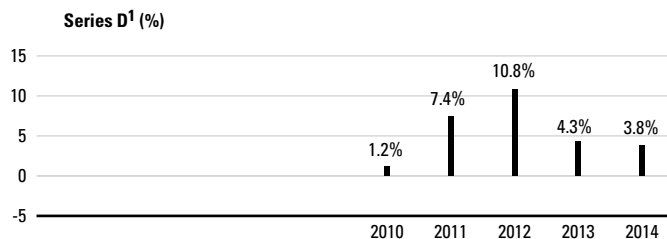
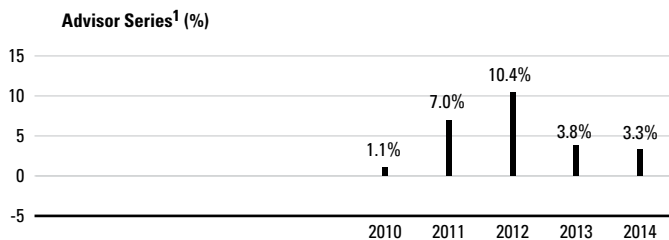
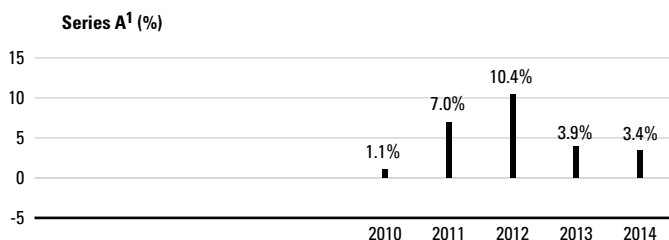


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

FTSE TMX Canada Universe Bond Index

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	3.4	5.8	–	–	6.1
Benchmark	8.8	3.7	–	–	4.7
Advisor Series ¹	3.3	5.8	–	–	6.1
Benchmark	8.8	3.7	–	–	4.7
Series H ²	3.5	–	–	–	2.8
Benchmark	8.8	–	–	–	3.3
Series D ¹	3.8	6.3	–	–	6.5
Benchmark	8.8	3.7	–	–	4.7
Series F ¹	3.9	6.4	–	–	6.6
Benchmark	8.8	3.7	–	–	4.7
Series I ²	4.1	–	–	–	3.4
Benchmark	8.8	–	–	–	3.3
Series O ¹	4.8	7.3	–	–	7.6
Benchmark	8.8	3.7	–	–	4.7

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date October 12, 2010.

² Inception date April 29, 2013.

INDEX DESCRIPTION

FTSE TMX Canada Universe Bond Index* This index is designed as a broad measure of the Canadian investment-grade fixed-income market and includes bonds with maturities of at least one year.

* FTSE TMX fixed-income benchmarks were known as the DEX benchmarks before a name change.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
United States	75.1
Canada	14.6
Other Countries	5.7
Luxembourg	1.9
Cash/Other	2.7

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	3.1
Sprint Nextel Corp. 9.000% Nov 15 18	2.2
Videotron Ltd. 6.875% Jul 15 21	1.8
T-Mobile USA Inc. 6.625% Apr 1 23	1.8
D.R. Horton Inc. 5.750% Aug 15 23	1.6
Toll Brothers Finance Corp. 5.875% Feb 15 22	1.5
ArcelorMittal USD 9.850% Jun 1 19	1.5
Tenet Healthcare Corp. 6.000% Oct 1 20	1.5
Smithfield Foods Inc. 6.625% Aug 15 22	1.5
Calpine Corp. 6.000% Jan 15 22	1.4
The AES Corp. 5.500% Mar 15 24	1.4
Ingles Markets Inc. 5.750% Jun 15 23	1.4
DISH DBS Corp. 7.875% Sep 1 19	1.4
Reynolds Group Issuer Inc. 6.875% Feb 15 21	1.4
HCA Inc. 5.875% Mar 15 22	1.4
Lamar Media Corp. 5.375% Jan 15 24	1.4
Quebecor Media Inc. 7.375% Jan 15 21	1.3
Access Midstream Partners LP 4.875% May 15 23	1.3
Targa Resources Partners LP 6.875% Feb 1 21	1.3
Ball Corp. 5.750% May 15 21	1.3
Rite Aid Corp. 8.000% Aug 15 20	1.3
Concho Resources Inc. 7.000% Jan 15 21	1.3
Standard Pacific Corp. 8.375% Jan 15 21	1.3
Micron Technology Inc. 5.875% Feb 15 22	1.3
HJ Heinz Co. 4.250% Oct 15 20	1.2
Top 25 Holdings	37.9

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



FIXED-INCOME FUND

RBC \$U.S. HIGH YIELD BOND FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE (in USD)

Investment Objective and Strategies

The Fund seeks to provide total returns comprised of interest income and modest capital growth by investing primarily in higher-yielding corporate debt securities issued by U.S. corporations.

To achieve its objectives, the portfolio manager invests primarily in debt securities issued by U.S. corporations that are rated below BBB- by Standard & Poor's or an equivalent rating agency. The portfolio manager employs a value-focused philosophy for corporate bonds, striving to invest in quality companies having stable to improving credit profiles, and which are considered to be undervalued given the current market sentiment.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$61 million as of December 31, 2014, from \$22 million at the end of 2013. Most of the change was due to net inflows.

Over the past year, the Fund's Series A units gained 1.8%, which underperformed the 3.5% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while the benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

Higher-quality, high-yield bonds significantly outperformed the lower-rated segments of the high-yield market during 2014, as investors shifted to less-risky assets and falling inflation pushed down yields on fixed-income securities more closely linked to government bond yields. The year began strongly overall for fixed income, with both government and corporate bonds performing well, and the premium paid to investors in non-government bonds fell to near-five-year lows. High-yield bond prices softened in the second half of the year on falling oil prices, subdued inflation and geopolitical concerns. An increase in overall investor outflows linked to energy forced some managers to sell non-oil-related assets to fund redemptions and created some headwinds for fixed income in general.

The Fund started the year with above-average cash levels, reflecting the portfolio manager's cautious approach to valuations. As it became apparent that the market was resilient and interest rates were falling, the Fund invested some of this cash in higher-quality higher-yield bonds. The Fund's slightly higher-than-benchmark

exposure to the Energy sector had a negative impact on relative performance, as did cash holdings earlier in the year. That said, the credit quality of the Fund's energy holdings was higher than it was for the broad Energy sector.

Recent Developments

The portfolio manager believes that last year's drop in high-yield bonds has made valuations more attractive. Apart from the Energy sector, corporate earnings and balance sheets remain strong, and default rates low. However, one of the key drivers of the high-yield market's performance over the short term – and default rates in the longer term – will be where the price of oil settles. If oil prices remain at current levels for an extended period, it is likely that borrowers in the Energy sector may feel increased financial stress, leading to an increase in defaults. The portfolio manager intends to maintain its conservative bias in the Energy sector on the assumption that prices for oil-related securities could vacillate for some time. However, as valuations become more attractive, the portfolio manager intends to take advantage of any volatility to add attractively valued bonds to the Fund.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series, Series H and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.



Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS (in USD)

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	10.05	0.54	(0.14)	0.01	(0.39)	0.02	(0.34)	–	(0.06)	–	(0.40)	9.83
Dec. 31, 2013 ³	10.00 [†]	0.11	(0.03)	0.01	(0.02)	0.07	(0.07)	–	(0.04)	–	(0.11)	10.01
Advisor Series												
Dec. 31, 2014	10.05	0.55	(0.15)	0.01	(0.39)	0.02	(0.31)	–	(0.06)	–	(0.37)	9.86
Dec. 31, 2013 ³	10.00 [†]	0.11	(0.03)	0.01	(0.02)	0.07	(0.07)	–	(0.04)	–	(0.11)	10.01
Series H												
Dec. 31, 2014	10.01	0.63	(0.11)	0.01	(0.45)	0.08	(0.42)	–	(0.06)	–	(0.48)	9.75
Dec. 31, 2013 ³	10.00 [†]	0.13	(0.02)	0.02	(0.02)	0.11	(0.11)	–	(0.04)	–	(0.15)	9.98
Series D												
Dec. 31, 2014	10.04	0.60	(0.11)	0.01	(0.43)	0.07	(0.39)	–	(0.06)	–	(0.45)	9.81
Dec. 31, 2013 ³	10.00 [†]	0.11	(0.02)	0.02	(0.02)	0.09	(0.08)	–	(0.04)	–	(0.12)	10.00
Series F												
Dec. 31, 2014	10.07	0.52	(0.09)	0.01	(0.37)	0.07	(0.35)	–	(0.06)	–	(0.41)	9.90
Dec. 31, 2013 ³	10.00 [†]	0.10	(0.02)	0.01	(0.02)	0.07	(0.06)	–	(0.04)	–	(0.10)	10.03
Series I												
Dec. 31, 2014	10.01	0.45	(0.07)	0.01	(0.32)	0.07	(0.46)	–	(0.06)	–	(0.52)	9.75
Dec. 31, 2013 ³	10.00 [†]	0.13	(0.01)	0.02	(0.02)	0.12	(0.12)	–	(0.04)	–	(0.16)	9.97
Series O												
Dec. 31, 2014	10.04	0.59	–	0.01	(0.42)	0.18	(0.49)	–	(0.06)	–	(0.55)	9.82
Dec. 31, 2013 ³	10.00 [†]	0.12	–	0.02	(0.02)	0.12	(0.10)	–	(0.04)	–	(0.14)	10.00

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From October 21, 2013.

[†] Initial offering net asset value per unit.



FINANCIAL HIGHLIGHTS (in USD) (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	9.83	3 676	374	1.41	1.42	13.58	—
Dec. 31, 2013 ⁴	10.05	577	57	1.48	1.48	4.78	—
Advisor Series							
Dec. 31, 2014	9.86	595	60	1.47	1.48	13.58	—
Dec. 31, 2013 ⁴	10.05	5	1	1.48	1.48	4.78	—
Series H							
Dec. 31, 2014	9.75	1	—	1.21	1.22	13.58	—
Dec. 31, 2013 ⁴	10.01	1	—	1.31	1.31	4.78	—
Series D							
Dec. 31, 2014	9.81	644	66	1.03	1.04	13.58	—
Dec. 31, 2013 ⁴	10.04	250	25	1.08	1.08	4.78	—
Series F							
Dec. 31, 2014	9.90	1 173	119	0.91	0.92	13.58	—
Dec. 31, 2013 ⁴	10.07	36	4	0.91	0.91	4.78	—
Series I							
Dec. 31, 2014	9.75	1	—	0.66	0.67	13.58	—
Dec. 31, 2013 ⁴	10.01	1	—	0.74	0.74	4.78	—
Series O							
Dec. 31, 2014	9.82	54 653	5 564	0.02	0.03	13.58	—
Dec. 31, 2013 ⁴	10.04	20 830	2 074	0.03	0.03	4.78	—

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From October 21, 2013.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.25%	40%	60%
Advisor Series	1.25%	40%	60%
Series H	1.10%	45%	55%
Series D	0.90%	17%	83%
Series F	0.75%	—	100%
Series I	0.60%	—	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.



PAST PERFORMANCE (in USD)

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (in USD) (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

Bank of America Merrill Lynch U.S. High Yield BB-B Index (USD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	1.8	—	—	—	2.8
Benchmark	3.5	—	—	—	3.7
Advisor Series ¹	1.8	—	—	—	2.8
Benchmark	3.5	—	—	—	3.7
Series H ¹	2.1	—	—	—	3.2
Benchmark	3.5	—	—	—	3.7
Series D ¹	2.2	—	—	—	3.2
Benchmark	3.5	—	—	—	3.7
Series F ¹	2.3	—	—	—	3.4
Benchmark	3.5	—	—	—	3.7
Series I ¹	2.6	—	—	—	3.6
Benchmark	3.5	—	—	—	3.7
Series O ¹	3.2	—	—	—	4.3
Benchmark	3.5	—	—	—	3.7

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date October 21, 2013.

INDEX DESCRIPTION

Bank of America Merrill Lynch U.S. High Yield BB-B Index (USD) This index tracks the performance of the majority of U.S. dollar-denominated corporate debt that is below investment grade and issued in the U.S. market. Qualifying securities must have at least one year remaining to maturity and a minimum amount outstanding of \$100 million. The index is measured in U.S. dollars.

SUMMARY OF INVESTMENT PORTFOLIO (in USD)

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
United States	80.7
Canada	7.5
Other Countries	4.9
Cash/Other	6.9

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	3.0
HCA Inc. 5.875% Mar 15 22	1.8
D.R. Horton Inc. 5.750% Aug 15 23	1.7
Owens-Brockway Glass Container Inc. 5.000% Jan 15 22	1.7
Chesapeake Energy Corp. 4.875% Apr 15 22	1.6
United Rentals North America Inc. 7.625% Apr 15 22	1.5
ArcelorMittal USD 9.850% Jun 1 19	1.5
DISH DBS Corp. 7.875% Sep 1 19	1.4
CSC Holdings LLC 6.750% Nov 15 21	1.4
CenturyLink Inc. 6.750% Dec 1 23	1.4
NRG Energy Inc. 7.875% May 15 21	1.3
Rite Aid Corp. 8.000% Aug 15 20	1.3
Toll Brothers Finance Corp. 5.875% Feb 15 22	1.3
CCO Holdings LLC 6.500% Apr 30 21	1.3
Smithfield Foods Inc. 6.625% Aug 15 22	1.3
Beazer Homes USA Inc. 6.625% Apr 15 18	1.3
Reynolds Group Issuer Inc. 6.875% Feb 15 21	1.3
Seagate HDD Cayman USD 4.750% Jun 1 23	1.3
Lear Corp. 5.375% Mar 15 24	1.3
Access Midstream Partners LP 4.875% May 15 23	1.3
Graphic Packaging International Inc. 4.750% Apr 15 21	1.2
HJ Heinz Co. 4.250% Oct 15 20	1.2
Cedar Fair LP 5.250% Mar 15 21	1.2
Ingles Markets Inc. 5.750% Jun 15 23	1.2
Sinclair Television Group Inc. 5.375% Apr 1 21	1.2
Top 25 Holdings	36.0

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



FIXED-INCOME FUND

RBC GLOBAL HIGH YIELD BOND FUND

December 31, 2014

Portfolio Manager *RBC Global Asset Management Inc. ("RBC GAM")*

Sub-Advisor: RBC Global Asset Management (UK) Limited, London, England
(for a portion of the Fund)

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund pursues above-average total returns comprised of interest income and capital growth by investing in higher-yielding corporate or government debt securities available in international markets.

The Fund manages risks by limiting its holdings in any single industry, issuer or country. The Fund may use derivatives to protect against losses from changes in interest rates, credit quality and currency fluctuations.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value increased to \$2.1 billion as of December 31, 2014, from \$1.3 billion at the end of 2013. Most of the change was due to net inflows.

Over the past year, the Fund's Series A units gained 4.9%, which underperformed the 6.2% rise in the benchmark. The JPMorgan Emerging Markets Bond Index Global Diversified (hedged to CAD) rose 8.1% and the Bank of America Merrill Lynch U.S. High Yield BB-B Index (hedged to CAD) rose 4.3%. The Fund's return is after the deduction of fees and expenses, while the benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

Concern mounted in early 2014 that stronger U.S. economic growth would push up U.S. interest rates, leading to generally lower prices for higher-yielding debt until early spring. As the year wore on, growth in the Eurozone, Japan and China had either slowed or disappointed, and fears of higher U.S. interest rates receded. The Fund has two main types of asset – emerging-market bonds and U.S. high-yield bonds. Emerging-market bonds outperformed, particularly in the first half of the year, as the longer average maturity of the segment led to higher returns as rates fell and outweighed the positive impact of U.S. growth on corporate debt. In the second half of the year, the Fund raised its weighting in U.S. high-yield debt and de-emphasized emerging markets, especially as the armed conflict between Ukraine and Russia intensified. Slower global economic growth prompted steady drops in commodity prices over 2014, and the pace accelerated in mid-summer as oil prices plummeted. Bond prices of oil-exporting countries including Russia, Kazakhstan, Ecuador and Venezuela fell significantly as did higher-yielding bonds in the U.S. Energy sector.

The Fund benefited from its significantly lower weightings in Russia, Ukraine and Venezuela compared to the benchmark. While the Fund had a modest preference for higher-yielding corporate energy bonds, an emphasis on higher-quality energy companies resulted in the sector adding to the Fund's relative performance. The Fund was also helped by currency trading and allocations to Slovenia, Qatar, Spain, Ireland and U.S. Treasuries. The Fund's emphasis on shorter-maturity high-quality emerging-market bonds weighed on returns as did investments in the U.S. Financials sector. As of December 31, 2014, 41.6% of the Fund's assets were invested in emerging-market sovereign bonds; 4.9% in emerging-market corporate bonds; 51.9% in U.S. high-yield bonds; and the remainder in cash.

Recent Developments

The recent collapse in oil prices has increased the extra yield required by investors to hold emerging-market and higher-yielding U.S. corporate debt linked to energy. The portfolio manager has been gradually increasing exposure to commodity-sensitive countries such as Kazakhstan, as well as countries that benefit overall from lower energy prices, such as India. The portfolio manager is also emphasizing countries that have undertaken budget reforms and other policy steps including India, Indonesia, Morocco and, more recently, Brazil.

The drop in U.S. energy bonds has had a negative impact on the broader high-yield fixed-income market, and valuations are becoming more attractive. While a sustained low oil price could lead to higher default rates among energy companies, the overall backdrop elsewhere remains benign. The current environment has prompted the portfolio manager to continue emphasizing higher-quality bonds in the emerging-market and U.S. high-yield bond markets.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Sub-Advisor

RBC Global Asset Management (UK) Limited is the sub-advisor and provides investment advice for the Fund.



Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series, Series H and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	10.30	0.64	(0.19)	(0.43)	0.38	0.40	(0.44)	–	–	–	(0.44)	10.36
Dec. 31, 2013	10.77	0.64	(0.19)	(0.33)	(0.19)	(0.07)	(0.46)	–	–	–	(0.46)	10.27
Dec. 31, 2012	9.90	0.65	(0.19)	0.51	0.38	1.35	(0.44)	–	(0.12)	–	(0.56)	10.77
Dec. 31, 2011	9.81	0.71	(0.17)	(0.24)	0.34	0.64	(0.51)	–	–	–	(0.51)	9.90
Dec. 31, 2010	9.36	0.71	(0.16)	0.45	(0.06)	0.94	(0.52)	–	–	–	(0.52)	9.81
Advisor Series												
Dec. 31, 2014	10.24	0.63	(0.18)	(0.42)	0.38	0.41	(0.45)	–	–	–	(0.45)	10.29
Dec. 31, 2013	10.69	0.64	(0.18)	(0.33)	(0.19)	(0.06)	(0.45)	–	–	–	(0.45)	10.20
Dec. 31, 2012	9.81	0.64	(0.18)	0.50	0.37	1.33	(0.43)	–	(0.12)	–	(0.55)	10.69
Dec. 31, 2011	9.70	0.69	(0.16)	(0.23)	0.33	0.63	(0.49)	–	–	–	(0.49)	9.81
Dec. 31, 2010	9.26	0.69	(0.16)	0.44	(0.06)	0.91	(0.52)	–	–	–	(0.52)	9.70
Series H												
Dec. 31, 2014	10.43	0.64	(0.16)	(0.43)	0.38	0.43	(0.45)	–	–	–	(0.45)	10.52
Dec. 31, 2013 ³	10.30 [†]	0.25	(0.07)	(0.13)	(0.07)	(0.02)	(0.10)	–	–	–	(0.10)	10.40
Series D												
Dec. 31, 2014	10.45	0.64	(0.11)	(0.43)	0.38	0.48	(0.53)	–	–	–	(0.53)	10.51
Dec. 31, 2013	10.95	0.65	(0.11)	(0.34)	(0.19)	0.01	(0.57)	–	–	–	(0.57)	10.41
Dec. 31, 2012	10.03	0.65	(0.11)	0.50	0.38	1.42	(0.48)	–	(0.12)	–	(0.60)	10.95
Dec. 31, 2011	9.92	0.72	(0.10)	(0.24)	0.35	0.73	(0.57)	–	–	–	(0.57)	10.03
Dec. 31, 2010	9.46	0.70	(0.10)	0.45	(0.06)	0.99	(0.58)	–	–	–	(0.58)	9.92
Series F												
Dec. 31, 2014	10.57	0.65	(0.10)	(0.44)	0.39	0.50	(0.55)	–	–	–	(0.55)	10.63
Dec. 31, 2013	11.04	0.66	(0.10)	(0.34)	(0.20)	0.02	(0.57)	–	–	–	(0.57)	10.53
Dec. 31, 2012	10.13	0.67	(0.10)	0.52	0.39	1.48	(0.52)	–	(0.12)	–	(0.64)	11.04
Dec. 31, 2011	10.01	0.72	(0.08)	(0.24)	0.35	0.75	(0.58)	–	–	–	(0.58)	10.13
Dec. 31, 2010	9.52	0.70	(0.08)	0.45	(0.06)	1.01	(0.59)	–	–	–	(0.59)	10.01
Series I												
Dec. 31, 2014	10.74	0.62	(0.08)	(0.42)	0.37	0.49	(0.48)	–	–	–	(0.48)	10.90
Dec. 31, 2013 ³	10.57 [†]	0.25	(0.03)	(0.13)	(0.08)	0.01	(0.11)	–	–	–	(0.11)	10.70



FINANCIAL HIGHLIGHTS (cont.)

Change in Net Assets Per Unit (\$) (cont.)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series O												
Dec. 31, 2014	10.46	0.62	–	(0.41)	0.37	0.58	(0.56)	–	–	–	(0.56)	10.59
Dec. 31, 2013	10.89	0.65	–	(0.33)	(0.19)	0.13	(0.62)	–	–	–	(0.62)	10.42
Dec. 31, 2012	10.02	0.68	–	0.53	0.40	1.61	(0.64)	–	(0.12)	–	(0.76)	10.89
Dec. 31, 2011	9.86	0.69	–	(0.23)	0.33	0.79	(0.63)	–	–	–	(0.63)	10.02
Dec. 31, 2010	9.40	0.70	–	0.45	(0.06)	1.09	(0.67)	–	–	–	(0.67)	9.86

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From August 12, 2013.

[†] Initial offering net asset value per unit.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	10.36	200 596	19 365	1.78	1.78	43.30	–
Dec. 31, 2013	10.30	230 556	22 379	1.79	1.79	65.47	–
Dec. 31, 2012	10.81	259 867	24 040	1.78	1.78	61.97	–
Dec. 31, 2011	9.95	120 784	12 143	1.76	1.76	75.81	–
Dec. 31, 2010	9.85	97 430	9 895	1.73	1.73	82.86	–
Advisor Series							
Dec. 31, 2014	10.29	237 055	23 033	1.74	1.74	43.30	–
Dec. 31, 2013	10.24	280 799	27 429	1.74	1.74	65.47	–
Dec. 31, 2012	10.73	285 063	26 572	1.71	1.71	61.97	–
Dec. 31, 2011	9.86	95 801	9 721	1.70	1.70	75.81	–
Dec. 31, 2010	9.74	52 255	5 368	1.68	1.68	82.86	–
Series H							
Dec. 31, 2014	10.52	3 695	351	1.54	1.54	43.30	–
Dec. 31, 2013 ⁴	10.43	2 502	240	1.65	1.65	65.47	–
Series D							
Dec. 31, 2014	10.51	33 265	3 165	1.05	1.05	43.30	–
Dec. 31, 2013	10.45	37 350	3 574	1.06	1.06	65.47	–
Dec. 31, 2012	10.99	53 179	4 839	1.06	1.06	61.97	–
Dec. 31, 2011	10.07	14 592	1 448	1.04	1.04	75.81	–
Dec. 31, 2010	9.96	10 932	1 097	1.03	1.03	82.86	–
Series F							
Dec. 31, 2014	10.63	98 213	9 241	0.91	0.91	43.30	–
Dec. 31, 2013	10.57	104 214	9 863	0.91	0.91	65.47	–
Dec. 31, 2012	11.08	114 999	10 376	0.89	0.89	61.97	–
Dec. 31, 2011	10.17	46 112	4 533	0.87	0.87	75.81	–
Dec. 31, 2010	10.05	27 834	2 771	0.86	0.86	82.86	–



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data (cont.)

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series I							
Dec. 31, 2014	10.90	7 224	663	0.70	0.70	43.30	—
Dec. 31, 2013 ⁴	10.74	2 397	223	0.75	0.75	65.47	—
Series O							
Dec. 31, 2014	10.59	1 562 203	147 542	0.03	0.03	43.30	—
Dec. 31, 2013	10.46	604 570	57 822	0.03	0.03	65.47	—
Dec. 31, 2012	10.93	436 796	39 968	0.03	0.03	61.97	—
Dec. 31, 2011	10.06	332 815	33 068	0.02	0.02	75.81	—
Dec. 31, 2010	9.90	161 894	16 345	0.02	0.02	82.86	—

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From August 12, 2013.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.50%	53%	47%
Advisor Series	1.50%	53%	47%
Series H	1.40%	57%	43%
Series D	0.90%	17%	83%
Series F	0.75%	—	100%
Series I	0.60%	—	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

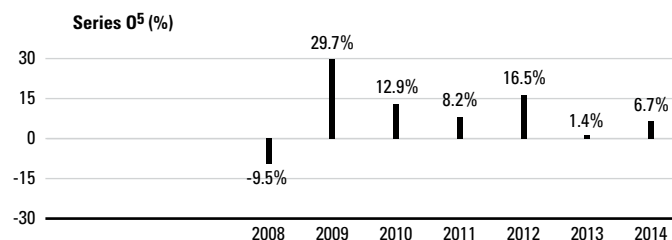
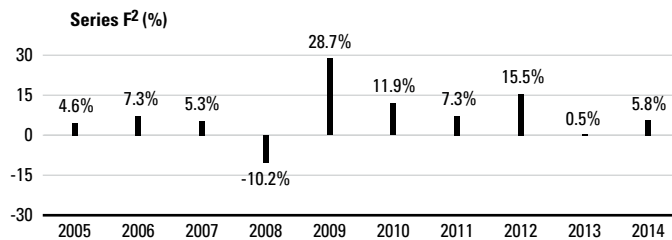
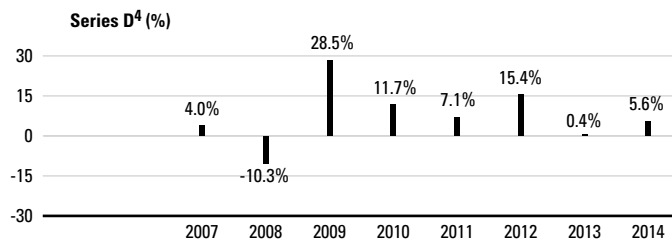
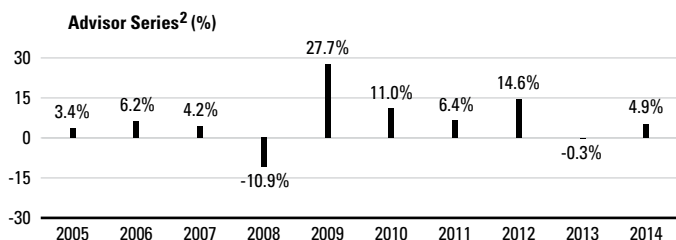
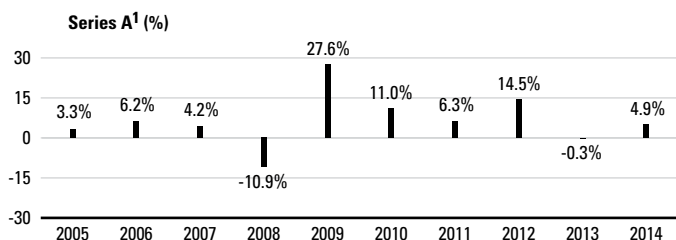


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

The blended benchmark (the "Benchmark") is composed of:

- 50% Bank of America Merrill Lynch U.S. High Yield BB-B Index (hedged to CAD)
- 50% JPMorgan Emerging Markets Bond Index Global Diversified (hedged to CAD)

The broad-based indexes are as follows:

Broad-based index 1 – Bank of America Merrill Lynch U.S. High Yield BB-B Index (hedged to CAD)

Broad-based index 2 – JPMorgan Emerging Markets Bond Index Global Diversified (hedged to CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	4.9	6.2	7.2	6.3	–
Benchmark	6.2	7.7	8.6	7.0	–
Broad-based index 1	4.3	8.8	9.1	6.6	–
Broad-based index 2	8.1	6.6	8.0	7.4	–
Advisor Series ²	4.9	6.2	7.2	6.3	–
Benchmark	6.2	7.7	8.6	7.0	–
Broad-based index 1	4.3	8.8	9.1	6.6	–
Broad-based index 2	8.1	6.6	8.0	7.4	–
Series H ³	5.1	–	–	–	5.4
Benchmark	6.2	–	–	–	8.2
Broad-based index 1	4.3	–	–	–	6.8
Broad-based index 2	8.1	–	–	–	9.5
Series D ⁴	5.6	6.9	7.9	–	7.8
Benchmark	6.2	7.7	8.6	–	7.6
Broad-based index 1	4.3	8.8	9.1	–	7.4
Broad-based index 2	8.1	6.6	8.0	–	7.6
Series F ²	5.8	7.1	8.1	7.3	–
Benchmark	6.2	7.7	8.6	7.0	–
Broad-based index 1	4.3	8.8	9.1	6.6	–
Broad-based index 2	8.1	6.6	8.0	7.4	–
Series I ³	6.0	–	–	–	6.3
Benchmark	6.2	–	–	–	8.2
Broad-based index 1	4.3	–	–	–	6.8
Broad-based index 2	8.1	–	–	–	9.5
Series O ⁵	6.7	8.0	9.0	–	8.8
Benchmark	6.2	7.7	8.6	–	7.4
Broad-based index 1	4.3	8.8	9.1	–	7.5
Broad-based index 2	8.1	6.6	8.0	–	7.2

The returns of each series may vary because of differences in management fees and expenses. The Benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark and broad-based indexes.

¹ Inception date July 17, 2003.

² Inception date October 29, 2001.

³ Inception date August 12, 2013.

⁴ Inception date July 3, 2007.

⁵ Inception date January 1, 2008.

INDEX DESCRIPTIONS

Bank of America Merrill Lynch U.S. High Yield BB-B Index (hedged to CAD)

This index tracks the performance of the majority of U.S. dollar-denominated corporate debt that is below investment grade and issued in the U.S. market. Qualifying securities must have at least one year remaining to maturity and a minimum amount outstanding of \$100 million. The index is hedged to Canadian dollars.

JPMorgan Emerging Markets Bond Index Global Diversified (hedged to CAD)

This index is a broad measure of the performance of U.S. dollar-denominated emerging-market debt in the Americas, Europe, Asia, the Middle East and Africa. The index limits the weights of countries with larger amounts of debt by including only a specific portion of their debt outstanding. The index is hedged to Canadian dollars.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
United States	40.9
Other Countries	26.4
Canada	6.3
Mexico	3.1
Indonesia	2.6
Philippines	2.1
Turkey	2.1
Colombia	2.1
Kazakhstan	2.1
Brazil	1.7
Peru	1.7
Chile	1.6
Russia	1.5
Croatia	1.4
Income Funds	4.9
Cash/Other	(0.5)

Top 25 Holdings

	% of Net Asset Value
BlueBay Emerging Markets Corporate Bond Fund	4.9
Cash & Cash Equivalents	1.6
Corp Nacional del Cobre de Chile USD 3.875% Nov 3 21	1.4
Russian Federation USD 5.000% Mar 31 30	1.1
Republic of Philippines USD 8.375% Jun 17 19	1.0
Republic of Peru USD 7.350% Jul 21 25	1.0
HCA Inc. 5.875% Mar 15 22	1.0
Republic of Panama USD 7.125% Jan 29 26	1.0
Republic of Philippines USD 7.750% Jan 14 31	0.9
United States Treasury 2.500% May 15 24	0.9
Republic of Colombia USD 8.125% May 21 24	0.8
Smithfield Foods Inc. 6.625% Aug 15 22	0.7
Croatia Government USD 6.750% Nov 5 19	0.7
Access Midstream Partners LP 4.875% May 15 23	0.7
Toll Brothers Finance Corp. 5.875% Feb 15 22	0.7
Petroleos Mexicanos USD 6.000% Mar 5 20	0.7
Dominican Republic USD 7.500% May 6 21	0.7
Perusahaan Listrik Negara PT USD 5.500% Nov 22 21	0.7
Standard Pacific Corp. 8.375% Jan 15 21	0.7
Sinochem Overseas Capital Co. Ltd. USD 4.500% Nov 12 20	0.7
T-Mobile USA Inc. 6.625% Apr 1 23	0.6
Comision Federal de Electricidad USD 4.875% May 26 21	0.6
Slovenia Government USD 5.500% Oct 26 22	0.6
United Rentals North America Inc. 7.625% Apr 15 22	0.6
KazMunayGas National Co. JSC USD 5.750% Apr 30 43	0.6
Top 25 Holdings	24.9

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



FIXED-INCOME FUND

**RBC MONTHLY INCOME
HIGH YIELD BOND FUND**

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide regular monthly income with a potential for modest capital appreciation by investing primarily in units of other mutual funds managed by RBC GAM or an affiliate of RBC GAM (called the “underlying funds”), emphasizing mutual funds that invest in higher-yielding fixed-income securities.

To achieve its objective, the Fund selects underlying funds from the RBC Funds family or PH&N Funds family that primarily invest in investment-grade and high-yield corporate and emerging-market sovereign and corporate fixed-income securities for inclusion in the Fund.

The portfolio manager allocates and rebalances the Fund’s assets among underlying funds based on the underlying funds’ ability to help the Fund meet its investment objectives.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund’s overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund’s net asset value rose to \$24 million as of December 31, 2014, from \$8 million at the end of 2013. Most of the change was due to net inflows.

Over the past year, the Fund’s Series A units gained 7.7%, which underperformed the 8.8% rise in the benchmark. The Fund’s return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The Fund made monthly distributions of 2.90 cents per Series A unit in 2014. For the year, the Fund made total distributions of approximately 47 cents per Series A unit, consisting of 34 cents per unit of income and 13 cents per unit of capital gains, including an additional year-end distribution.

Bond yields, both in Canada and globally, declined from the beginning of the year for a number of reasons including demand for safety amid geopolitical conflict; looser Eurozone and Japanese monetary policies; new regulatory requirements for banks; and demand from pension funds looking to match cash flows with retirement payouts. In addition, the abrupt and astonishingly large decline in oil prices in the second half of the year led to global concern about deflation and stoked overall demand for fixed-income investments.

Canadian bonds performed in line with U.S. fixed income, with long-maturity bonds delivering double-digit returns and far outpacing returns on short-term securities. Provincial and corporate bonds, viewed generally as more risky than federal government bonds, had mixed performance. Short- to medium-maturity provincial and corporate bonds outperformed federal government bonds on strong investor appetite for yield in the low-interest-rate environment. Prices of riskier assets such as U.S. high-yield corporate and emerging-market bonds declined due to exposure to the poorly performing Energy sector, where falling oil prices raised concerns about the ability of energy-related issuers to honour their debts. All of the Fund’s holdings had a positive impact on returns, led by the RBC Emerging Markets Bond Fund and the RBC Global Corporate Bond Fund. The RBC Global High Yield Bond Fund and the BlueBay Emerging Markets Corporate Bond Fund also aided performance.

Recent Developments

With bond yields in all major markets now well below equilibrium, valuation risk is again evident in sovereign fixed-income markets and bonds may be at risk of an abrupt upwards adjustment in yields. The portfolio manager’s expectation that U.S. growth and inflation will tick upwards in 2015 reinforces the portfolio manager’s belief that bond yields are unsustainably low. Low or even negative total returns for bondholders are likely as rising bond yields could result in capital losses, more than offsetting coupon income.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada (“Royal Bank”) and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund’s day-to-day operations, holds title to the Fund’s property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients’ Series A, Advisor Series, Series H and Series D units.



Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	10.03	0.50	(0.18)	0.17	0.14	0.63	(0.34)	–	(0.13)	–	(0.47)	10.33
Dec. 31, 2013 ³	10.00 [†]	0.26	(0.07)	0.02	0.05	0.26	(0.20)	–	(0.02)	–	(0.22)	10.03
Advisor Series												
Dec. 31, 2014	10.04	0.47	(0.17)	0.16	0.14	0.60	(0.34)	–	(0.13)	–	(0.47)	10.35
Dec. 31, 2013 ³	10.00 [†]	0.26	(0.07)	0.02	0.04	0.25	(0.19)	–	(0.02)	–	(0.21)	10.04
Series H												
Dec. 31, 2014	10.00	0.64	(0.15)	0.22	0.18	0.89	(0.34)	–	(0.13)	–	(0.47)	10.33
Dec. 31, 2013 ³	10.00 [†]	0.26	(0.07)	0.03	0.07	0.29	(0.23)	–	(0.02)	–	(0.25)	10.00
Series D												
Dec. 31, 2014	10.07	0.50	(0.11)	0.18	0.14	0.71	(0.34)	–	(0.13)	–	(0.47)	10.45
Dec. 31, 2013 ³	10.00 [†]	0.26	(0.05)	0.01	0.04	0.26	(0.18)	–	(0.02)	–	(0.20)	10.07
Series F												
Dec. 31, 2014	10.08	0.55	(0.09)	0.19	0.16	0.81	(0.34)	–	(0.13)	–	(0.47)	10.48
Dec. 31, 2013 ³	10.00 [†]	0.26	(0.04)	0.02	0.04	0.28	(0.18)	–	(0.02)	–	(0.20)	10.08
Series I												
Dec. 31, 2014	9.98	0.45	(0.07)	0.16	0.13	0.67	(0.34)	–	(0.13)	–	(0.47)	10.38
Dec. 31, 2013 ³	10.00 [†]	0.26	(0.04)	0.06	0.15	0.43	(0.29)	–	(0.02)	–	(0.31)	9.98
Series O												
Dec. 31, 2014	10.00	0.54	–	0.19	0.16	0.89	(0.34)	–	(0.13)	–	(0.47)	10.49
Dec. 31, 2013 ³	10.00 [†]	0.26	(0.01)	0.07	0.19	0.51	(0.30)	–	(0.02)	–	(0.32)	10.00

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From August 12, 2013.

[†] Initial offering net asset value per unit.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	10.33	16 050	1 554	1.82	1.84	13.50	—
Dec. 31, 2013 ⁴	10.03	6 169	615	1.84	1.88	n/a	—
Advisor Series							
Dec. 31, 2014	10.35	1 699	164	1.72	1.74	13.50	—
Dec. 31, 2013 ⁴	10.04	185	18	1.84	1.88	n/a	—
Series H							
Dec. 31, 2014	10.33	1	—	1.54	1.56	13.50	—
Dec. 31, 2013 ⁴	10.00	15	1	1.67	1.71	n/a	—
Series D							
Dec. 31, 2014	10.45	5 556	532	1.12	1.14	13.50	—
Dec. 31, 2013 ⁴	10.07	1 524	151	1.16	1.20	n/a	—
Series F							
Dec. 31, 2014	10.48	145	14	0.93	0.95	13.50	—
Dec. 31, 2013 ⁴	10.08	98	10	0.99	1.03	n/a	—
Series I							
Dec. 31, 2014	10.38	383	37	0.77	0.79	13.50	—
Dec. 31, 2013 ⁴	9.98	1	—	0.82	0.86	n/a	—
Series O							
Dec. 31, 2014	10.49	1	—	0.11	0.13	13.50	—
Dec. 31, 2013 ⁴	10.00	2	—	0.11	0.15	n/a	—

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

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⁴ From August 12, 2013.

Management Fees

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	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.50%	50%	50%
Advisor Series	1.50%	50%	50%
Series H	1.35%	56%	44%
Series D	0.90%	17%	83%
Series F	0.75%	—	100%
Series I	0.60%	—	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.



PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

FTSE TMX Canada Universe Bond Index

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	7.7	–	–	–	7.4
Benchmark	8.8	–	–	–	7.2
Advisor Series ¹	7.8	–	–	–	7.5
Benchmark	8.8	–	–	–	7.2
Series H ¹	8.1	–	–	–	7.7
Benchmark	8.8	–	–	–	7.2
Series D ¹	8.5	–	–	–	8.1
Benchmark	8.8	–	–	–	7.2
Series F ¹	8.7	–	–	–	8.4
Benchmark	8.8	–	–	–	7.2
Series I ¹	8.9	–	–	–	8.5
Benchmark	8.8	–	–	–	7.2
Series O ¹	9.7	–	–	–	9.4
Benchmark	8.8	–	–	–	7.2

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date August 12, 2013.

INDEX DESCRIPTION

FTSE TMX Canada Universe Bond Index* This index is designed as a broad measure of the Canadian investment-grade fixed-income market and includes bonds with maturities of at least one year.

* FTSE TMX fixed-income benchmarks were known as the DEX benchmarks before a name change.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Income Funds	98.5
Cash/Other	1.5

Top 25 Holdings*

	% of Net Asset Value
RBC Global Corporate Bond Fund	25.8
RBC High Yield Bond Fund	15.8
RBC Global High Yield Bond Fund	15.7
BlueBay Emerging Markets Corporate Bond Fund	15.5
RBC Emerging Markets Bond Fund	15.4
BlueBay Global Convertible Bond Fund (Canada)	10.3
Cash & Cash Equivalents	1.5
Total	100.0

* The Fund holds fewer than 25 holdings.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



FIXED-INCOME FUND

**RBC EMERGING MARKETS
FOREIGN EXCHANGE FUND**

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide total returns associated with those of emerging-market currencies and short-term interest rates.

To achieve the objective, the Fund uses derivatives such as foreign-exchange forward contracts that give investors exposure to currencies in emerging market countries including China, Russia, Singapore, Mexico, India, Brazil, Poland, Thailand, Turkey, Indonesia, Malaysia, South Africa, the Philippines, Colombia and Peru. The Fund invests most of its assets in Canadian money-market instruments.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund was launched on November 17, 2014, and its net asset value was \$170 million as of December 31, 2014. Investment performance is not provided for a fund that has been available for less than one year.

Recent Developments

The portfolio manager expects emerging-market currencies to outperform the Canadian dollar in 2015, helped by relatively higher interest rates in developing economies. The portfolio manager will tend to favour emerging markets with stable growth outlooks, contained fiscal pressures and reduced political uncertainty. A further rise in volatility will present the portfolio manager with opportunities to take advantage of short-term situations where currencies trade above or below where one would expect given interest rates and other valuation factors.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. There were no related-party commissions.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series 0												
Dec. 31, 2014³	9.95[†]	0.12	-	0.16	(1.05)	(0.77)	(0.02)	-	(0.03)	-	(0.05)	10.04

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From October 29, 2012. Although Series 0 units of the Fund were created in October 2012, units were not offered for sale under a simplified prospectus until November 17, 2014.

[†] Initial offering net asset value per unit

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series 0							
Dec. 31, 2014⁴	10.04	169 502	16 884	0.02	0.03	n/a	n/a

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From October 29, 2012. Although Series 0 units of the Fund were created in October 2012, units were not offered for sale under a simplified prospectus until November 17, 2014.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. No management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

PAST PERFORMANCE

Investment performance in respect of a fund that has been available for less than one year is not provided. Although Series O units of the Fund were created on October 29, 2012, units were not offered for sale under a simplified prospectus until November 17, 2014.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Commercial Paper	59.8
Bankers Acceptances and Bank Obligations	41.7
Cash/Other	(1.5)

Top 25 Holdings*

	% of Net Asset Value
Cash & Cash Equivalents	100.0
Total	100.0

* The Fund holds fewer than 25 holdings.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



FIXED-INCOME FUND

RBC EMERGING MARKETS BOND FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor: RBC Global Asset Management (UK) Limited, London, England

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

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MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide total returns comprised of interest income and capital growth by investing primarily in government debt securities of emerging market countries. The Fund may also invest in emerging market corporate bonds and government debt securities of developed countries.

To achieve the Fund's objective, the portfolio manager invests mainly in U.S. dollar-denominated bonds issued by the governments of Brazil, Russia, Mexico, Turkey, Philippines, China, Indonesia, Malaysia, Venezuela, Colombia, South Africa, Poland, Panama, Lebanon and Peru. The Fund may also invest in bonds of these countries denominated in another G-7 currency or in the local currencies of these countries.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$437 million as of December 31, 2014, from \$362 million at the end of 2013. Of the change, \$57 million was due to investment returns and \$18 million to net inflows.

Over the past year, the Fund's Series A units gained 14.7%, which underperformed the 17.5% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while the benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

Concern mounted in early 2014 that stronger U.S. economic growth would push up U.S. interest rates, leading to declines in emerging-market bonds and other assets closely linked to changes in U.S. interest rates. As the year wore on, growth in the Eurozone, Japan and China had either slowed or disappointed, and fears of higher U.S. interest rates receded, generating a rally in emerging-market bonds through the summer. However, this slower-growth backdrop ultimately produced declines in commodity prices, with oil plunging on worries that new supplies in North America had created too much supply to justify prices near \$100 a barrel. By the end of the year, oil prices traded at their lowest in six years, near \$55 a barrel. A significant number of the countries in the benchmark are major oil exporters that depend on foreign currency earned from oil to finance government spending. As a result, bonds of economies linked closely to oil such as Russia, Venezuela and Kazakhstan underperformed global bonds

generally. The intensification of hostilities between Ukraine and Russia dragged down bonds of both countries, and sanctions imposed by the U.S. and Europe on Russia's economy added to the pressure.

The sub-advisor steered a conservative course, keeping the overall quality of the Fund higher than the benchmark and maintaining relatively high exposure to shorter-term bonds on concern about the effect of a potential rise in U.S. interest rates. This preference for shorter-term securities was a negative for the Fund's relative performance, as longer-term bonds benefited more from the decline in U.S. Treasury yields amid demand for bonds perceived as offering protection against geopolitical tensions. The negative impact on performance from shorter-term bonds was offset by above-benchmark exposure to debt of countries perceived as being safer investments. During the first quarter of the year, the sub-advisor began reducing holdings of Russian and Ukrainian bonds as it became clear that the armed conflict and sanctions imposed by Europe and the U.S. would have a more sustained impact on the countries' finances. Relatively low exposure to Venezuela also aided returns, as did devoting a portion of the portfolio to bonds of Ireland, Spain and Qatar, and to U.S. Treasuries.

Recent Developments

The imposition of higher capital requirements on banks in the wake of the financial crisis has reduced dealers' willingness to make markets in emerging-market bonds, a situation that has led to a more difficult environment for investors seeking to sell bonds. As a result, market declines have sometimes been bigger than the sub-advisor believes is warranted, and have created investment opportunities in countries such as Brazil and Kazakhstan.

The sub-advisor believes that leaders in a number of emerging markets understand that structural reforms will be required for them to return to the higher economic-growth rates of the past. Mexico, and more recently Indonesia, India and Morocco, are taking such steps, and Brazil has a reform-minded finance minister to counter the populist policies that have been dominating the country's economic decision-making. The Fund has been increasing exposure to reform-minded countries while reducing allocations to markets such as Hungary, where the government has passed laws that are deterring investment and are likely to lead to weaker economic growth.

The recent collapse in oil prices has led to big declines in prices of bonds of companies in the energy industry. Bonds of companies and countries that export other commodities have also experienced declines, although not as extreme. The sub-advisor will continue to steer a conservative course by emphasizing countries that benefit from commodity-price declines or whose balance sheets leave them better positioned to withstand further price weakness.

Effective August 11, 2014, Series H and Series I units of the Fund were launched.



Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Sub-Advisor

RBC Global Asset Management (UK) Limited is the sub-advisor and provides investment advice for the Fund.

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	9.99	0.58	(0.19)	0.37	0.71	1.47	(0.37)	–	(0.21)	–	(0.58)	10.86
Dec. 31, 2013	10.30	0.56	(0.18)	0.08	(0.40)	0.06	(0.38)	–	(0.04)	–	(0.42)	9.96
Dec. 31, 2012	9.53	0.55	(0.18)	0.14	0.55	1.06	(0.34)	–	–	–	(0.34)	10.30
Dec. 31, 2011	9.23	0.58	(0.16)	(0.19)	0.53	0.76	(0.39)	–	–	–	(0.39)	9.53
Dec. 31, 2010 ³	10.00 [†]	0.19	(0.07)	(0.17)	(0.79)	(0.84)	(0.08)	–	–	–	(0.08)	9.23
Advisor Series												
Dec. 31, 2014	9.98	0.58	(0.19)	0.37	0.71	1.47	(0.38)	–	(0.21)	–	(0.59)	10.85
Dec. 31, 2013	10.28	0.56	(0.18)	0.08	(0.40)	0.06	(0.37)	–	(0.04)	–	(0.41)	9.95
Dec. 31, 2012	9.53	0.55	(0.17)	0.14	0.55	1.07	(0.35)	–	–	–	(0.35)	10.28
Dec. 31, 2011	9.23	0.58	(0.16)	(0.19)	0.54	0.77	(0.41)	–	–	–	(0.41)	9.53
Dec. 31, 2010 ³	10.00 [†]	0.18	(0.07)	(0.16)	(0.74)	(0.79)	(0.08)	–	–	–	(0.08)	9.23
Series H												
Dec. 31, 2014⁴	10.71[†]	0.22	(0.07)	0.14	0.27	0.56	(0.13)	–	(0.21)	–	(0.34)	10.92
Series D												
Dec. 31, 2014	10.09	0.58	(0.12)	0.38	0.71	1.55	(0.43)	–	(0.21)	–	(0.64)	10.99
Dec. 31, 2013	10.40	0.56	(0.11)	0.08	(0.41)	0.12	(0.46)	–	(0.04)	–	(0.50)	10.05
Dec. 31, 2012	9.61	0.53	(0.11)	0.13	0.53	1.08	(0.39)	–	–	–	(0.39)	10.40
Dec. 31, 2011	9.24	0.56	(0.10)	(0.19)	0.51	0.78	(0.40)	–	–	–	(0.40)	9.61
Dec. 31, 2010 ³	10.00 [†]	0.19	(0.04)	(0.17)	(0.79)	(0.81)	(0.10)	–	–	–	(0.10)	9.24
Series F												
Dec. 31, 2014	9.95	0.57	(0.10)	0.37	0.70	1.54	(0.44)	–	(0.21)	–	(0.65)	10.83
Dec. 31, 2013	10.26	0.56	(0.10)	0.08	(0.40)	0.14	(0.47)	–	(0.04)	–	(0.51)	9.92
Dec. 31, 2012	9.52	0.57	(0.09)	0.14	0.57	1.19	(0.44)	–	–	–	(0.44)	10.26
Dec. 31, 2011	9.23	0.59	(0.08)	(0.20)	0.54	0.85	(0.48)	–	–	–	(0.48)	9.52
Dec. 31, 2010 ³	10.00 [†]	0.18	(0.04)	(0.16)	(0.74)	(0.76)	(0.11)	–	–	–	(0.11)	9.23
Series I												
Dec. 31, 2014⁴	10.70[†]	0.21	(0.03)	0.14	0.26	0.58	(0.12)	–	(0.21)	–	(0.33)	10.95



FINANCIAL HIGHLIGHTS (cont.)

Change in Net Assets Per Unit (\$) (cont.)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series O												
Dec. 31, 2014	10.00	0.58	(0.01)	0.37	0.71	1.65	(0.57)	–	(0.21)	–	(0.78)	10.86
Dec. 31, 2013	10.30	0.56	(0.01)	0.08	(0.40)	0.23	(0.54)	–	(0.04)	–	(0.58)	9.97
Dec. 31, 2012	9.54	0.56	(0.01)	0.14	0.56	1.25	(0.51)	–	–	–	(0.51)	10.30
Dec. 31, 2011	9.20	0.57	(0.01)	(0.19)	0.52	0.89	(0.52)	–	–	–	(0.52)	9.54
Dec. 31, 2010 ³	10.00 [†]	0.19	–	(0.17)	(0.79)	(0.77)	(0.16)	–	–	–	(0.16)	9.20

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From August 23, 2010.

⁴ From August 11, 2014.

[†] Initial offering net asset value per unit.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	10.86	33 408	3 075	1.78	1.78	65.47	–
Dec. 31, 2013	9.99	29 689	2 971	1.78	1.78	81.88	–
Dec. 31, 2012	10.34	30 281	2 929	1.76	1.76	66.30	–
Dec. 31, 2011	9.58	11 259	1 176	1.76	1.76	79.23	–
Dec. 31, 2010 ⁴	9.27	6 362	686	1.71	1.71	50.46	–
Advisor Series							
Dec. 31, 2014	10.85	34 308	3 162	1.78	1.78	65.47	–
Dec. 31, 2013	9.98	33 244	3 329	1.79	1.79	81.88	–
Dec. 31, 2012	10.32	31 059	3 009	1.73	1.73	66.30	–
Dec. 31, 2011	9.57	14 120	1 476	1.75	1.75	79.23	–
Dec. 31, 2010 ⁴	9.27	11 394	1 229	1.65	1.65	50.46	–
Series H							
Dec. 31, 2014⁵	10.92	1	–	1.52	1.52	65.47	–
Series D							
Dec. 31, 2014	10.99	7 945	723	1.11	1.11	65.47	–
Dec. 31, 2013	10.09	4 646	461	1.11	1.11	81.88	–
Dec. 31, 2012	10.44	5 857	561	1.12	1.12	66.30	–
Dec. 31, 2011	9.65	1 061	110	1.11	1.11	79.23	–
Dec. 31, 2010 ⁴	9.28	288	31	1.03	1.03	50.46	–
Series F							
Dec. 31, 2014	10.83	58 925	5 439	0.95	0.95	65.47	–
Dec. 31, 2013	9.95	37 332	3 752	0.95	0.95	81.88	–
Dec. 31, 2012	10.30	40 591	3 940	0.94	0.94	66.30	–
Dec. 31, 2011	9.56	25 334	2 651	0.96	0.96	79.23	–
Dec. 31, 2010 ⁴	9.27	27 372	2 953	0.87	0.87	50.46	–
Series I							
Dec. 31, 2014⁵	10.95	1 843	168	0.79	0.79	65.47	–



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data (cont.)

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series O							
Dec. 31, 2014	10.86	300 631	27 695	0.11	0.11	65.47	—
Dec. 31, 2013	10.00	257 035	25 704	0.11	0.11	81.88	—
Dec. 31, 2012	10.34	272 354	26 339	0.11	0.11	66.30	—
Dec. 31, 2011	9.58	131 753	13 757	0.12	0.12	79.23	—
Dec. 31, 2010 ⁴	9.25	57 618	6 232	0.10	0.10	50.46	—

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From August 23, 2010.

⁵ From August 11, 2014.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.50%	50%	50%
Advisor Series	1.50%	50%	50%
Series H	1.35%	56%	44%
Series D	0.90%	17%	83%
Series F	0.75%	—	100%
Series I	0.60%	—	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

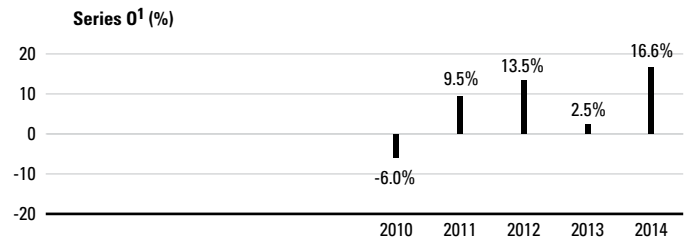
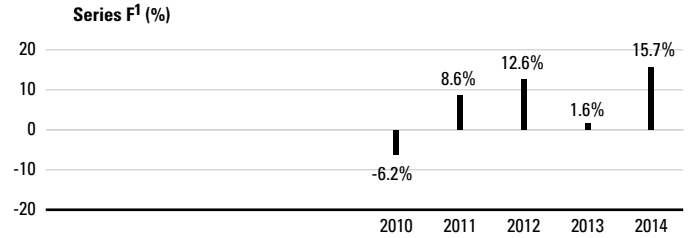
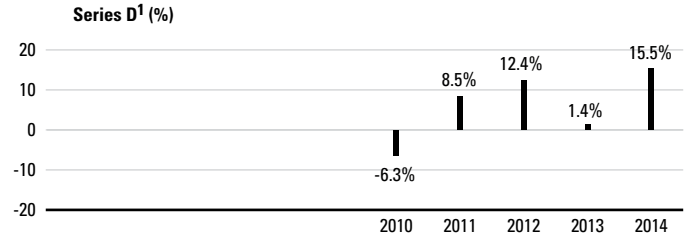
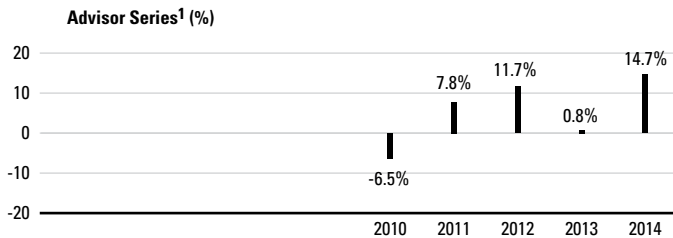
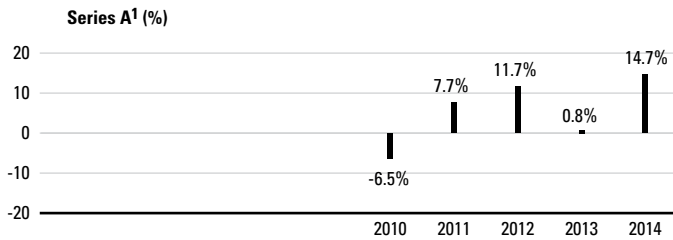


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

JPMorgan Emerging Markets Bond Index Global Diversified (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	14.7	8.9	–	–	6.2
Benchmark	17.5	10.9	–	–	8.0
Advisor Series ¹	14.7	8.9	–	–	6.2
Benchmark	17.5	10.9	–	–	8.0
Series H ²	–	–	–	–	5.1
Benchmark	–	–	–	–	4.3
Series D ¹	15.5	9.6	–	–	6.9
Benchmark	17.5	10.9	–	–	8.0
Series F ¹	15.7	9.8	–	–	7.1
Benchmark	17.5	10.9	–	–	8.0
Series I ²	–	–	–	–	5.5
Benchmark	–	–	–	–	4.3
Series O ¹	16.6	10.7	–	–	8.0
Benchmark	17.5	10.9	–	–	8.0

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date August 23, 2010.

² Inception date August 11, 2014.

INDEX DESCRIPTION

JPMorgan Emerging Markets Bond Index Global Diversified (CAD) This index is a broad measure of the performance of U.S. dollar-denominated emerging-market debt in the Americas, Europe, Asia, the Middle East and Africa. The index limits the weights of countries with larger amounts of debt by including only a specific portion of their debt outstanding.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Other Countries	28.3
Mexico	7.4
Indonesia	5.9
Turkey	5.0
Philippines	4.9
Colombia	4.7
Kazakhstan	4.7
Brazil	4.0
Peru	3.8
Russia	3.6
Chile	3.6
Panama	3.1
Croatia	3.0
Dominican Republic	2.4
China	2.4
Azerbaijan	2.4
Poland	2.3
United States	2.2
Romania	2.1
United Arab Emirates	1.9
Cash/Other	2.3

Top 25 Holdings

	% of Net Asset Value
Corp Nacional del Cobre de Chile USD 3.875% Nov 3 21	3.2
Russian Federation USD 5.000% Mar 31 30	2.7
Republic of Philippines USD 8.375% Jun 17 19	2.3
Republic of Peru USD 7.350% Jul 21 25	2.3
United States Treasury 2.500% May 15 24	2.2
Republic of Panama USD 7.125% Jan 29 26	2.2
Republic of Philippines USD 7.750% Jan 14 31	2.1
Republic of Colombia USD 8.125% May 21 24	2.0
Croatia Government USD 6.750% Nov 5 19	1.8
Dominican Republic USD 7.500% May 6 21	1.5
Petroleos Mexicanos USD 6.000% Mar 5 20	1.5
Republic of Turkey USD 7.500% Jul 14 17	1.5
KazMunayGas National Co. JSC USD 5.750% Apr 30 43	1.5
Sinochem Overseas Capital Co. Ltd. USD 4.500% Nov 12 20	1.5
Romanian Government USD 6.750% Feb 7 22	1.5
Perusahaan Listrik Negara PT USD 5.500% Nov 22 21	1.5
Comision Federal de Electricidad USD 4.875% May 26 21	1.5
Slovenia Government USD 5.500% Oct 26 22	1.4
Government of Poland USD 6.375% Jul 15 19	1.4
Hungary Government USD 4.125% Feb 19 18	1.3
Republic of Guatemala USD 5.750% Jun 6 22	1.3
State Oil Co. of the Azerbaijan Republic USD 5.450% Feb 9 17	1.3
Government of Indonesia USD 4.875% May 5 21	1.3
Republic of Colombia USD 6.125% Jan 18 41	1.2
KazMunaiGaz Finance Sub BV USD 9.125% Jul 2 18	1.2
Top 25 Holdings	43.2

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



FIXED-INCOME FUND

**BLUEBAY GLOBAL
MONTHLY INCOME BOND FUND**

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor: BlueBay Asset Management LLP, London, England

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide high regular monthly income and total returns comprised of interest income and modest capital appreciation. To achieve the Fund's objectives, the portfolio manager invests primarily in global high-yield debt securities, emerging market government and corporate debt securities, and global convertible bonds either directly or indirectly through investments in other mutual funds managed by RBC GAM or an affiliate.

Global high-yield debt includes securities of companies rated below investment grade, which can be domiciled or carry out business anywhere in the world. Emerging market debt includes bonds issued by emerging market issuers or entities domiciled in an emerging market country, and which can be denominated in U.S. dollars, the currency of another G-7 country or in the local currency of an emerging market country. Global convertible bonds include securities issued by entities that can be domiciled or carry out business anywhere in the world.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$1.2 billion as of December 31, 2014, from \$632 million at the end of 2013. Most of the change was due to net inflows.

Over the past year, the Fund's Series A units gained 3.0%, which underperformed the 8.8% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while the benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

During 2014, the Fund made monthly distributions of 3.35 cents per Series A unit. For the year, the Fund made total distributions of approximately 40 cents per Series A unit, consisting of 32 cents per unit of income and 8 cents in return of capital.

Bond yields declined substantially overall in 2014, leading to significant fixed-income gains and confounding the expectations of many investors that rates would rise. Falling inflation and a weakening Eurozone economy were the principal factors pushing down yields, with a big drop in the price of oil exacerbating this dynamic as the year progressed. Yields in much of the Eurozone dropped to record lows, with German government bonds trading near

the levels of Japanese government bonds, after the European Central Bank (the "ECB") started charging banks on deposits and signalled that it would enact a policy of extraordinary monetary stimulus. While yields on high-quality government bonds fell to record lows, yields on higher-yielding bonds rose in the second half of the year amid concerns about lower oil prices and worries that investors would have trouble selling their bonds in a crisis. The U.S. corporate-bond market, which has significant exposure to the Energy sector, substantially underperformed corporate bonds in the Eurozone.

The allocation to high-yield corporate bonds, which rose to 51% from 42% over the period, performed best. The second-largest allocation – to emerging-market government bonds – contributed to returns and was reduced to 16% from 40% over the period. The allocation to convertible bonds also contributed to returns, although to a lesser extent. The percentage allocated to convertible bonds was reduced to 10% from 16% over the year. A weighting in emerging-market corporate bonds, which was added this year, had a negative impact on performance.

Portfolio turnover is normally high for this Fund, as the sub-advisor attempts to generate better returns through active security selection.

Recent Developments

The sub-advisor believes that the broad decline in the Energy sector creates investment opportunities for investors able to identify companies that can weather the drop in oil prices. In emerging markets, the emphasis will be on increasing exposure to countries that will benefit from a sustained low oil price such as India, Indonesia, Turkey and Eastern European countries including Poland. The sub-advisor believes that the U.S. economy will remain robust with continued low inflation, and lower oil prices will stoke consumer demand. U.S. economic growth will be among the strongest globally in 2015 and the sub-advisor anticipates that it will outperform the Eurozone, where the ECB will be under pressure to use monetary policy as economic stimulus.

In the U.S. the economy has performed well, with the unemployment rate falling from 7.0% to 5.8% in the past 12 months. However, even as the economy has strengthened and the U.S. Federal Reserve has indicated that it expects to start raising interest rates in the middle of 2015, bond yields have rallied substantially, surprising many investors' expectations.



Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Sub-Advisor

BlueBay Asset Management LLP is the sub-advisor and provides investment advice for the Fund.

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series, Series H and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	9.98	0.52	(0.21)	(0.21)	0.01	0.11	(0.32)	–	–	(0.08)	(0.40)	9.89
Dec. 31, 2013	10.19	0.54	(0.21)	(0.21)	(0.02)	0.10	(0.34)	–	–	(0.06)	(0.40)	9.95
Dec. 31, 2012	9.43	0.52	(0.21)	0.34	0.56	1.21	(0.40)	–	(0.07)	–	(0.47)	10.19
Dec. 31, 2011 ³	10.00 [†]	0.20	(0.10)	(0.27)	(0.15)	(0.32)	(0.09)	–	–	(0.11)	(0.20)	9.43
Advisor Series												
Dec. 31, 2014	9.99	0.52	(0.21)	(0.22)	0.01	0.10	(0.32)	–	–	(0.08)	(0.40)	9.89
Dec. 31, 2013	10.20	0.54	(0.21)	(0.21)	(0.02)	0.10	(0.34)	–	–	(0.06)	(0.40)	9.96
Dec. 31, 2012	9.43	0.52	(0.20)	0.34	0.56	1.22	(0.40)	–	(0.07)	–	(0.47)	10.20
Dec. 31, 2011 ³	10.00 [†]	0.20	(0.10)	(0.27)	(0.15)	(0.32)	(0.09)	–	–	(0.11)	(0.20)	9.43
Series H												
Dec. 31, 2014	10.00	0.52	(0.20)	(0.21)	0.01	0.12	(0.32)	–	–	(0.08)	(0.40)	9.91
Dec. 31, 2013	10.20	0.53	(0.20)	(0.21)	(0.02)	0.10	(0.34)	–	–	(0.06)	(0.40)	9.97
Dec. 31, 2012 ⁴	9.88 [†]	0.20	(0.10)	0.13	0.21	0.44	(0.20)	–	(0.07)	–	(0.27)	10.20
Series D												
Dec. 31, 2014	10.16	0.53	(0.14)	(0.22)	0.01	0.18	(0.32)	–	–	(0.08)	(0.40)	10.14
Dec. 31, 2013	10.30	0.55	(0.14)	(0.22)	(0.02)	0.17	(0.34)	–	–	(0.06)	(0.40)	10.13
Dec. 31, 2012	9.46	0.51	(0.14)	0.33	0.54	1.24	(0.40)	–	(0.07)	–	(0.47)	10.30
Dec. 31, 2011 ³	10.00 [†]	0.21	(0.06)	(0.27)	(0.16)	(0.28)	(0.09)	–	–	(0.11)	(0.20)	9.46
Series F												
Dec. 31, 2014	10.20	0.53	(0.13)	(0.22)	0.01	0.19	(0.32)	–	–	(0.08)	(0.40)	10.20
Dec. 31, 2013	10.33	0.53	(0.13)	(0.21)	(0.02)	0.17	(0.34)	–	–	(0.06)	(0.40)	10.17
Dec. 31, 2012	9.47	0.52	(0.12)	0.34	0.56	1.30	(0.40)	–	(0.07)	–	(0.47)	10.33
Dec. 31, 2011 ³	10.00 [†]	0.20	(0.06)	(0.27)	(0.16)	(0.29)	(0.09)	–	–	(0.11)	(0.20)	9.47
Series I												
Dec. 31, 2014	10.22	0.55	(0.12)	(0.23)	0.01	0.21	(0.32)	–	–	(0.08)	(0.40)	10.22
Dec. 31, 2013	10.33	0.53	(0.12)	(0.21)	(0.02)	0.18	(0.34)	–	–	(0.06)	(0.40)	10.19
Dec. 31, 2012 ⁴	9.97 [†]	0.20	(0.06)	0.13	0.21	0.48	(0.20)	–	(0.07)	–	(0.27)	10.33



FINANCIAL HIGHLIGHTS (cont.)

Change in Net Assets Per Unit (\$) (cont.)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series O												
Dec. 31, 2014	10.34	0.48	(0.02)	(0.20)	0.01	0.27	(0.39)	–	–	(0.10)	(0.49)	10.35
Dec. 31, 2013	10.45	0.55	(0.02)	(0.22)	(0.02)	0.29	(0.42)	–	–	(0.07)	(0.49)	10.31
Dec. 31, 2012	9.54	0.53	(0.02)	0.35	0.57	1.43	(0.46)	–	(0.07)	–	(0.53)	10.45
Dec. 31, 2011 ³	10.00 [†]	0.22	(0.01)	(0.30)	(0.17)	(0.26)	(0.18)	–	–	–	(0.18)	9.54

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From July 11, 2011.

⁴ From July 9, 2012.

[†] Initial offering net asset value per unit.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	9.89	67 539	6 833	2.04	2.04	200.88	–
Dec. 31, 2013	9.98	67 294	6 742	2.05	2.05	148.39	–
Dec. 31, 2012	10.23	42 389	4 145	2.07	2.07	91.18	–
Dec. 31, 2011 ⁴	9.46	13 210	1 396	2.12	2.12	16.62	–
Advisor Series							
Dec. 31, 2014	9.89	67 207	6 797	2.05	2.05	200.88	–
Dec. 31, 2013	9.99	69 008	6 910	2.07	2.07	148.39	–
Dec. 31, 2012	10.23	34 392	3 361	2.00	2.00	91.18	–
Dec. 31, 2011 ⁴	9.46	10 987	1 161	2.12	2.12	16.62	–
Series H							
Dec. 31, 2014	9.91	4 524	457	1.92	1.92	200.88	–
Dec. 31, 2013	10.00	4 899	490	1.96	1.96	148.39	–
Dec. 31, 2012 ⁵	10.23	2 432	238	1.93	1.93	91.18	–
Series D							
Dec. 31, 2014	10.14	11 567	1 141	1.33	1.33	200.88	–
Dec. 31, 2013	10.16	10 217	1 006	1.35	1.35	148.39	–
Dec. 31, 2012	10.33	7 462	722	1.41	1.41	91.18	–
Dec. 31, 2011 ⁴	9.50	1 562	164	1.42	1.42	16.62	–
Series F							
Dec. 31, 2014	10.20	99 663	9 775	1.22	1.22	200.88	–
Dec. 31, 2013	10.20	97 616	9 567	1.23	1.23	148.39	–
Dec. 31, 2012	10.36	39 272	3 791	1.21	1.21	91.18	–
Dec. 31, 2011 ⁴	9.50	11 360	1 195	1.26	1.26	16.62	–
Series I							
Dec. 31, 2014	10.22	13 805	1 351	1.12	1.12	200.88	–
Dec. 31, 2013	10.22	20 898	2 045	1.14	1.14	148.39	–
Dec. 31, 2012 ⁵	10.36	7 093	684	1.14	1.14	91.18	–



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data (cont.)

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series 0							
Dec. 31, 2014	10.35	956 918	92 437	0.22	0.22	200.88	—
Dec. 31, 2013	10.34	362 132	35 028	0.22	0.22	148.39	—
Dec. 31, 2012	10.48	199 440	19 037	0.22	0.22	91.18	—
Dec. 31, 2011 ⁴	9.57	95 352	9 964	0.22	0.22	16.62	—

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From July 11, 2011.

⁵ From July 9, 2012.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.65%	45%	55%
Advisor Series	1.65%	45%	55%
Series H	1.55%	48%	52%
Series D	1.05%	14%	86%
Series F	0.90%	—	100%
Series I	0.80%	—	100%

Series 0 – no management fees are paid by the Fund with respect to Series 0 units. Series 0 unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

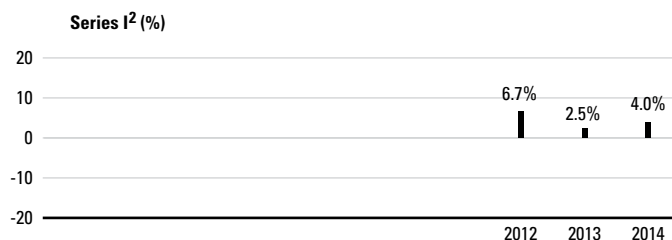
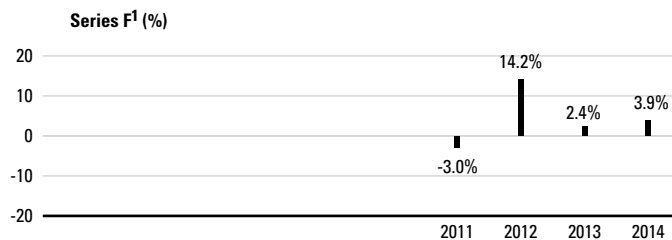
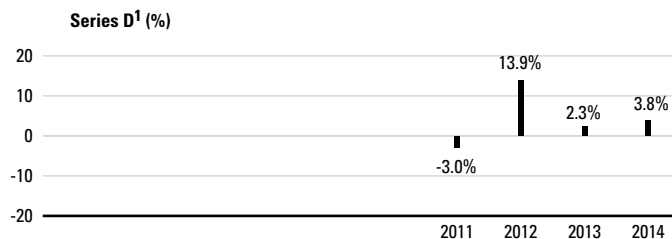
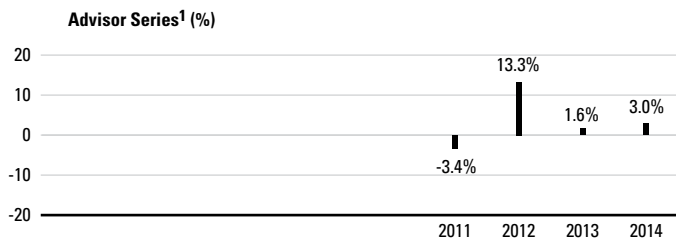
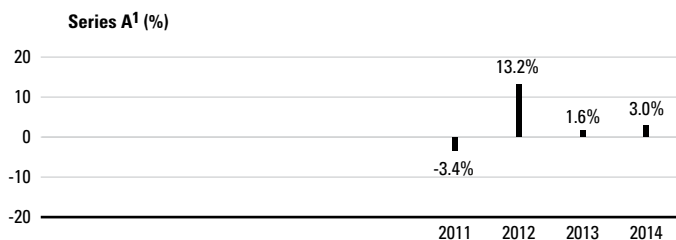


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

FTSE TMX Canada Universe Bond Index

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	3.0	5.8	–	–	4.0
Benchmark	8.8	3.7	–	–	4.7
Advisor Series ¹	3.0	5.8	–	–	4.0
Benchmark	8.8	3.7	–	–	4.7
Series H ²	3.2	–	–	–	4.5
Benchmark	8.8	–	–	–	3.4
Series D ¹	3.8	6.6	–	–	4.7
Benchmark	8.8	3.7	–	–	4.7
Series F ¹	3.9	6.7	–	–	4.9
Benchmark	8.8	3.7	–	–	4.7
Series I ²	4.0	–	–	–	5.3
Benchmark	8.8	–	–	–	3.4
Series O ¹	4.9	7.8	–	–	5.9
Benchmark	8.8	3.7	–	–	4.7

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date July 11, 2011.

² Inception date July 9, 2012.

INDEX DESCRIPTION

FTSE TMX Canada Universe Bond Index* This index is designed as a broad measure of the Canadian investment-grade fixed-income market and includes bonds with maturities of at least one year.

* FTSE TMX fixed-income benchmarks were known as the DEX benchmarks before a name change.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
United States	27.3
Other Countries	26.2
United Kingdom	6.2
China	3.4
Mexico	2.9
Indonesia	2.7
Turkey	2.5
Brazil	2.2
Germany	2.1
Romania	2.0
France	1.8
South Africa	1.7
Canada	1.7
Loans	6.9
Cash/Other	10.4

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	9.0
Romanian Government USD 4.375% Aug 22 23	1.0
Government of Poland USD 4.000% Jan 22 24	0.9
Unitymedia GmbH EUR 4.000% Jan 15 25	0.8
Dunkin' Brands Inc. USD 0.000% Feb 7 21	0.8
Eircom Finco S.a.r.l. EUR 4.589% Jun 11 20	0.8
Turkiye Is Bankasi USD 5.000% Apr 30 20	0.8
Taylor Morrison Communities Inc. 5.625% Jan 3 24	0.8
Bank of China Ltd. USD 5.000% Nov 13 24	0.8
United States 10-Year Note Future, March 2015	0.8
Republic of Brazil USD 2.625% Jan 5 23	0.8
Romanian Government USD 4.875% Jan 22 24	0.7
Kenya Government USD 6.875% Jun 24 24	0.7
Envision Healthcare Corp. 5.125% Jul 1 22	0.7
Government of Indonesia USD 3.375% Apr 15 23	0.7
Biomet Inc. 6.500% Aug 1 20	0.7
Cequel Communications Escrow 1 LLC 6.375% Sep 15 20	0.7
Epicor Software Corp. 8.625% May 1 19	0.7
The Geo Group Inc. 5.125% Apr 1 23	0.7
AMC Entertainment Inc. 5.875% Feb 15 22	0.7
Berry Plastics Corp. 5.500% May 15 22	0.7
Blackboard Inc. 7.750% Nov 15 19	0.6
The ADT Corp. 4.125% Jun 15 23	0.6
Hungary Government USD 6.375% Mar 29 21	0.6
Republic of Bulgaria EUR 2.950% Sep 3 24	0.6
Top 25 Holdings	26.7

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



FIXED-INCOME FUND

BLUEBAY EMERGING MARKETS CORPORATE BOND FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor: BlueBay Asset Management LLP, London, England

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE (in USD)

Investment Objective and Strategies

The Fund seeks to provide total returns comprised of interest income and modest capital appreciation.

To achieve its objective, the Fund invests primarily in U.S. dollar denominated debt securities of corporations based in emerging market countries. The Fund may also invest in government debt securities of emerging market and developed countries, as well as emerging market sovereign bonds and government debt securities of developed countries in local currencies or in another G7 currency. The portfolio manager conducts detailed company credit and industry analysis to identify opportunities offering a high probability of superior rates of return, while minimizing the risk of default.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value increased to \$520 million as of December 31, 2014, from \$419 million at the end of 2013. Most of the change was due to net inflows.

Over the past year, the Fund's Series A units gained 3.7%, which underperformed the 5.7% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while the benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

Developments that affected investors in 2014 included a decision by the U.S. Federal Reserve to end its program of extraordinary monetary stimulus; slowing economic growth in China; geopolitical conflict; and stronger U.S. growth relative to the Eurozone. Armed conflict between Russia and Ukraine arising from Russia's takeover of the Crimea region early in the year caused underperformance in both countries, and the emergence of the extremist group ISIS resulted in negative relative performance in the Middle East. In the second quarter, markets in India and Indonesia got a boost from elections perceived as investor-friendly, while elections in Brazil had a generally negative impact on returns in that country. The continuing decline in commodity prices, oil in particular, weighed on some emerging markets after OPEC decided against cutting production in late November.

The areas that had the largest negative impact on relative performance were technology, media and telecommunications, where Bharti Airtel and Brasil Telecom had a negative effect. Also weighing on returns was overweight exposure to Odebrecht and Hutchison Whampoa, as well as ONGC and Ras Laffan in oil and gas. Contributing to returns was overweight exposure to the Utilities sector, underweight exposure to the Industrials sector and above-benchmark exposure to infrastructure-related companies. A lack of relative exposure to Ukraine aided performance, and a weighting in Indonesia had a positive impact. Investments in Mexico, Venezuela and Colombia had a negative impact on performance.

Portfolio turnover is normally high for this Fund, as the sub-advisor attempts to generate better returns through active security selection.

Recent Developments

A key investment variable for 2015 will be oil. The sub-advisor does not foresee a sharp near-term recovery in the price, but also does not believe that this is necessarily a negative for emerging-market corporate debt. Rather, corporate debt in countries that benefit from lower oil prices – Turkey and South Africa, for example – should perform better than corporate debt from countries whose economies rely on oil such as Russia and most of Latin America.

In the likely event of further U.S. dollar strength, the sub-advisor believes that sectors such as Financials, Energy and Materials should fare better given tight regulation regarding hedging and significant U.S. dollar revenue streams in the resources sectors. On the flip side, domestically oriented areas such as Utilities, infrastructure and technology, media and telecommunications could prove less resilient. In terms of specific countries, Brazil is important given its size. Elsewhere, the conflict in Russia and Ukraine shows no signs of resolution, while the macroeconomic picture in both markets was worsening as 2014 came to an end. The sub-advisor believes that emerging-market corporate bonds are well placed to weather global uncertainties, given the significant extra yield they offer relative to investment-grade bonds.



Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Sub-Advisor

BlueBay Asset Management LLP is the sub-advisor and provides investment advice for the Fund.

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series, Series H and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS (in USD)

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	9.70	0.54	(0.21)	0.03	(0.06)	0.30	(0.35)	–	(0.37)	–	(0.72)	9.35
Dec. 31, 2013	10.73	0.52	(0.21)	(0.23)	(0.67)	(0.59)	(0.43)	–	(0.04)	–	(0.47)	9.66
Dec. 31, 2012 ³	10.00 [†]	0.48	(0.21)	0.24	0.53	1.04	(0.23)	–	(0.18)	–	(0.41)	10.73
Advisor Series												
Dec. 31, 2014	9.71	0.54	(0.21)	0.03	(0.06)	0.30	(0.36)	–	(0.37)	–	(0.73)	9.34
Dec. 31, 2013	10.72	0.52	(0.21)	(0.23)	(0.67)	(0.59)	(0.42)	–	(0.04)	–	(0.46)	9.67
Dec. 31, 2012 ³	10.00 [†]	0.48	(0.21)	0.23	0.53	1.03	(0.24)	–	(0.18)	–	(0.42)	10.72
Series H												
Dec. 31, 2014	9.73	0.55	(0.20)	0.03	(0.06)	0.32	(0.37)	–	(0.37)	–	(0.74)	9.36
Dec. 31, 2013	10.75	0.52	(0.21)	(0.23)	(0.67)	(0.59)	(0.43)	–	(0.04)	–	(0.47)	9.69
Dec. 31, 2012 ⁴	10.39 [†]	0.23	(0.11)	0.11	0.25	0.48	(0.11)	–	(0.18)	–	(0.29)	10.75
Series D												
Dec. 31, 2014	9.72	0.54	(0.14)	0.03	(0.06)	0.37	(0.40)	–	(0.37)	–	(0.77)	9.38
Dec. 31, 2013	10.78	0.53	(0.15)	(0.24)	(0.69)	(0.55)	(0.54)	–	(0.04)	–	(0.58)	9.67
Dec. 31, 2012 ³	10.00 [†]	0.48	(0.14)	0.23	0.53	1.10	(0.25)	–	(0.18)	–	(0.43)	10.78
Series F												
Dec. 31, 2014	9.75	0.54	(0.13)	0.03	(0.06)	0.38	(0.41)	–	(0.37)	–	(0.78)	9.41
Dec. 31, 2013	10.73	0.52	(0.13)	(0.23)	(0.67)	(0.51)	(0.48)	–	(0.04)	–	(0.52)	9.70
Dec. 31, 2012 ³	10.00 [†]	0.50	(0.13)	0.24	0.55	1.16	(0.31)	–	(0.18)	–	(0.49)	10.73
Series I												
Dec. 31, 2014	9.70	0.54	(0.11)	0.03	(0.06)	0.40	(0.45)	–	(0.37)	–	(0.82)	9.34
Dec. 31, 2013	10.73	0.52	(0.12)	(0.23)	(0.67)	(0.50)	(0.54)	–	(0.04)	–	(0.58)	9.66
Dec. 31, 2012 ⁴	10.39 [†]	0.23	(0.06)	0.11	0.25	0.53	(0.16)	–	(0.18)	–	(0.34)	10.73
Series O												
Dec. 31, 2014	9.72	0.53	(0.02)	0.03	(0.06)	0.48	(0.49)	–	(0.37)	–	(0.86)	9.41
Dec. 31, 2013	10.68	0.51	(0.02)	(0.23)	(0.67)	(0.41)	(0.56)	–	(0.04)	–	(0.60)	9.68
Dec. 31, 2012 ³	10.00 [†]	0.52	(0.02)	0.25	0.57	1.32	(0.45)	–	(0.18)	–	(0.63)	10.68

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From January 30, 2012.

⁴ From July 9, 2012.

[†] Initial offering net asset value per unit.



FINANCIAL HIGHLIGHTS (in USD) (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	9.35	3 746	401	2.10	2.10	149.67	0.01
Dec. 31, 2013	9.70	6 839	705	2.09	2.09	122.80	—
Dec. 31, 2012 ⁴	10.77	5 696	529	2.16	2.16	115.77	—
Advisor Series							
Dec. 31, 2014	9.34	2 613	280	2.10	2.10	149.67	0.01
Dec. 31, 2013	9.71	5 238	540	2.09	2.09	122.80	—
Dec. 31, 2012 ⁴	10.76	4 333	403	2.13	2.13	115.77	—
Series H							
Dec. 31, 2014	9.36	233	25	2.01	2.01	149.67	0.01
Dec. 31, 2013	9.73	928	95	2.07	2.07	122.80	—
Dec. 31, 2012 ⁵	10.79	726	67	2.03	2.03	115.77	—
Series D							
Dec. 31, 2014	9.38	2 231	238	1.38	1.38	149.67	0.01
Dec. 31, 2013	9.72	2 338	241	1.40	1.40	122.80	—
Dec. 31, 2012 ⁴	10.82	4 004	370	1.47	1.47	115.77	—
Series F							
Dec. 31, 2014	9.41	7 936	843	1.27	1.27	149.67	0.01
Dec. 31, 2013	9.75	10 264	1 053	1.27	1.27	122.80	—
Dec. 31, 2012 ⁴	10.77	7 690	714	1.29	1.29	115.77	—
Series I							
Dec. 31, 2014	9.34	1 731	185	1.11	1.11	149.67	0.01
Dec. 31, 2013	9.70	2 853	294	1.12	1.12	122.80	—
Dec. 31, 2012 ⁵	10.78	3 084	286	1.20	1.20	115.77	—
Series O							
Dec. 31, 2014	9.41	501 991	53 325	0.22	0.22	149.67	0.01
Dec. 31, 2013	9.72	390 954	40 202	0.23	0.23	122.80	—
Dec. 31, 2012 ⁴	10.72	274 317	25 583	0.22	0.22	115.77	—

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From January 30, 2012.

⁵ From July 9, 2012.



FINANCIAL HIGHLIGHTS (in USD) (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.70%	44%	56%
Advisor Series	1.70%	44%	56%
Series H	1.60%	47%	53%
Series D	1.10%	14%	86%
Series F	0.95%	–	100%
Series I	0.85%	–	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

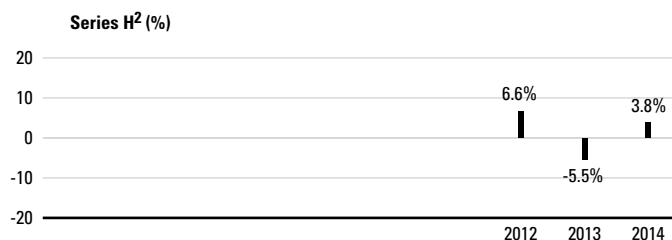
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE (in USD)

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund’s performance for each of the years shown, and illustrates how the Fund’s performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (in USD) (cont.)



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

JPMorgan Corporate Emerging Markets Bond Diversified Index (USD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	3.7	—	—	—	3.2
Benchmark	5.7	—	—	—	1.9
Advisor Series ¹	3.7	—	—	—	3.2
Benchmark	5.7	—	—	—	1.9
Series H ²	3.8	—	—	—	1.8
Benchmark	5.7	—	—	—	1.9
Series D ¹	4.5	—	—	—	3.9
Benchmark	5.7	—	—	—	1.9
Series F ¹	4.6	—	—	—	4.1
Benchmark	5.7	—	—	—	1.9
Series I ²	4.8	—	—	—	2.8
Benchmark	5.7	—	—	—	1.9
Series O ¹	5.7	—	—	—	5.2
Benchmark	5.7	—	—	—	1.9

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date January 30, 2012.

² Inception date July 9, 2012.

INDEX DESCRIPTION

JPMorgan Corporate Emerging Markets Bond Diversified Index (USD) This index tracks the performance of U.S. dollar-denominated bonds issued by companies in emerging markets. The index comprises a readily tradable basket of corporate issues.



SUMMARY OF INVESTMENT PORTFOLIO (in USD)

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Other Countries	19.5
China	11.3
Mexico	8.6
Brazil	6.7
India	5.8
Russia	5.7
Colombia	4.9
Hong Kong	4.7
United Arab Emirates	4.6
Turkey	4.6
Israel	3.5
Singapore	3.4
Chile	3.3
Cash/Other	13.4

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	8.0
United States 10-Year Note Future, March 2015	4.0
DP World Ltd. USD 6.850% Jul 2 37	3.2
Bharti Airtel International Netherlands BV USD 5.125% Mar 11 23	2.2
Bank of China Ltd. USD 5.000% Nov 13 24	1.7
BBVA Bancomer S.A. USD 6.750% Sep 30 22	1.7
Polyus Gold International Ltd. USD 5.625% Apr 29 20	1.7
Hutchison Whampoa International 12 Ltd. USD 6.000% Dec 31 99	1.6
AngloGold Ashanti Holdings Plc. USD 8.500% Jul 30 20	1.6
Pacific Rubiales Energy Corp. USD 7.250% Dec 12 21	1.5
Odebrecht Finance Ltd. USD 7.125% Jun 26 42	1.4
MAF Global Securities Ltd. USD 7.125% Dec 31 99	1.4
Eskom Holdings Ltd. USD 5.750% Jan 26 21	1.3
Alibaba Group Holding Ltd. USD 3.125% Nov 28 21	1.3
Perusahaan Gas Negara Persero PT USD 5.125% May 16 24	1.3
Empresa de Energia de Bogota S.A. USD 6.125% Nov 10 21	1.3
Fermaca Enterprises S. de R.L. de C.V. USD 6.375% Mar 30 38	1.3
Saudi Electricity Global Sukuk Co. 2 USD 5.060% Apr 8 43	1.3
Krung Thai Bank PCL USD 5.200% Dec 26 24	1.2
Turkiye Garanti Bankasi A.S. USD 4.750% Oct 17 19	1.2
Puma International Financing S.A. USD 6.750% Feb 1 21	1.2
Listrindo Capital BV USD 6.950% Feb 21 19	1.1
Cemex Finance LLC 9.375% Oct 12 22	1.1
Israel Electric Corp Ltd. USD 5.000% Nov 12 24	1.1
United Overseas Bank Ltd. USD 3.750% Sep 19 24	1.1
Top 25 Holdings	45.8

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



FIXED-INCOME FUND

**BLUEBAY GLOBAL CONVERTIBLE
BOND FUND (CANADA)**

December 31, 2014

Portfolio Manager *RBC Global Asset Management Inc. ("RBC GAM")*

Sub-Advisor: BlueBay Asset Management LLP, London, England

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide total returns consisting of interest income and modest capital appreciation by investing primarily in global convertible bonds issued by entities domiciled or carrying out business activities anywhere in the world.

To achieve the Fund's objectives, the sub-advisor conducts detailed credit and equity analysis to identify investment opportunities offering high probabilities of superior rates of return while minimizing the prospect of default.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value increased to \$1.1 billion as of December 31, 2014, from \$469 million at the end of 2013. Most of change was due to net inflows.

Over the past year, the Fund's Series A units gained 4.7%, which underperformed the 5.6% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while the benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The first half of 2014 was characterized by better economic data in the U.S.; loose monetary policies by the U.S. Federal Reserve (the "Fed"); budding economic recoveries in Spain, Ireland and other weak European economies; and the strong performance of equities. Investors continued to seek assets offering reasonable levels of income, leading to gains for convertible bonds and other fixed-income securities perceived as riskier. In the U.S., the Fed began to slow the pace of asset purchases aimed at stimulating the economy. In Europe, European Central Bank President Mario Draghi lowered Eurozone rates and announced a €400 billion lending program to help small- and medium-size companies which have had trouble obtaining loans. With Japan also pursuing extremely loose monetary policies and elections now concluded in some of the world's more troublesome regions, overall market volatility remained low. Convertible bonds declined in the second half of 2014 but finished the year up overall.

Equity markets rose for much of the first half of the year but fell sharply in the third quarter amid geopolitical risks, as the armed conflict between Russia and Ukraine showed no signs of abating and tensions in the Middle East escalated as a group seeking to form an Islamic state made progress. The uncertainty continued into the fourth quarter, although new-stock issues picked up towards the end of the quarter.

By industry, the largest contributors to performance were pharmaceuticals, information technology and electronics. The services sector detracted from performance, as did the Fund's construction investments and the Industrials sector. By region, assets in Asia excluding Japan and North America contributed to performance, while European and Japanese assets hurt performance.

Portfolio turnover is normally high for this Fund, as the sub-advisor attempts to generate better returns through active security selection.

Recent Developments

The recent sharp falls in energy and commodity prices will most likely create challenges for many companies involved in oil exploration and production, as well as associated support services. However, the tailwinds from lower fuel prices should prove beneficial to businesses and consumers in Asia, Europe, Japan and the U.S. Somewhat ironically, this benefit could create problems for European and Japanese authorities as they struggle to reach their inflation targets and this may lead to even looser monetary policy in these regions and a further boost to asset prices. With global inflationary pressures under control, the sub-advisor believes that U.S. interest rates are unlikely to rise until the second half of 2015, and this should support equity and credit markets. Corporate profit margins should benefit from lower raw-materials costs and subdued wage growth. This environment should prove positive for convertible-bond prices, in the view of the sub-advisor.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.



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

Sub-Advisor

BlueBay Asset Management LLP is the sub-advisor and provides investment advice for the Fund.

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series, Advisor T5 Series, Series T5, Series H and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	11.27	0.20	(0.24)	0.21	0.26	0.43	–	–	(0.14)	–	(0.14)	11.66
Dec. 31, 2013	10.20	0.25	(0.23)	0.04	1.07	1.13	(0.01)	–	–	–	(0.01)	11.23
Dec. 31, 2012 ³	10.00 [†]	0.02	(0.02)	0.01	0.18	0.19	–	–	(0.01)	–	(0.01)	10.20
Advisor Series												
Dec. 31, 2014	11.27	0.21	(0.24)	0.21	0.27	0.45	–	–	(0.14)	–	(0.14)	11.66
Dec. 31, 2013	10.20	0.21	(0.24)	0.04	0.91	0.92	(0.01)	–	–	–	(0.01)	11.23
Dec. 31, 2012 ³	10.00 [†]	0.02	(0.02)	0.01	0.17	0.18	–	–	(0.01)	–	(0.01)	10.20
Advisor T5 Series												
Dec. 31, 2014⁴	11.50[†]	0.21	(0.24)	0.21	0.27	0.45	–	–	–	(0.43)	(0.43)	11.36
Series T5												
Dec. 31, 2014⁴	11.50[†]	0.12	(0.17)	0.12	0.16	0.23	–	–	–	(0.43)	(0.43)	11.36
Series H												
Dec. 31, 2014	11.29	0.21	(0.21)	0.21	0.27	0.48	(0.01)	–	(0.14)	–	(0.15)	11.70
Dec. 31, 2013	10.19	0.27	(0.20)	0.05	1.14	1.26	(0.02)	–	–	–	(0.02)	11.25
Dec. 31, 2012 ³	10.00 [†]	0.02	(0.02)	0.01	0.19	0.20	(0.01)	–	(0.01)	–	(0.02)	10.19
Series D												
Dec. 31, 2014	11.29	0.21	(0.16)	0.21	0.27	0.53	(0.04)	–	(0.14)	–	(0.18)	11.72
Dec. 31, 2013	10.20	0.27	(0.15)	0.05	1.14	1.31	(0.06)	–	–	–	(0.06)	11.25
Dec. 31, 2012 ³	10.00 [†]	0.02	(0.02)	0.01	0.18	0.19	(0.01)	–	(0.01)	–	(0.02)	10.20
Series F												
Dec. 31, 2014	11.31	0.21	(0.15)	0.21	0.27	0.54	(0.05)	–	(0.14)	–	(0.19)	11.75
Dec. 31, 2013	10.20	0.20	(0.14)	0.03	0.84	0.93	(0.06)	–	–	–	(0.06)	11.28
Dec. 31, 2012 ³	10.00 [†]	0.02	(0.01)	0.01	0.18	0.20	(0.01)	–	(0.01)	–	(0.02)	10.20
Series FT5												
Dec. 31, 2014⁴	11.56[†]	0.12	(0.10)	0.12	0.16	0.30	(0.03)	–	–	(0.40)	(0.43)	11.49
Series I												
Dec. 31, 2014	11.33	0.21	(0.12)	0.21	0.27	0.57	(0.08)	–	(0.14)	–	(0.22)	11.77
Dec. 31, 2013	10.20	0.20	(0.11)	0.04	0.86	0.99	(0.07)	–	–	–	(0.07)	11.30
Dec. 31, 2012 ³	10.00 [†]	0.02	(0.01)	0.01	0.19	0.21	(0.01)	–	(0.01)	–	(0.02)	10.20



FINANCIAL HIGHLIGHTS (cont.)

Change in Net Assets Per Unit (\$) (cont.)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series O												
Dec. 31, 2014	11.33	0.21	(0.03)	0.21	0.27	0.66	(0.15)	–	(0.14)	–	(0.29)	11.80
Dec. 31, 2013	10.20	0.24	(0.02)	0.04	1.04	1.30	(0.15)	–	–	–	(0.15)	11.30
Dec. 31, 2012 ³	10.00 [†]	0.02	–	0.01	0.19	0.22	(0.02)	–	(0.01)	–	(0.03)	10.20

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From November 26, 2012.

⁴ From April 21, 2014.

[†] Initial offering net asset value per unit.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	11.66	62 201	5 335	2.10	2.10	126.60	0.02
Dec. 31, 2013	11.27	22 401	1 988	2.13	2.13	161.42	–
Dec. 31, 2012 ⁴	10.24	955	93	2.15	2.15	1.44	–
Advisor Series							
Dec. 31, 2014	11.66	180 624	15 497	2.11	2.11	126.60	0.02
Dec. 31, 2013	11.27	99 309	8 815	2.16	2.16	161.42	–
Dec. 31, 2012 ⁴	10.24	2 103	205	2.15	2.15	1.44	–
Advisor T5 Series							
Dec. 31, 2014⁵	11.36	1 028	91	2.09	2.09	126.60	0.02
Series T5							
Dec. 31, 2014⁵	11.36	708	62	2.16	2.16	126.60	0.02
Series H							
Dec. 31, 2014	11.70	15 991	1 366	1.84	1.84	126.60	0.02
Dec. 31, 2013	11.29	8 695	770	1.88	1.88	161.42	–
Dec. 31, 2012 ⁴	10.24	530	52	1.86	1.86	1.44	–
Series D							
Dec. 31, 2014	11.72	5 075	433	1.41	1.41	126.60	0.02
Dec. 31, 2013	11.29	2 333	207	1.42	1.42	161.42	–
Dec. 31, 2012 ⁴	10.24	290	28	1.47	1.47	1.44	–
Series F							
Dec. 31, 2014	11.75	245 520	20 891	1.28	1.28	126.60	0.02
Dec. 31, 2013	11.31	104 248	9 214	1.28	1.28	161.42	–
Dec. 31, 2012 ⁴	10.25	1 281	125	1.30	1.30	1.44	–
Series FT5							
Dec. 31, 2014⁵	11.49	1 277	111	1.24	1.24	126.60	0.02
Series I							
Dec. 31, 2014	11.77	63 395	5 385	1.01	1.01	126.60	0.02
Dec. 31, 2013	11.33	39 792	3 511	0.98	0.98	161.42	–
Dec. 31, 2012 ⁴	10.25	407	40	1.02	1.02	1.44	–



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data (cont.)

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series 0							
Dec. 31, 2014	11.80	495 425	41 995	0.22	0.22	126.60	0.02
Dec. 31, 2013	11.33	192 259	16 966	0.22	0.22	161.42	—
Dec. 31, 2012 ⁴	10.24	20 319	1 983	0.23	0.23	1.44	—

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From November 26, 2012.

⁵ From April 21, 2014.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.70%	44%	56%
Advisor Series	1.70%	44%	56%
Advisor T5 Series	1.70%	44%	56%
Series T5	1.70%	44%	56%
Series H	1.45%	52%	48%
Series D	1.10%	14%	86%
Series F	0.95%	—	100%
Series FT5	0.95%	—	100%
Series I	0.70%	—	100%

Series 0 – no management fees are paid by the Fund with respect to Series 0 units. Series 0 unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

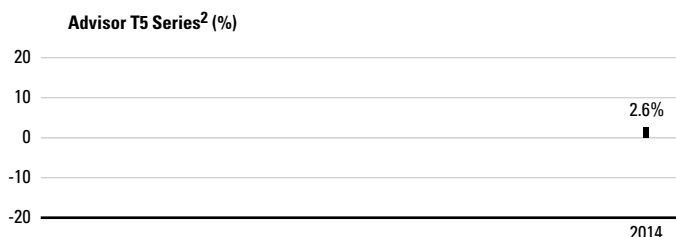


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

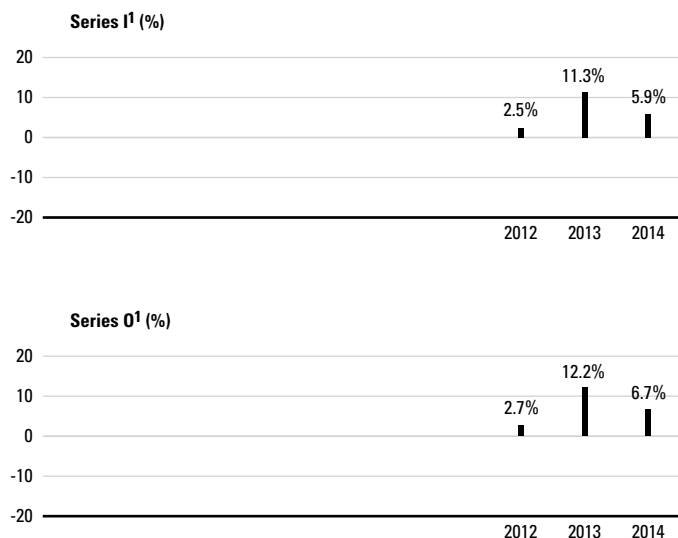
Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

Thomson Reuters Convertible Global Focus Index (hedged to CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	4.7	—	—	—	8.3
Benchmark	5.6	—	—	—	9.1
Advisor Series ¹	4.7	—	—	—	8.3
Benchmark	5.6	—	—	—	9.1
Advisor T5 Series ²	—	—	—	—	2.6
Benchmark	—	—	—	—	1.7
Series T5 ²	—	—	—	—	2.6
Benchmark	—	—	—	—	1.7
Series H ¹	5.0	—	—	—	8.6
Benchmark	5.6	—	—	—	9.1
Series D ¹	5.4	—	—	—	9.0
Benchmark	5.6	—	—	—	9.1
Series F ¹	5.6	—	—	—	9.2
Benchmark	5.6	—	—	—	9.1
Series FT5 ²	—	—	—	—	3.2
Benchmark	—	—	—	—	1.7
Series I ¹	5.9	—	—	—	9.5
Benchmark	5.6	—	—	—	9.1
Series O ¹	6.7	—	—	—	10.3
Benchmark	5.6	—	—	—	9.1

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date November 26, 2012.

² Inception date April 21, 2014.

INDEX DESCRIPTION

Thomson Reuters Convertible Global Focus Index (hedged to CAD) This index is designed to measure the performance of global convertible bonds and focuses on larger convertible securities, with the number of constituents being limited to ensure breadth and manageability.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
United States	28.6
Other Countries	9.1
Japan	8.4
China	7.8
Singapore	4.2
United Kingdom	3.9
Hong Kong	3.9
Germany	3.4
Australia	3.2
Malaysia	3.0
France	2.7
Taiwan	2.6
Norway	2.5
Netherlands	2.4
Portugal	2.2
Cash/Other	12.1

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	8.9
SanDisk Corp., Convertible 0.500% Oct 15 20	1.9
Cubist Pharmaceuticals Inc., Convertible 1.875% Sep 1 20	1.8
Steinhoff Finance Holding GmbH, Convertible EUR 6.375% May 26 17	1.8
Billion Express Investments Ltd., Convertible USD 0.750% Oct 18 15	1.7
Olam International Ltd., Convertible USD 6.000% Oct 15 16	1.5
Yahoo! Inc., Convertible 0.000% Dec 1 18	1.5
NVIDIA Corp., Convertible 1.000% Dec 1 18	1.4
Cahaya Capital Ltd., Convertible USD 0.000% Sep 18 21	1.4
DP World Ltd., Convertible USD 1.750% Jun 19 24	1.4
Unibail-Rodamco SE, Convertible EUR 0.000% Jul 1 21	1.4
The Priceline Group Inc., Convertible 0.900% Sep 15 21	1.3
LinkedIn Corp., Convertible 0.500% Nov 1 19	1.3
Parpublica - Participacoes Publicas SGPS S.A., Convertible EUR 5.250% Sep 28 17	1.3
Intel Corp., Convertible 3.250% Aug 1 39	1.3
CapitaLand Ltd., Convertible SGD 1.850% Jun 19 20	1.2
Liberty Interactive LLC, Convertible 0.750% Mar 30 43	1.2
SunEdison Inc., Convertible 0.250% Jan 15 20	1.1
Tesla Motors Inc., Convertible 1.250% Jan 3 21	1.1
TUI Travel Plc., Convertible GBP 4.900% Apr 27 17	1.1
Paladin Energy Ltd., Convertible USD 3.625% Nov 4 15	1.1
Marine Harvest ASA, Convertible EUR 0.875% May 6 19	1.1
Siliconware Precision Industries Co., Convertible USD 0.000% Oct 31 19	1.1
Qihoo 360 Technology Co. Ltd., Convertible USD 1.750% Aug 15 21	1.0
The Priceline Group Inc., Convertible 1.000% Mar 15 18	1.0
Top 25 Holdings	40.9

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



MANAGED PAYOUT SOLUTION

RBC MANAGED PAYOUT SOLUTION

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide relatively high, regular monthly distributions that are comparatively tax efficient with a potential for modest capital appreciation by investing primarily in units of other RBC Funds.

The Fund may invest in any fund that is part of the RBC Funds family. The decision to invest in an underlying fund is based on the portfolio manager's assessment of the market outlook and the underlying fund's ability to help the Fund meet its stated investment objectives. Distributions should come primarily from interest income but will also consist of dividends, capital gains and return of capital.

The Fund's target weightings for each asset class are 75% for fixed income and 25% for equities. The actual allocation to each asset class will not be more than 15% above or below its target weighting.

Risk

The Fund has multiple risks associated with investing in various asset classes. These risks are similar to the risks of investing in the underlying funds. The Fund is suitable for investors who plan to hold their investments for the medium-to-long term and can tolerate low-to-medium investment risk.

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$4.3 billion as of December 31, 2014, from \$3.9 billion at the end of 2013. Of the change, \$256 million was due to investment returns and \$166 million to net inflows.

Over the past year, the Fund's Series A units gained 6.6%, which underperformed the benchmark rise of 8.8%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

In January 2014, monthly distributions for the Fund were decreased to 3.90 cents per Series A unit. For the year, the Fund made total distributions of approximately 47 cents per Series A unit, consisting of 19 cents per unit of capital gains, 13 cents per unit of return of capital, 7 cents per unit of dividends and 8 cents per unit of income.

The economic climate in 2014 was characterized by gradually declining global growth and inflation expectations. U.S. economic growth accelerated in the second half of the year, but the strength was not mirrored worldwide. China's economic slowdown and the effect of falling commodity prices on many emerging-market economies dampened growth, while Europe faced a number of headwinds including too-low inflation and a Russian currency crisis caused by falling oil prices and economic sanctions imposed by the West.

The Fund was positioned to hold an overweight position in stocks and an underweight position in bonds, and this allocation had a positive effect on performance in 2014. Bond yields, both in Canada and globally, declined from the beginning of the year for a number of reasons including demand for safety amid geopolitical conflict; looser Eurozone and Japanese monetary policies; new regulatory requirements for banks; and demand from pension funds looking to match cash flows with retirement payouts. Canadian bonds performed in line with U.S. fixed income, with long-maturity bonds delivering double-digit returns and far outpacing returns on short-term securities. Provincial and corporate bonds, viewed generally as more risky than federal government bonds, had mixed performance. Prices of riskier assets such as U.S. high-yield corporate and some emerging-market bonds dropped due to exposure to the poorly performing Energy sector, where falling oil prices raised concerns about the ability of some issuers to honour their debts. The RBC Bond Fund, the RBC Global Corporate Bond Fund and the fixed-income segment of the RBC Monthly Income Fund all had a positive impact on returns.

Global stocks exhibited increased volatility during the second half of 2014. The decline in oil prices, which accelerated after OPEC's late-year decision to not cut production, touched off the instability. Regions with high exposure to energy, such as Canada, were most affected. The S&P 500 Index rose for the sixth straight year as accelerating U.S. economic growth helped boost corporate revenues and earnings. Stocks in other markets performed less well amid a more clouded economic-growth outlook. The RBC Canadian Dividend Fund, the equity allocation of the RBC Monthly Income Fund and the RBC Managed Payout Solution – Enhanced Plus contributed positively to performance.

Recent Developments

The world's major central banks are moving in different directions given the divergent economic conditions around the globe. The Bank of Japan and the European Central Bank are easing monetary conditions, while the U.S. Federal Reserve and the Bank of England have been reducing economic stimulus and are expected to raise benchmark interest rates sometime in 2015. Europe is plagued by too little economic growth and too-low inflation. However, the substantial drop in oil prices, if sustained, could boost growth in Europe and elsewhere in 2015.



With bond yields in all major markets now well below equilibrium, valuation risk is again evident in sovereign fixed-income markets, and bonds may be at risk of an abrupt upwards adjustment in yields. The portfolio manager has reduced return expectations for equities as markets have moved closer to fair value, but they remain positive and are especially attractive relative to potential returns for bonds. As a result, the portfolio manager has maintained overweight exposure to equities and an underweight position in bonds.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

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

Distributors

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

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank and RBC IS are the registrars of the Fund and keep records of who owns the units of the Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	9.35	0.31	(0.15)	0.27	0.17	0.60	(0.08)	(0.07)	(0.19)	(0.13)	(0.47)	9.49
Dec. 31, 2013	9.43	0.36	(0.15)	0.09	0.09	0.39	(0.09)	(0.07)	(0.05)	(0.26)	(0.47)	9.35
Dec. 31, 2012	9.37	0.39	(0.15)	0.02	0.27	0.53	(0.09)	(0.07)	(0.03)	(0.28)	(0.47)	9.43
Dec. 31, 2011	9.54	0.30	(0.14)	0.03	0.12	0.31	(0.07)	(0.06)	(0.02)	(0.32)	(0.47)	9.37
Dec. 31, 2010	9.35	0.37	(0.14)	–	0.45	0.68	(0.15)	(0.07)	–	(0.24)	(0.46)	9.54
Advisor Series												
Dec. 31, 2014	9.35	0.31	(0.15)	0.27	0.17	0.60	(0.08)	(0.07)	(0.19)	(0.13)	(0.47)	9.49
Dec. 31, 2013	9.42	0.36	(0.15)	0.09	0.09	0.39	(0.10)	(0.07)	(0.05)	(0.25)	(0.47)	9.35
Dec. 31, 2012	9.36	0.39	(0.15)	0.02	0.27	0.53	(0.09)	(0.07)	(0.03)	(0.28)	(0.47)	9.42
Dec. 31, 2011	9.54	0.30	(0.14)	0.03	0.12	0.31	(0.07)	(0.06)	(0.02)	(0.32)	(0.47)	9.36
Dec. 31, 2010	9.34	0.37	(0.14)	–	0.44	0.67	(0.15)	(0.07)	–	(0.24)	(0.46)	9.54
Series F												
Dec. 31, 2014	9.82	0.32	(0.07)	0.29	0.18	0.72	(0.08)	(0.07)	(0.20)	(0.14)	(0.49)	10.06
Dec. 31, 2013	9.82	0.37	(0.07)	0.09	0.09	0.48	(0.10)	(0.07)	(0.05)	(0.27)	(0.49)	9.82
Dec. 31, 2012	9.67	0.40	(0.07)	0.03	0.28	0.64	(0.09)	(0.07)	(0.03)	(0.29)	(0.48)	9.82
Dec. 31, 2011	9.76	0.30	(0.07)	0.03	0.12	0.38	(0.08)	(0.06)	(0.02)	(0.33)	(0.49)	9.67
Dec. 31, 2010	9.48	0.37	(0.07)	–	0.45	0.75	(0.15)	(0.07)	–	(0.25)	(0.47)	9.76

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	9.49	4 203 115	442 864	1.63	1.63	24.84	0.04
Dec. 31, 2013	9.35	3 797 151	406 197	1.63	1.63	11.46	0.02
Dec. 31, 2012	9.43	3 257 210	345 338	1.62	1.62	8.59	0.02
Dec. 31, 2011	9.37	2 308 706	246 331	1.62	1.62	11.96	0.02
Dec. 31, 2010	9.54	1 601 156	167 784	1.59	1.59	12.94	0.03
Advisor Series							
Dec. 31, 2014	9.49	42 609	4 489	1.61	1.61	24.84	0.04
Dec. 31, 2013	9.35	39 131	4 187	1.62	1.62	11.46	0.02
Dec. 31, 2012	9.42	34 305	3 640	1.62	1.62	8.59	0.02
Dec. 31, 2011	9.36	22 218	2 373	1.61	1.61	11.96	0.02
Dec. 31, 2010	9.54	17 261	1 810	1.59	1.59	12.94	0.03
Series F							
Dec. 31, 2014	10.06	27 427	2 726	0.73	0.73	24.84	0.04
Dec. 31, 2013	9.82	14 996	1 527	0.74	0.74	11.46	0.02
Dec. 31, 2012	9.82	9 533	971	0.73	0.73	8.59	0.02
Dec. 31, 2011	9.67	7 820	809	0.75	0.75	11.96	0.02
Dec. 31, 2010	9.76	2 935	301	0.72	0.72	12.94	0.03

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions. Effective January 1, 2008, the trading expense ratio is calculated for fund-on-fund transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. The management fee payable in respect of each series of the Fund is a variable fee and is determined on a basis such that all fees and expenses that comprise the management expense ratio ("MER"), other than the additional cost of the GST/HST, will be equal to a specified percentage of the average net asset value of each series of the Fund ("Specified Percentage"). The Specified Percentage includes the management fee, administration fee, taxes (other than the additional cost of the GST/HST), other fund costs and any fees and expenses of the underlying funds. Since the additional cost of the GST/HST was not included in the Specified Percentage prior to July 1, 2010, the MER is higher than the Specified Percentage by the additional cost of the GST/HST.

The MER paid by each series of the Fund is calculated at the applicable annual Specified Percentage of the daily net asset value of each series of the Fund, plus the additional cost of the GST/HST as of July 1, 2010. The breakdown of the services received in consideration of the management fee component of the MER for each series, as a percentage of the management fees, is as follows:

	Management Fees*	Breakdown of Services	
		Distribution	Other [†]
Series A	1.40%	54%	46%
Advisor Series	1.40%	54%	46%
Series F	0.60%	—	100%

* Management fees represent the actual average management fee rate for the period ended December 31, 2014.

[†] Includes all costs related to management, trustee, investment advisory services, general administration and profit.

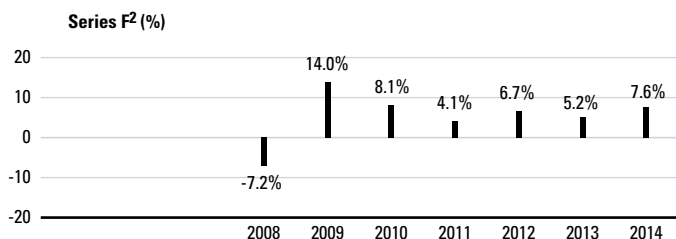
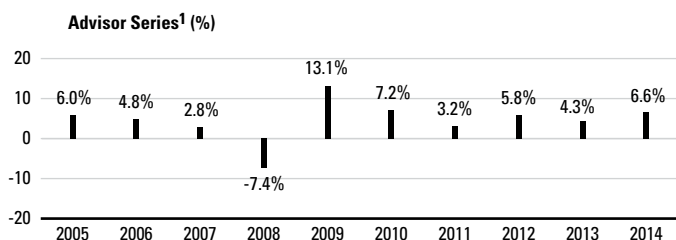
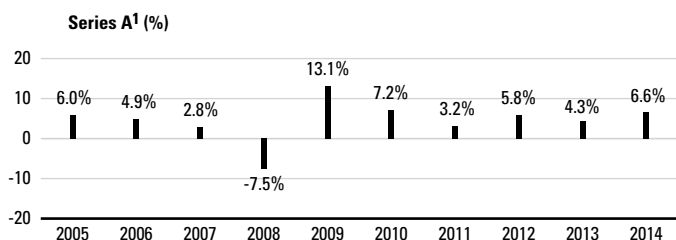


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

FTSE TMX Canada Universe Bond Index

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	6.6	5.5	5.4	4.5	—
Benchmark	8.8	3.7	5.4	5.3	—
Advisor Series ¹	6.6	5.6	5.4	4.5	—
Benchmark	8.8	3.7	5.4	5.3	—
Series F ²	7.6	6.5	6.3	—	5.7
Benchmark	8.8	3.7	5.4	—	5.6

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date August 23, 2004.

² Inception date July 2, 2008.

INDEX DESCRIPTION

FTSE TMX Canada Universe Bond Index* This index is designed as a broad measure of the Canadian investment-grade fixed-income market and includes bonds with maturities of at least one year.

* FTSE TMX fixed-income benchmarks were known as the DEX benchmarks before a name change.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Income Funds	99.8
Cash/Other	0.2

Top 25 Holdings*

	% of Net Asset Value
RBC Bond Fund	20.4
RBC Global Corporate Bond Fund	18.5
RBC Canadian Short-Term Income Fund	18.3
RBC Monthly Income Fund	15.1
RBC Canadian Dividend Fund	14.4
Phillips, Hager & North Canadian Income Fund	9.5
RBC Global High Yield Bond Fund	3.7
Cash & Cash Equivalents	0.1
Total	100.0

* The Fund holds fewer than 25 holdings.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.

The Simplified Prospectus and other information about the underlying funds are available on SEDAR website at www.sedar.com.



MANAGED PAYOUT SOLUTION

RBC MANAGED PAYOUT SOLUTION – ENHANCED

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. (“RBC GAM”)

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words “may,” “could,” “should,” “would,” “suspect,” “outlook,” “believe,” “plan,” “anticipate,” “estimate,” “expect,” “intend,” “forecast,” “objective” and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance (“MRFP”) contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund’s proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide relatively high, regular monthly distributions that are comparatively tax efficient with a potential for modest capital appreciation by investing primarily in units of other RBC Funds.

The Fund may invest in any fund that is part of the RBC Funds family. The decision to invest in an underlying fund is based on the portfolio manager's assessment of the market outlook and the underlying fund's ability to help the Fund meet its stated investment objectives. Distributions will include interest income, dividends, capital gains and may also consist of return of capital.

The Fund's target weightings for each asset class are 65% for fixed income and 35% for equities. The actual allocation to each asset class will not be more than 15% above or below its target weighting.

Risk

The Fund has multiple risks associated with investing in various asset classes. These risks are similar to the risks of investing in the underlying funds. The Fund is suitable for investors who plan to hold their investments for the medium-to-long term and can tolerate low-to-medium investment risk.

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$2.6 billion as of December 31, 2014, from \$2.2 billion at the end of 2013. Of the change, \$256 million was due to net inflows and \$155 million to investment returns.

Over the past year, the Fund's Series A units gained 6.9%, which underperformed the 8.8% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

In 2014, the Fund made monthly distributions of 4.55 cents per Series A unit. For the year, the Fund made total distributions of approximately 66 cents per Series A unit, consisting of 53 cents per unit of capital gains including an additional year-end distribution, 9 cents per unit of dividends and 4 cents per unit of income.

The economic climate in 2014 was characterized by gradually declining global growth and inflation expectations. U.S. economic growth accelerated in the second half of the year, but the strength was not mirrored worldwide. China's economic slowdown and the effect of falling commodity prices on many emerging-market economies dampened growth, while Europe faced a number of headwinds including too-low inflation and a Russian currency crisis caused by falling oil prices and economic sanctions imposed by the West.

The Fund was positioned to hold an overweight position in stocks and an underweight position in bonds, and this allocation had a positive effect on performance in 2014. Bond yields, both in Canada and globally, declined from the beginning of the year for a number of reasons including demand for safety amid geopolitical conflict; looser Eurozone and Japanese monetary policies; new regulatory requirements for banks; and demand from pension funds looking to match cash flows with retirement payouts. Canadian bonds performed in line with U.S. fixed income, with long-maturity bonds delivering double-digit returns and far outpacing returns on short-term securities. Provincial and corporate bonds, viewed generally as more risky than federal government bonds, had mixed performance. Prices of riskier assets such as U.S. high-yield corporate and some emerging-market bonds dropped due to exposure to the poorly performing Energy sector, where falling oil prices raised concerns about the ability of some issuers to honour their debts. The RBC Bond Fund, the RBC Global High Yield Bond Fund and the RBC Global Corporate Bond Fund all had a positive impact on returns.

Global stocks exhibited increased volatility during the second half of 2014. The decline in oil prices, which accelerated after OPEC's late-year decision to not cut production, touched off the instability. Regions with high exposure to energy, such as Canada, were most affected. The S&P 500 Index rose for the sixth straight year as accelerating U.S. economic growth helped boost corporate revenues and earnings. Stocks in other markets performed less well amid a more clouded economic-growth outlook. The RBC Canadian Dividend Fund and the equity portion of the RBC Managed Payout Solution – Enhanced Plus contributed positively to performance.

Recent Developments

The world's major central banks are moving in different directions given the divergent economic conditions around the globe. The Bank of Japan and the European Central Bank are easing monetary conditions, while the U.S. Federal Reserve and the Bank of England have been reducing economic stimulus and are expected to raise benchmark interest rates sometime in 2015. Europe is plagued by too little economic growth and too-low inflation. However, the substantial drop in oil prices, if sustained, could boost growth in Europe and elsewhere in 2015.



With bond yields in all major markets now well below equilibrium, valuation risk is again evident in sovereign fixed-income markets, and bonds may be at risk of an abrupt upwards adjustment in yields. The portfolio manager has reduced return expectations for equities as markets have moved closer to fair value, but they remain positive and are especially attractive relative to potential returns for bonds. As a result, the portfolio manager has maintained overweight exposure to equities and an underweight position in bonds.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada (“Royal Bank”) and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund’s day-to-day operations, holds title to the Fund’s property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

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

Distributors

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

Custodian

RBC Investor Services Trust (“RBC IS”) is the custodian and holds the assets of the Fund.

Registrars

Royal Bank and RBC IS are the registrars of the Fund and keep records of who owns the units of the Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors (“BoG”) in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	9.11	0.34	(0.17)	0.57	(0.15)	0.59	(0.04)	(0.09)	(0.53)	–	(0.66)	9.08
Dec. 31, 2013	9.12	0.39	(0.16)	0.10	0.22	0.55	(0.09)	(0.09)	(0.06)	(0.31)	(0.55)	9.11
Dec. 31, 2012	9.04	0.37	(0.16)	0.04	0.37	0.62	(0.06)	(0.08)	(0.03)	(0.37)	(0.54)	9.12
Dec. 31, 2011	9.39	0.26	(0.16)	0.06	0.04	0.20	(0.03)	(0.07)	–	(0.46)	(0.56)	9.04
Dec. 31, 2010	9.19	0.33	(0.16)	–	0.59	0.76	(0.08)	(0.09)	–	(0.38)	(0.55)	9.39
Advisor Series												
Dec. 31, 2014	9.11	0.34	(0.17)	0.57	(0.15)	0.59	(0.04)	(0.09)	(0.53)	–	(0.66)	9.08
Dec. 31, 2013	9.12	0.39	(0.17)	0.10	0.22	0.54	(0.09)	(0.09)	(0.06)	(0.31)	(0.55)	9.11
Dec. 31, 2012	9.04	0.37	(0.16)	0.04	0.37	0.62	(0.06)	(0.08)	(0.03)	(0.37)	(0.54)	9.12
Dec. 31, 2011	9.38	0.26	(0.16)	0.06	0.04	0.20	(0.03)	(0.07)	–	(0.46)	(0.56)	9.04
Dec. 31, 2010	9.19	0.33	(0.16)	–	0.60	0.77	(0.08)	(0.09)	–	(0.38)	(0.55)	9.38
Series F												
Dec. 31, 2014	9.65	0.36	(0.07)	0.60	(0.16)	0.73	(0.04)	(0.09)	(0.56)	–	(0.69)	9.73
Dec. 31, 2013	9.55	0.41	(0.07)	0.11	0.23	0.68	(0.09)	(0.09)	(0.06)	(0.33)	(0.57)	9.65
Dec. 31, 2012	9.37	0.38	(0.07)	0.04	0.38	0.73	(0.06)	(0.08)	(0.04)	(0.38)	(0.56)	9.55
Dec. 31, 2011	9.63	0.27	(0.07)	0.06	0.04	0.30	(0.03)	(0.07)	–	(0.48)	(0.58)	9.37
Dec. 31, 2010	9.33	0.34	(0.07)	–	0.61	0.88	(0.08)	(0.09)	–	(0.39)	(0.56)	9.63

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	9.08	2 527 241	278 313	1.83	1.83	46.60	0.05
Dec. 31, 2013	9.11	2 134 517	234 227	1.83	1.83	13.58	0.03
Dec. 31, 2012	9.12	1 806 761	198 173	1.83	1.83	14.70	0.03
Dec. 31, 2011	9.04	1 534 523	169 802	1.83	1.83	16.77	0.04
Dec. 31, 2010	9.39	1 226 058	130 636	1.79	1.79	16.14	0.05
Advisor Series							
Dec. 31, 2014	9.08	26 017	2 867	1.85	1.85	46.60	0.05
Dec. 31, 2013	9.11	24 065	2 642	1.85	1.85	13.58	0.03
Dec. 31, 2012	9.12	23 532	2 581	1.83	1.83	14.70	0.03
Dec. 31, 2011	9.04	24 523	2 714	1.83	1.83	16.77	0.04
Dec. 31, 2010	9.38	22 463	2 394	1.80	1.80	16.14	0.05
Series F							
Dec. 31, 2014	9.73	25 796	2 652	0.78	0.78	46.60	0.05
Dec. 31, 2013	9.65	9 643	999	0.80	0.80	13.58	0.03
Dec. 31, 2012	9.55	6 139	643	0.80	0.80	14.70	0.03
Dec. 31, 2011	9.37	1 533	164	0.79	0.79	16.77	0.04
Dec. 31, 2010	9.63	813	84	0.77	0.77	16.14	0.05

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions. Effective January 1, 2008, the trading expense ratio is calculated for fund-on-fund transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. The management fee payable in respect of each series of the Fund is a variable fee and is determined on a basis such that all fees and expenses that comprise the management expense ratio ("MER"), other than the additional cost of the GST/HST, will be equal to a specified percentage of the average net asset value of each series of the Fund ("Specified Percentage"). The Specified Percentage includes the management fee, administration fee, taxes (other than the additional cost of the GST/HST), other fund costs and any fees and expenses of the underlying funds. Since the additional cost of the GST/HST was not included in the Specified Percentage prior to July 1, 2010, the MER is higher than the Specified Percentage by the additional cost of the GST/HST.

The MER paid by each series of the Fund is calculated at the applicable annual Specified Percentage of the daily net asset value of each series of the Fund, plus the additional cost of the GST/HST as of July 1, 2010. The breakdown of the services received in consideration of the management fee component of the MER for each series, as a percentage of the management fees, is as follows:

	Management Fees*	Breakdown of Services	
		Distribution	Other†
Series A	1.59%	53%	47%
Advisor Series	1.59%	53%	47%
Series F	0.65%	—	100%

* Management fees represent the actual average management fee rate for the period ended December 31, 2014.

† Includes all costs related to management, trustee, investment advisory services, general administration and profit.

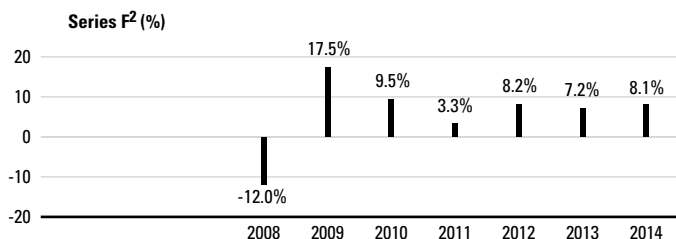
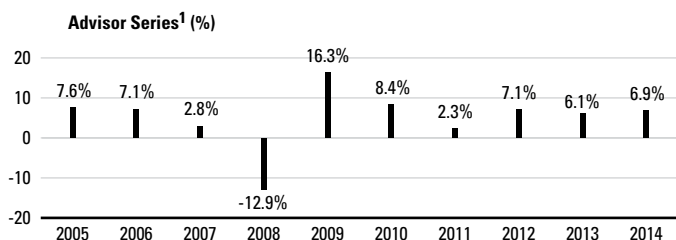
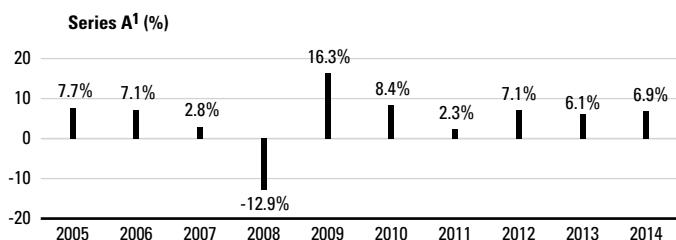


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund’s performance for each of the years shown, and illustrates how the Fund’s performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

FTSE TMX Canada Universe Bond Index

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	6.9	6.7	6.1	4.9	–
Benchmark	8.8	3.7	5.4	5.3	–
Advisor Series ¹	6.9	6.7	6.1	4.9	–
Benchmark	8.8	3.7	5.4	5.3	–
Series F ²	8.1	7.8	7.2	–	6.1
Benchmark	8.8	3.7	5.4	–	5.6

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date August 23, 2004.

² Inception date July 2, 2008.

INDEX DESCRIPTION

FTSE TMX Canada Universe Bond Index* This index is designed as a broad measure of the Canadian investment-grade fixed-income market and includes bonds with maturities of at least one year.

* FTSE TMX fixed-income benchmarks were known as the DEX benchmarks before a name change.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Income Funds	66.7
Canadian Equity Funds	33.1
Cash/Other	0.2

Top 25 Holdings*

	% of Net Asset Value
RBC Canadian Dividend Fund	24.0
RBC Bond Fund	22.2
RBC Canadian Short-Term Income Fund	13.3
RBC Global High Yield Bond Fund	13.3
Phillips, Hager & North Canadian Income Fund	9.1
RBC Canadian Equity Income Fund	9.1
RBC Global Corporate Bond Fund	8.8
Cash & Cash Equivalents	0.2
Total	100.0

* The Fund holds fewer than 25 holdings.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.

The Simplified Prospectus and other information about the underlying funds are available on SEDAR website at www.sedar.com.



MANAGED PAYOUT SOLUTION

RBC MANAGED PAYOUT SOLUTION – ENHANCED PLUS

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. (“RBC GAM”)

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

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Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

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MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide high, regular monthly distributions, primarily flowing from dividends, realized capital gains, other income and a return of capital, while avoiding significant erosion of the net asset value of the Fund and allowing for the potential of modest capital appreciation.

The Fund invests primarily in Canadian stocks, bonds and short-term debt securities and may also invest in foreign securities, either directly or indirectly through investment in other mutual funds managed by RBC GAM or an affiliate of RBC GAM (called “underlying funds”). The Fund takes advantage of both fundamental and quantitative inputs when selecting securities.

To achieve its investment objective, the Fund currently invests directly in securities. However, it is expected that by the end of 2015, the Fund will invest up to 100% of its net assets in underlying funds from the RBC Funds family or PH&N Funds family in order to obtain exposure to a strategic asset allocation approach which determines the appropriate asset mix within broad pre-established guidelines for each asset class.

The Fund’s target weightings for each asset class are 45% for fixed income and 55% for equities. The target weightings for each asset class may be adjusted based on changes in the market outlook for each asset class.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund’s overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund’s net asset value fell to \$2.2 billion as of December 31, 2014, from \$3.3 billion at the end of 2013. Most of the change was due to net redemptions.

Over the past year, the Fund’s Series A units gained 9.1%, which underperformed the 11.8% rise in the benchmark. The broad-based index rose 8.8%. The Fund’s return is after the deduction of fees and expenses, while the benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

In January 2014, monthly distributions for the Fund were increased to 4.35 cents per Series A unit. For the year, the Fund made total distributions of 62 cents per Series A unit, consisting of 45 cents per unit of capital gains including an additional year-end distribution, 12 cents per unit from income and 5 cents per unit from dividends.

After a relatively calm first half of 2014, the second half was characterized by a significant pick-up in stock and bond volatility. The cause of the price swings was less the end of extraordinary monetary measures by the U.S. Federal Reserve (the “Fed”) than it was worries over slowing economic growth outside the U.S. and a collapse in oil prices. The European Central Bank and the Bank of Japan boosted quantitative easing or made plans to begin such central-bank bond purchases just as the Fed completed its own such program. While the declining oil price was of general benefit to consumers, the trend made it more difficult for energy companies to service their bonds and increased the likelihood of loan defaults.

The Fund’s performance was held back by the underperformance of the portfolio’s U.S. stock portfolio versus the S&P 500.

Global bond yields fell steadily during the year, contrary to the expectations of many mainstream economists. The yield on the Canadian 30-year bond fell near the lowest since 1981. European and Japanese central-bank support, sluggish global economies and worries about deflationary pressures were the primary drivers of lower yields.

The Fund carried an overweight position in equities and an underweight position in bonds over the year. Overall, the U.S. stock market achieved decent gains with Canada registering a smaller gain. Canadian government bonds performed well.

The Canadian dollar fell against the U.S. dollar in 2014. Earlier in the year the cause was expectations that benchmark U.S. interest rates would rise relative to Canadian rates. Later in the year, general strength led the U.S. dollar higher against most currencies and capped off with the rout in energy markets. The Fund continued to partially hedge its exposure to the U.S. dollar, which was a positive for performance versus the benchmark.

The Fund had higher-than-usual portfolio turnover because of trading levels in the U.S. equity portion of the portfolio.



Recent Developments

The portfolio manager was on alert for a significant decline in stocks during the second half of 2014. While a steep decline did materialize, the snap-back was quick. Volatility is most likely to remain in 2015. A relatively strong U.S. economy and expectations among many investors that the Fed will raise benchmark interest rates sometime in 2015 indicate that global markets are set for an uneven course. North American bond yields may rise modestly given the potential for Fed action, but the weak global backdrop should prevent significant yield increases. Corporations generally remain in good financial shape and continue to boost earnings in this “not-too-hot/not-too-cold” economic environment.

Effective June 23, 2014, the Fund’s investment objective was changed to provide the Fund with the flexibility to invest its assets primarily in other funds managed by RBC GAM or an RBC GAM affiliate. The change provides the Fund with increased diversification and allows it to provide monthly income with the potential for modest capital growth.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada (“Royal Bank”) and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund’s day-to-day operations, holds title to the Fund’s property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc. and RBC Dominion Securities Inc. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients’ Series A, Advisor Series and Series D units.

Custodian

RBC Investor Services Trust (“RBC IS”) is the custodian and holds the assets of the Fund.

Registrars

Royal Bank and RBC IS are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$166,000 (2013 – \$176,000) or 10% (2013 – 9%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors (“BoG”) in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²					Net Assets End of Year/Period
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital	Total	
Series A												
Dec. 31, 2014	7.44	0.32	(0.15)	0.76	(0.19)	0.74	(0.12)	(0.05)	(0.45)	–	(0.62)	7.49
Dec. 31, 2013	7.33	0.34	(0.14)	0.19	0.23	0.62	(0.17)	(0.08)	(0.14)	(0.13)	(0.52)	7.43
Dec. 31, 2012	7.43	0.29	(0.14)	0.18	0.09	0.42	(0.08)	(0.10)	(0.08)	(0.26)	(0.52)	7.33
Dec. 31, 2011	8.00	0.24	(0.14)	0.13	(0.24)	(0.01)	–	(0.03)	–	(0.53)	(0.56)	7.43
Dec. 31, 2010	7.84	0.30	(0.14)	0.20	0.36	0.72	(0.10)	(0.07)	–	(0.38)	(0.55)	8.00
Advisor Series												
Dec. 31, 2014	7.45	0.32	(0.15)	0.76	(0.19)	0.74	(0.12)	(0.05)	(0.45)	–	(0.62)	7.50
Dec. 31, 2013	7.34	0.34	(0.14)	0.19	0.23	0.62	(0.17)	(0.08)	(0.14)	(0.13)	(0.52)	7.44
Dec. 31, 2012	7.44	0.29	(0.14)	0.18	0.09	0.42	(0.08)	(0.10)	(0.08)	(0.26)	(0.52)	7.34
Dec. 31, 2011	8.00	0.24	(0.14)	0.13	(0.24)	(0.01)	–	(0.03)	–	(0.53)	(0.56)	7.44
Dec. 31, 2010	7.84	0.30	(0.14)	0.20	0.36	0.72	(0.10)	(0.07)	–	(0.38)	(0.55)	8.00
Series D												
Dec. 31, 2014	7.86	0.34	(0.09)	0.81	(0.20)	0.86	(0.12)	(0.06)	(0.47)	–	(0.65)	7.98
Dec. 31, 2013	7.69	0.36	(0.09)	0.20	0.24	0.71	(0.19)	(0.08)	(0.14)	(0.13)	(0.54)	7.86
Dec. 31, 2012	7.72	0.30	(0.09)	0.19	0.10	0.50	(0.09)	(0.10)	(0.08)	(0.27)	(0.54)	7.69
Dec. 31, 2011	8.24	0.25	(0.08)	0.13	(0.25)	0.05	–	(0.03)	–	(0.55)	(0.58)	7.72
Dec. 31, 2010	8.01	0.30	(0.08)	0.20	0.37	0.79	(0.11)	(0.06)	–	(0.39)	(0.56)	8.24
Series F												
Dec. 31, 2014	8.58	0.38	(0.07)	0.89	(0.22)	0.98	(0.14)	(0.06)	(0.51)	–	(0.71)	8.74
Dec. 31, 2013	8.37	0.39	(0.07)	0.22	0.26	0.80	(0.20)	(0.09)	(0.16)	(0.14)	(0.59)	8.58
Dec. 31, 2012	8.38	0.32	(0.07)	0.20	0.11	0.56	(0.09)	(0.12)	(0.09)	(0.29)	(0.59)	8.37
Dec. 31, 2011	8.92	0.27	(0.07)	0.14	(0.27)	0.07	–	(0.04)	–	(0.59)	(0.63)	8.38
Dec. 31, 2010	8.65	0.33	(0.07)	0.22	0.40	0.88	(0.11)	(0.08)	–	(0.42)	(0.61)	8.92
Series O												
Dec. 31, 2014	8.36	0.26	–	0.61	(0.15)	0.72	(0.13)	(0.06)	(0.50)	–	(0.69)	8.59
Dec. 31, 2013	8.08	0.38	–	0.21	0.25	0.84	(0.18)	(0.09)	(0.15)	(0.14)	(0.56)	8.36
Dec. 31, 2012	8.03	0.31	–	0.19	0.10	0.60	(0.09)	(0.10)	(0.09)	(0.28)	(0.56)	8.08
Dec. 31, 2011	8.48	0.26	–	0.14	(0.25)	0.15	–	(0.03)	–	(0.56)	(0.59)	8.03
Dec. 31, 2010	8.15	0.31	–	0.21	0.37	0.89	(0.11)	(0.07)	–	(0.39)	(0.57)	8.48

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	7.49	2 026 614	270 725	1.92	1.92	108.26	0.06
Dec. 31, 2013	7.44	1 812 332	243 655	1.92	1.92	66.45	0.06
Dec. 31, 2012	7.34	1 687 096	229 799	1.92	1.92	70.40	0.07
Dec. 31, 2011	7.44	1 609 878	216 333	1.92	1.92	85.75	0.09
Dec. 31, 2010	8.01	1 609 911	201 063	1.88	1.88	70.52	0.11
Advisor Series							
Dec. 31, 2014	7.50	28 633	3 820	1.92	1.92	108.26	0.06
Dec. 31, 2013	7.45	24 978	3 354	1.93	1.93	66.45	0.06
Dec. 31, 2012	7.35	19 525	2 657	1.90	1.90	70.40	0.07
Dec. 31, 2011	7.45	22 845	3 068	1.89	1.89	85.75	0.09
Dec. 31, 2010	8.01	25 024	3 124	1.87	1.87	70.52	0.11
Series D							
Dec. 31, 2014	7.98	74 002	9 273	1.11	1.11	108.26	0.06
Dec. 31, 2013	7.86	60 116	7 646	1.10	1.10	66.45	0.06
Dec. 31, 2012	7.69	47 795	6 212	1.10	1.10	70.40	0.07
Dec. 31, 2011	7.73	38 163	4 936	1.10	1.10	85.75	0.09
Dec. 31, 2010	8.25	33 923	4 112	1.08	1.08	70.52	0.11
Series F							
Dec. 31, 2014	8.74	38 083	4 357	0.81	0.81	108.26	0.06
Dec. 31, 2013	8.58	26 821	3 125	0.81	0.81	66.45	0.06
Dec. 31, 2012	8.38	27 588	3 294	0.83	0.83	70.40	0.07
Dec. 31, 2011	8.39	24 156	2 878	0.83	0.83	85.75	0.09
Dec. 31, 2010	8.93	27 979	3 133	0.81	0.81	70.52	0.11
Series O							
Dec. 31, 2014	8.59	922	107	0.03	0.03	108.26	0.06
Dec. 31, 2013	8.36	1 345 316	160 861	0.02	0.02	66.45	0.06
Dec. 31, 2012	8.09	1 136 996	140 545	0.02	0.02	70.40	0.07
Dec. 31, 2011	8.04	769 308	95 674	0.02	0.02	85.75	0.09
Dec. 31, 2010	8.49	594 332	70 036	0.02	0.02	70.52	0.11

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.70%	59%	41%
Advisor Series	1.70%	59%	41%
Series D	0.95%	26%	74%
Series F	0.70%	–	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

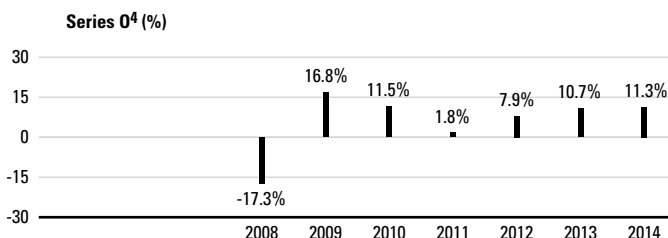
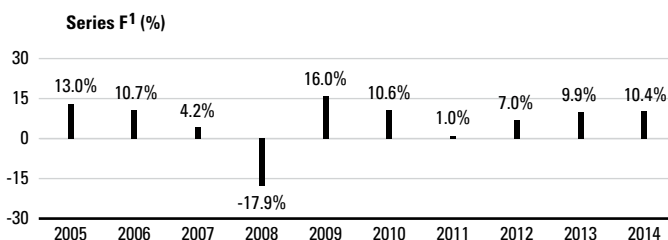
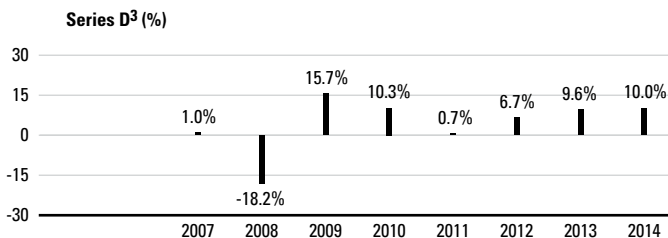
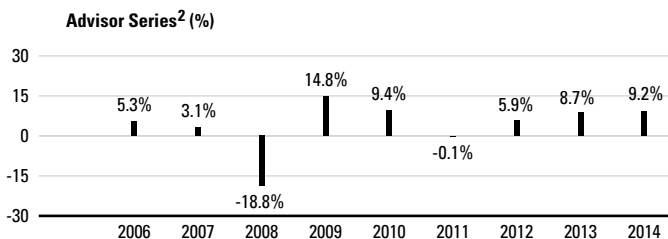
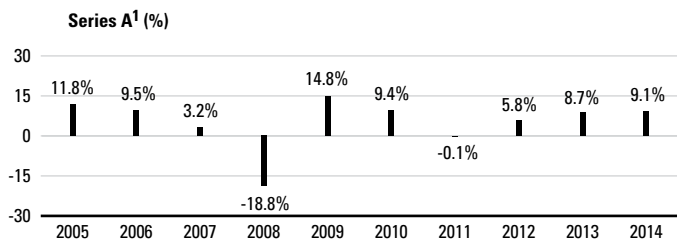
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund’s performance for each of the years shown, and illustrates how the Fund’s performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

The new blended benchmark (the “New benchmark”) is composed of:

- 45% FTSE TMX Canada Universe Bond Index
- 40% S&P/TSX Capped Composite Total Return Index
- 15% S&P 500 Total Return Index (CAD)

The old blended benchmark (the “Old benchmark”) is composed of:

- 40% FTSE TMX Canada Universe Bond Index
- 40% S&P/TSX Capped Composite Total Return Index
- 15% S&P 500 Total Return Index (CAD)
- 5% FTSE TMX Canada 30 Day TBill Index

The change in benchmark better reflects the composition of the Fund.

The broad-based index is the FTSE TMX Canada Universe Bond Index.

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A¹	9.1	7.9	6.5	4.9	–
New benchmark	11.8	9.5	8.3	6.8	–
Old benchmark	11.4	9.4	8.0	6.7	–
Broad-based index	8.8	3.7	5.4	5.3	–
Advisor Series²	9.2	7.9	6.5	–	3.8
New benchmark	11.8	9.5	8.3	–	5.9
Old benchmark	11.4	9.4	8.0	–	5.8
Broad-based index	8.8	3.7	5.4	–	5.4
Series D³	10.0	8.8	7.4	–	4.2
New benchmark	11.8	9.5	8.3	–	5.7
Old benchmark	11.4	9.4	8.0	–	5.5
Broad-based index	8.8	3.7	5.4	–	5.9
Series F¹	10.4	9.1	7.7	6.0	–
New benchmark	11.8	9.5	8.3	6.8	–
Old benchmark	11.4	9.4	8.0	6.7	–
Broad-based index	8.8	3.7	5.4	5.3	–
Series O⁴	11.3	10.0	8.6	–	5.5
New benchmark	11.8	9.5	8.3	–	5.8
Old benchmark	11.4	9.4	8.0	–	5.6
Broad-based index	8.8	3.7	5.4	–	5.6

The returns of each series may vary because of differences in management fees and expenses. The New benchmark, Old benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the New benchmark, Old benchmark and broad-based index.

¹ Inception date April 15, 2002.

² Inception date March 20, 2006.

³ Inception date July 3, 2007.

⁴ Inception date January 1, 2008.

INDEX DESCRIPTIONS

FTSE TMX Canada Universe Bond Index* This index is designed as a broad measure of the Canadian investment-grade fixed-income market and includes bonds with maturities of at least one year.

S&P/TSX Capped Composite Total Return Index This index is the amended capitalization-weighted index measuring the performance of selected securities listed on the Toronto Stock Exchange, with no individual stock exceeding 10% of the overall weight.

S&P 500 Total Return Index (CAD) This index is a capitalization-weighted index measuring the Canadian dollar performance of 500 widely held common stocks representing all major industries in the United States. The index gives investors a broad measure of the overall performance of the U.S. stock market.

FTSE TMX Canada 30 Day TBill Index* This index is a measure of the performance of Canadian short-term cash investments.

* FTSE TMX fixed-income benchmarks were known as the DEX benchmarks before a name change.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Canadian Equities	37.3
Income Funds	37.3
United States Equities	7.0
Cash/Other	18.4

Top 25 Holdings

	% of Net Asset Value
RBC Bond Fund	16.7
RBC Canadian Short-Term Income Fund	12.3
RBC Global High Yield Bond Fund	8.3
Royal Bank of Canada	2.8
Toronto-Dominion Bank	2.5
Canadian National Railway Co.	2.1
Bank of Nova Scotia	1.9
Suncor Energy Inc.	1.5
Bank of Montreal	1.2
Canadian Natural Resources Ltd.	1.1
Enbridge Inc.	1.1
Manulife Financial Corporation	1.1
Canadian Imperial Bank of Commerce	1.0
Brookfield Asset Management Inc., Class A	1.0
Cash & Cash Equivalents	1.0
TransCanada Corp.	0.9
Potash Corporation of Saskatchewan Inc.	0.9
Valeant Pharmaceuticals International Inc.	0.9
BCE Inc.	0.9
Alimentation Couche-Tard Inc.	0.9
TELUS Corp.	0.7
Magna International Inc., Class A	0.7
Apple Inc.	0.7
Loblaw Companies Ltd.	0.6
Sun Life Financial Inc.	0.6
Top 25 Holdings	63.4

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



BALANCED FUND

RBC MONTHLY INCOME FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide a tax-efficient monthly distribution consisting of dividend income, interest income and capital gains along with providing the potential for modest capital growth.

The Fund invests primarily in Canadian fixed-income securities, common shares, income trusts and similar higher-yielding investments. For fixed-income securities, the Fund targets a duration similar to the FTSE TMX Canada Universe Bond Index. Stocks that qualify as investments will generally carry above-average dividend yields and offer the potential for increases in their payouts.

The Fund's target weightings for each asset class are 60% for fixed income and 40% for equities. The target weightings for each asset class may be adjusted based on changes in the market outlook for each asset class.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$9.5 billion as of December 31, 2014, from \$8.9 billion at the end of 2013. Of the change, \$792 million was due to investment returns and \$259 million to net inflows.

Over the past year, the Fund's Series A units gained 9.0%, which underperformed the 9.6% rise in the benchmark. The broad-based index rose 8.8%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

During 2014, the Fund made monthly distributions of 4.25 cents per Series A unit. For the year, the Fund made total distributions of 51 cents per Series A unit, consisting of 19 cents per unit of dividends, 17 cents per unit of return of capital and 15 cents per unit of income.

The Fund's overweight position in equities and underweight position in fixed income were positive for performance.

The S&P/TSX Composite Index rose through the first three quarters of 2014 and declined in the fourth quarter, trailing U.S. market returns for the year but outpacing those in other developed economies. A decline in commodity prices weighed on many global markets beginning in September, but the drop was more pronounced in the resource-heavy S&P/TSX index. Crude oil led the commodity-price declines, as OPEC opted to maintain production levels even with a global surplus caused by surging U.S. shale output. Slower economic growth in Europe and China also contributed to weaker demand for resources. Emerging-market economies broadly slowed during the year. The Canadian economy benefited from the steadily expanding U.S. economy, as gains in hiring and income boosted consumer spending.

Bond yields, both in Canada and globally, fell during the period amid geopolitical conflict, the spread of the deadly Ebola virus and looser European and Japanese monetary policies driven by slowing economic growth and fears of deflation. The end of the U.S. Federal Reserve's bond-buying program in October was met with little fanfare, as investors turned their attention to Japan's launch of additional monetary stimulus and measures by Eurozone central bankers to support the economy and, more importantly, prevent deflation. Global deflationary forces were a large part of the reason that yields resisted many investors' predictions that they would head higher during the year.

In the equities segment of the portfolio, positive relative performance in the Utilities sector was offset by weaker performance in the Industrials, Consumer Staples and Materials sectors. In the Utilities sector, the Fund benefited from an overweight position in Brookfield Renewable Energy Partners. Above-benchmark exposure to Fortis also had a positive impact on returns.

Underperformance in the Industrials sector was driven by an underweight position in Canadian National Railway. Below-benchmark exposure to Canadian Pacific Railway also hurt performance. In the Consumer Staples sector, a lack of exposure to Alimentation Couche-Tard hindered returns. In Materials, an overweight position in Teck Resources weighed on performance.

In the Fund's fixed-income benchmark, provincial bonds were the best-performing asset. As a result, the Fund's overweight position in provincial securities was positive for relative performance. On a maturity basis, securities with terms exceeding 10 years performed best, boosted by investor demand for higher yields in the low-interest-rate environment. Demand for longer-term assets was also bolstered by subdued inflation.



Recent Developments

Recent Canadian economic data has been mixed, with the impact of falling crude-oil prices somewhat muted by a substantially weaker Canadian dollar. Oil prices are difficult to forecast in the short run, but it now appears that prices will be lower on average and more volatile than in the recent past. In the view of the portfolio manager, a weaker Canadian dollar, coupled with a stronger U.S. economy, suggests the potential for improving manufacturing exports.

However, falling energy prices and a fully valued housing market are likely to remain headwinds for the Canadian economy. Emerging-market economies are stabilizing, but Chinese economic growth has been slightly disappointing, and consumer confidence is declining across much of Asia.

While Bank of Canada cut interest rates in early 2015, many investors expect the U.S. Federal Reserve to raise the fed funds rate as early as the middle of this year amid a strengthening economy and signs of accelerating wages. However, the portfolio manager believes that Canadian growth should pick up, and that interest rates will rise slowly. Close attention needs to be paid to global events. Large-scale bond-buying in the Eurozone would force down yields in Europe, making higher-yielding Canadian bonds relatively attractive. Demand for income makes corporate and provincial bonds attractive relative to government bonds, and additional yield offered by these securities would help offset capital losses as yields rise. The Fund plans to maintain overweight positions in both areas.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank and RBC IS are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$198,000 (2013 – \$308,000) or 9% (2013 – 15%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	13.52	0.49	(0.17)	0.14	0.73	1.19	(0.15)	(0.19)	–	(0.17)	(0.51)	14.21
Dec. 31, 2013	13.29	0.48	(0.16)	0.27	0.18	0.77	(0.14)	(0.20)	(0.22)	–	(0.56)	13.51
Dec. 31, 2012	12.93	0.48	(0.16)	0.26	0.28	0.86	(0.14)	(0.18)	(0.19)	–	(0.51)	13.29
Dec. 31, 2011	13.13	0.49	(0.15)	0.37	(0.34)	0.37	–	(0.17)	(0.18)	(0.22)	(0.57)	12.93
Dec. 31, 2010	12.50	0.52	(0.15)	0.14	0.65	1.16	(0.30)	(0.16)	–	(0.11)	(0.57)	13.13
Advisor Series												
Dec. 31, 2014	13.63	0.49	(0.16)	0.14	0.74	1.21	(0.15)	(0.19)	–	(0.17)	(0.51)	14.34
Dec. 31, 2013	13.39	0.49	(0.16)	0.28	0.18	0.79	(0.14)	(0.20)	(0.22)	–	(0.56)	13.62
Dec. 31, 2012	13.02	0.48	(0.15)	0.26	0.28	0.87	(0.14)	(0.18)	(0.19)	–	(0.51)	13.39
Dec. 31, 2011	13.21	0.49	(0.14)	0.37	(0.35)	0.37	–	(0.17)	(0.18)	(0.22)	(0.57)	13.02
Dec. 31, 2010	12.56	0.52	(0.14)	0.14	0.65	1.17	(0.30)	(0.16)	–	(0.11)	(0.57)	13.21
Series D												
Dec. 31, 2014	13.84	0.50	(0.13)	0.15	0.75	1.27	(0.15)	(0.19)	–	(0.17)	(0.51)	14.60
Dec. 31, 2013	13.55	0.49	(0.12)	0.28	0.18	0.83	(0.14)	(0.20)	(0.22)	–	(0.56)	13.83
Dec. 31, 2012	13.13	0.49	(0.12)	0.27	0.29	0.93	(0.14)	(0.18)	(0.19)	–	(0.51)	13.55
Dec. 31, 2011	13.28	0.50	(0.11)	0.37	(0.35)	0.41	–	(0.17)	(0.18)	(0.22)	(0.57)	13.13
Dec. 31, 2010	12.60	0.52	(0.11)	0.14	0.66	1.21	(0.30)	(0.16)	–	(0.11)	(0.57)	13.28
Series F												
Dec. 31, 2014	14.40	0.52	(0.11)	0.15	0.78	1.34	(0.15)	(0.19)	–	(0.17)	(0.51)	15.24
Dec. 31, 2013	14.05	0.51	(0.10)	0.29	0.19	0.89	(0.14)	(0.20)	(0.22)	–	(0.56)	14.39
Dec. 31, 2012	13.58	0.50	(0.10)	0.28	0.30	0.98	(0.14)	(0.18)	(0.19)	–	(0.51)	14.05
Dec. 31, 2011	13.70	0.51	(0.09)	0.39	(0.36)	0.45	–	(0.17)	(0.18)	(0.22)	(0.57)	13.58
Dec. 31, 2010	12.95	0.54	(0.09)	0.15	0.68	1.28	(0.30)	(0.16)	–	(0.11)	(0.57)	13.70
Series O												
Dec. 31, 2014	14.62	0.53	–	0.16	0.79	1.48	(0.15)	(0.19)	–	(0.17)	(0.51)	15.60
Dec. 31, 2013	14.17	0.52	–	0.29	0.19	1.00	(0.14)	(0.20)	(0.22)	–	(0.56)	14.61
Dec. 31, 2012	13.60	0.51	–	0.28	0.30	1.09	(0.14)	(0.18)	(0.19)	–	(0.51)	14.17
Dec. 31, 2011	13.62	0.51	–	0.38	(0.36)	0.53	–	(0.17)	(0.18)	(0.22)	(0.57)	13.60
Dec. 31, 2010	12.79	0.53	–	0.15	0.67	1.35	(0.30)	(0.16)	–	(0.11)	(0.57)	13.62

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	14.21	8 486 039	597 130	1.20	1.20	27.02	0.02
Dec. 31, 2013	13.52	8 088 354	598 177	1.20	1.20	36.94	0.02
Dec. 31, 2012	13.31	7 852 696	590 050	1.20	1.20	31.14	0.03
Dec. 31, 2011	12.95	7 400 609	571 441	1.19	1.19	57.95	0.04
Dec. 31, 2010	13.15	7 091 995	539 333	1.17	1.17	38.77	0.04
Advisor Series							
Dec. 31, 2014	14.34	59 292	4 135	1.15	1.15	27.02	0.02
Dec. 31, 2013	13.63	53 908	3 955	1.16	1.16	36.94	0.02
Dec. 31, 2012	13.41	50 969	3 802	1.16	1.16	31.14	0.03
Dec. 31, 2011	13.04	42 365	3 250	1.14	1.14	57.95	0.04
Dec. 31, 2010	13.23	33 095	2 502	1.13	1.13	38.77	0.04
Series D							
Dec. 31, 2014	14.60	172 123	11 787	0.88	0.88	27.02	0.02
Dec. 31, 2013	13.84	154 446	11 161	0.88	0.88	36.94	0.02
Dec. 31, 2012	13.56	145 640	10 737	0.88	0.88	31.14	0.03
Dec. 31, 2011	13.15	126 243	9 601	0.87	0.87	57.95	0.04
Dec. 31, 2010	13.30	118 701	8 924	0.86	0.86	38.77	0.04
Series F							
Dec. 31, 2014	15.24	90 228	5 920	0.72	0.72	27.02	0.02
Dec. 31, 2013	14.40	48 710	3 383	0.72	0.72	36.94	0.02
Dec. 31, 2012	14.07	45 182	3 211	0.72	0.72	31.14	0.03
Dec. 31, 2011	13.60	48 233	3 547	0.70	0.70	57.95	0.04
Dec. 31, 2010	13.72	44 812	3 267	0.70	0.70	38.77	0.04
Series O							
Dec. 31, 2014	15.60	651 773	41 791	0.02	0.02	27.02	0.02
Dec. 31, 2013	14.62	580 217	39 678	0.02	0.02	36.94	0.02
Dec. 31, 2012	14.18	495 269	34 919	0.02	0.02	31.14	0.03
Dec. 31, 2011	13.61	307 881	22 618	0.02	0.02	57.95	0.04
Dec. 31, 2010	13.64	217 330	15 939	0.02	0.02	38.77	0.04

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.00%	50%	50%
Advisor Series	1.00%	50%	50%
Series D	0.75%	20%	80%
Series F	0.60%	—	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

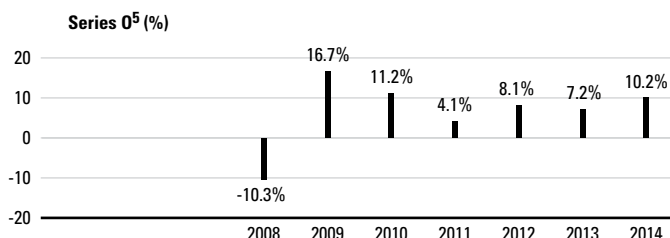
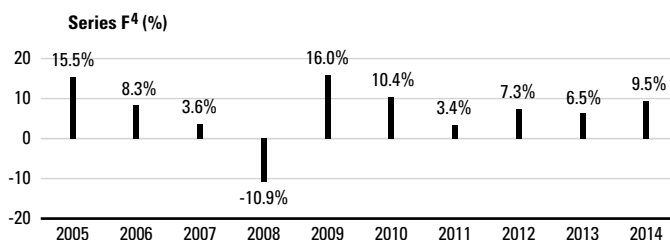
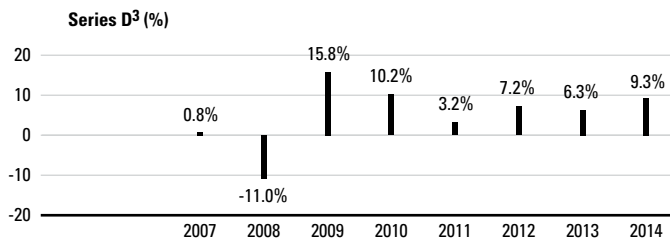
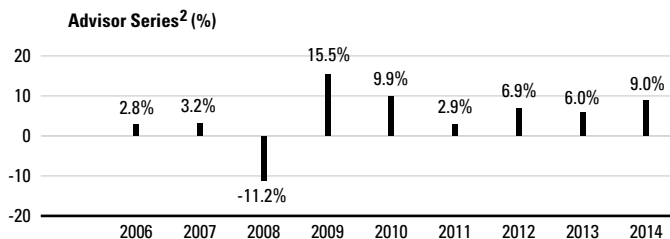
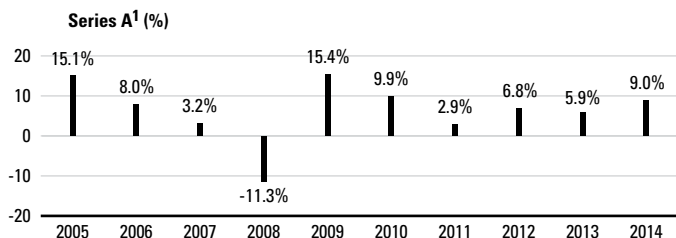
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

The new blended benchmark (the "New benchmark") is composed of:

- 57% FTSE TMX Canada Universe Bond Index
- 43% S&P/TSX Capped Composite Total Return Index

The old blended benchmark (the "Old benchmark") is composed of:

- 55% FTSE TMX Canada Mid Term Bond Index
- 40% S&P/TSX Capped Composite Total Return Index
- 5% FTSE TMX Canada 60 Day TBill Index

The change in benchmark better reflects the composition of the Fund.

The broad-based index is the FTSE TMX Canada Universe Bond Index.

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	9.0	7.2	6.9	6.2	—
New benchmark	9.6	6.5	6.5	6.6	—
Old benchmark	9.4	6.6	6.7	6.6	—
Broad-based index	8.8	3.7	5.4	5.3	—
Advisor Series ²	9.0	7.3	6.9	—	5.1
New benchmark	9.6	6.5	6.5	—	5.6
Old benchmark	9.4	6.6	6.7	—	5.9
Broad-based index	8.8	3.7	5.4	—	5.3
Series D ³	9.3	7.6	7.2	—	5.3
New benchmark	9.6	6.5	6.5	—	5.3
Old benchmark	9.4	6.6	6.7	—	5.6
Broad-based index	8.8	3.7	5.4	—	5.9
Series F ⁴	9.5	7.8	7.4	6.7	—
New benchmark	9.6	6.5	6.5	6.6	—
Old benchmark	9.4	6.6	6.7	6.6	—
Broad-based index	8.8	3.7	5.4	5.3	—
Series O ⁵	10.2	8.5	8.1	—	6.4
New benchmark	9.6	6.5	6.5	—	5.1
Old benchmark	9.4	6.6	6.7	—	5.5
Broad-based index	8.8	3.7	5.4	—	5.6

The returns of each series may vary because of differences in management fees and expenses. The New benchmark, Old benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the New benchmark, Old benchmark and broad-based index.

¹ Inception date August 17, 1997.
² Inception date August 28, 2006.
³ Inception date July 3, 2007.
⁴ Inception date August 13, 2001.
⁵ Inception date January 1, 2008.

INDEX DESCRIPTIONS

FTSE TMX Canada Universe Bond Index* This index is designed as a broad measure of the Canadian investment-grade fixed-income market and includes bonds with maturities of at least one year.

S&P/TSX Capped Composite Total Return Index This index is the amended capitalization-weighted index measuring the performance of selected securities listed on the Toronto Stock Exchange, with no individual stock exceeding 10% of the overall weight.

FTSE TMX Canada Mid Term Bond Index* This index is a broad measure of the performance of mid-term Canadian bonds with terms to maturity of five to 10 years.

FTSE TMX Canada 60 Day TBill Index* This index is a measure of the performance of Canadian short-term cash investments.

* FTSE TMX fixed-income benchmarks were known as the DEX benchmarks before a name change.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Canadian Bonds	49.9
Equities	47.4
Income Trusts	0.9
Foreign Bonds	0.2
Cash/Other	1.6

Top 25 Holdings

	% of Net Asset Value
Royal Bank of Canada	3.5
Toronto-Dominion Bank	3.0
Bank of Nova Scotia	2.8
Enbridge Inc.	2.0
Manulife Financial Corporation	1.7
Province of Ontario 3.150% Jun 2 22	1.6
Suncor Energy Inc.	1.6
TransCanada Corp.	1.5
Canadian Imperial Bank of Commerce	1.4
Province of Ontario 6.500% Mar 8 29	1.4
Province of Ontario 4.400% Jun 2 19	1.4
Government of Canada 1.500% Sep 1 17	1.3
Cash & Cash Equivalents	1.3
Bank of Montreal	1.2
Province of Ontario 4.650% Jun 2 41	1.2
Government of Canada 4.000% Jun 1 41	1.2
Province of Ontario 2.100% Sep 8 18	1.1
Magna International Inc., Class A	1.1
Canadian Natural Resources Ltd.	1.1
Province of Ontario 3.450% Jun 2 45	1.1
Canadian National Railway Co.	1.0
Province of Ontario 4.600% Jun 2 39	1.0
Brookfield Property Partners LP	1.0
Ontario Electricity Financial Corp. 8.250% Jun 22 26	1.0
Sun Life Financial Inc.	0.9
Top 25 Holdings	37.4

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



BALANCED FUND

RBC U.S. MONTHLY INCOME FUND

formerly, RBC \$U.S. Income Fund

December 31, 2014

Portfolio Manager *RBC Global Asset Management Inc. ("RBC GAM")*

Sub-Advisor: RBC Global Asset Management (UK) Limited, London, England
(for a portion of the Fund)

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE (in USD)

Investment Objective and Strategies

The Fund seeks to provide regular U.S. dollar monthly income and modest capital growth.

The Fund invests primarily in U.S. government bonds, corporate fixed-income securities, asset-backed bonds and equity securities of U.S. companies. Investments may also include high-yield debt and U.S. dollar-denominated debt issued in emerging markets.

The Fund's target weightings for each asset class are 60% for fixed income and 40% for equities. The target weightings for each asset class may be adjusted based on changes in the market outlook for each asset class.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value increased to \$1.1 billion as of December 31, 2014, from \$782 million at the end of 2013. Most of the change was due to net inflows.

Over the past year, the Fund's Series A units gained 7.4%, which underperformed the 9.1% rise in the benchmark. The broad-based index rose 6.0%. The Fund's return is after the deduction of fees and expenses, while the benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

During 2014, the Fund made monthly distributions of 2.50 cents per Series A unit. For the year, the Fund made total distributions of approximately 80 cents per Series A unit, consisting of 66 cents per unit of capital gains including an additional year-end distribution, 10 cents per unit of dividends and 4 cents per unit of income.

The Fund invests in both fixed income and stocks. During 2014, the Fund benefited from a relative preference for stocks over bonds, as U.S. equities generally offered better returns than fixed income.

U.S. government debt, as well as conventional mortgage-backed securities and high-quality corporate bonds, fared well in 2014 as strong demand for assets perceived as providing greater safety and a decline in yields led to generally rising bond prices. Longer-dated bonds outperformed as these securities are the most sensitive to lower bond yields. For much of the year, riskier securities such as high-yield

and emerging-market bonds proved resilient. This resilience was tested in the second half of the year by a rapid and significant decline in oil prices, stagnant economies in Europe and slowing growth in China. This backdrop resulted in high-yield and emerging-market bonds underperforming higher-quality investments in the fourth quarter.

The Fund's allocation to debt investments performed generally in line with the fixed-income benchmark. An above-benchmark weight in high-yield investments was a drag on returns in the Fund's fixed-income segment. Also hurting fixed-income results was a shorter-than-benchmark average maturity in government bonds, which underperformed longer-term bonds as yields decreased. The Fund's emerging-market bonds fared relatively well, aided by a preference for more conservative investments relative to the benchmark.

In the equity portion of the portfolio, performance was hurt by the Fund's position in Financials, where rising legal and regulatory costs, weak trading results and lower net interest income hurt financial results, particularly for JPMorgan. The Fund's overweight position in drug-maker Pfizer also hurt performance as the company's failed attempt to acquire European rival AstraZeneca caused valuation to suffer. Poor stock selection in Consumer Staples also hurt performance as tobacco maker Philip Morris International experienced unexpected volume declines and currency headwinds. The Fund's position in the commodity chemical producer LyondellBasell also hurt performance as its share price was dragged down during the fall collapse in energy prices. In the equity portion of the portfolio, the Information Technology, Consumer Staples and Industrials sectors were the best-performing sectors in the Fund. The Health Care sector also aided returns. Underweight positions in the Telecommunication Services, Consumer Discretionary and Energy sectors aided returns. Strong stock selection in the Consumer Staples, Industrials and Technology sectors also contributed positively. Technology companies Apple Inc., Microsoft and Intel were standouts as new product cycles, attractive valuations, and stock buybacks and dividend increases drove the stocks higher. Union Pacific, a railroad operator, was a leader in the Industrials space as rising volumes and well-controlled costs led to surging profits.

Portfolio turnover was high for the equity portion of the Fund, as the portfolio manager attempted to generate better returns through active fund management.



Recent Developments

In the fixed-income segment, the Fund has above-benchmark weightings in investment-grade and high-yield bonds and benchmark weight in emerging markets. The Fund continues to favour non-government assets relative to government and mortgage-backed securities to boost the portfolio's overall yield. The Fund will also maintain a lower average maturity to offset the effect of what the portfolio manager believes will be a gradual rise in interest rates. The portfolio's performance is linked somewhat to the outlook for oil prices, which will especially impact the Fund's high-yield and emerging-market bonds.

In the portfolio manager's opinion, the big run in the stock market since the beginning of 2013 suggests that much of this improvement in the economy is already reflected in equity valuations. The S&P 500 currently trades slightly above its historical average valuation but remains attractive based on free-cash-flow and earnings yields relative to bond yields. The key assumption for stocks remaining attractive is that the U.S. stays out of recession next year. As a result, the portfolio manager plans to position the portfolio for modest domestic growth, with revenue growth in the mid-single-digit range and earnings growth in the high single digits.

Effective June 27, 2014, the name of the Fund was changed to RBC U.S. Monthly Income Fund.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Sub-Advisor

RBC Global Asset Management (UK) Limited is the sub-advisor and provides investment advice for the Fund.

Distributors

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

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank and RBC IS are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$31,000 (2013 – \$65,000) or 5% (2013 – 10%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS (in USD)

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²					Net Assets End of Year/Period
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital	Total	
Series A												
Dec. 31, 2014	10.75	0.34	(0.19)	0.42	0.22	0.79	(0.04)	(0.10)	(0.66)	–	(0.80)	10.74
Dec. 31, 2013	10.55	0.37	(0.19)	0.52	0.28	0.98	(0.08)	(0.14)	(0.57)	–	(0.79)	10.75
Dec. 31, 2012	10.06	0.37	(0.19)	0.34	0.21	0.73	(0.05)	(0.12)	(0.10)	(0.03)	(0.30)	10.55
Dec. 31, 2011	10.22	0.34	(0.17)	(0.19)	0.12	0.10	(0.08)	(0.10)	–	(0.18)	(0.36)	10.06
Dec. 31, 2010	9.66	0.35	(0.17)	0.19	0.58	0.95	(0.11)	(0.05)	–	(0.20)	(0.36)	10.22
Advisor Series												
Dec. 31, 2014	10.84	0.34	(0.19)	0.43	0.22	0.80	(0.04)	(0.10)	(0.66)	–	(0.80)	10.84
Dec. 31, 2013	10.63	0.37	(0.19)	0.53	0.29	1.00	(0.08)	(0.14)	(0.58)	–	(0.80)	10.83
Dec. 31, 2012	10.12	0.37	(0.18)	0.34	0.21	0.74	(0.05)	(0.12)	(0.10)	(0.03)	(0.30)	10.63
Dec. 31, 2011	10.27	0.32	(0.17)	(0.18)	0.12	0.09	(0.08)	(0.10)	–	(0.18)	(0.36)	10.12
Dec. 31, 2010	9.70	0.35	(0.16)	0.18	0.54	0.91	(0.11)	(0.05)	–	(0.20)	(0.36)	10.27
Series H												
Dec. 31, 2014	10.76	0.33	(0.17)	0.41	0.22	0.79	(0.04)	(0.10)	(0.66)	–	(0.80)	10.78
Dec. 31, 2013 ³	10.89 [†]	0.13	(0.07)	0.19	0.10	0.35	(0.03)	(0.06)	(0.52)	–	(0.61)	10.76
Series D												
Dec. 31, 2014	11.32	0.36	(0.12)	0.44	0.23	0.91	(0.04)	(0.10)	(0.68)	–	(0.82)	11.42
Dec. 31, 2013	10.99	0.39	(0.12)	0.54	0.30	1.11	(0.08)	(0.14)	(0.57)	–	(0.79)	11.31
Dec. 31, 2012	10.39	0.38	(0.11)	0.35	0.21	0.83	(0.05)	(0.12)	(0.10)	(0.03)	(0.30)	10.99
Dec. 31, 2011	10.47	0.35	(0.10)	(0.20)	0.13	0.18	(0.08)	(0.10)	–	(0.18)	(0.36)	10.39
Dec. 31, 2010	9.82	0.35	(0.10)	0.20	0.61	1.06	(0.11)	(0.05)	–	(0.20)	(0.36)	10.47
Series F												
Dec. 31, 2014	10.94	0.35	(0.10)	0.43	0.23	0.91	(0.04)	(0.10)	(0.66)	–	(0.80)	11.04
Dec. 31, 2013	10.64	0.38	(0.10)	0.53	0.29	1.10	(0.08)	(0.14)	(0.59)	–	(0.81)	10.93
Dec. 31, 2012	10.04	0.37	(0.09)	0.34	0.21	0.83	(0.05)	(0.12)	(0.10)	(0.03)	(0.30)	10.64
Dec. 31, 2011	10.12	0.32	(0.08)	(0.18)	0.12	0.18	(0.08)	(0.10)	–	(0.18)	(0.36)	10.04
Dec. 31, 2010	9.48	0.35	(0.08)	0.18	0.56	1.01	(0.11)	(0.05)	–	(0.20)	(0.36)	10.12
Series I												
Dec. 31, 2014	10.94	0.34	(0.08)	0.42	0.22	0.90	(0.04)	(0.10)	(0.66)	–	(0.80)	11.07
Dec. 31, 2013 ³	11.04 [†]	0.14	(0.03)	0.19	0.10	0.40	(0.03)	(0.06)	(0.54)	–	(0.63)	10.94

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From August 12, 2013.

[†] Initial offering net asset value per unit.



FINANCIAL HIGHLIGHTS (in USD) (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	10.74	932 545	86 791	1.77	1.77	107.15	0.07
Dec. 31, 2013	10.75	653 066	60 724	1.77	1.77	116.70	0.09
Dec. 31, 2012	10.56	495 626	46 945	1.78	1.78	119.00	0.10
Dec. 31, 2011	10.06	352 595	35 041	1.78	1.78	217.05	0.21
Dec. 31, 2010	10.23	170 364	16 659	1.74	1.74	148.39	0.20
Advisor Series							
Dec. 31, 2014	10.84	66 322	6 120	1.73	1.73	107.15	0.07
Dec. 31, 2013	10.84	61 673	5 691	1.73	1.73	116.70	0.09
Dec. 31, 2012	10.63	57 583	5 416	1.70	1.70	119.00	0.10
Dec. 31, 2011	10.12	36 160	3 572	1.71	1.71	217.05	0.21
Dec. 31, 2010	10.28	7 714	750	1.70	1.70	148.39	0.20
Series H							
Dec. 31, 2014	10.78	30 296	2 811	1.55	1.55	107.15	0.07
Dec. 31, 2013 ⁴	10.76	15 728	1 461	1.64	1.64	116.70	0.09
Series D							
Dec. 31, 2014	11.42	26 564	2 327	1.06	1.06	107.15	0.07
Dec. 31, 2013	11.32	15 655	1 383	1.05	1.05	116.70	0.09
Dec. 31, 2012	11.00	10 715	974	1.05	1.05	119.00	0.10
Dec. 31, 2011	10.39	4 897	471	1.07	1.07	217.05	0.21
Dec. 31, 2010	10.48	2 419	231	1.04	1.04	148.39	0.20
Series F							
Dec. 31, 2014	11.04	32 009	2 899	0.88	0.88	107.15	0.07
Dec. 31, 2013	10.94	22 004	2 012	0.88	0.88	116.70	0.09
Dec. 31, 2012	10.64	20 844	1 959	0.87	0.87	119.00	0.10
Dec. 31, 2011	10.05	10 951	1 090	0.88	0.88	217.05	0.21
Dec. 31, 2010	10.13	3 371	333	0.87	0.87	148.39	0.20
Series I							
Dec. 31, 2014	11.07	33 959	3 068	0.70	0.70	107.15	0.07
Dec. 31, 2013 ⁴	10.94	13 405	1 225	0.75	0.75	116.70	0.09

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From August 12, 2013.



FINANCIAL HIGHLIGHTS (in USD) (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.50%	53%	47%
Advisor Series	1.50%	53%	47%
Series H	1.40%	57%	43%
Series D	0.90%	17%	83%
Series F	0.75%	—	100%
Series I	0.60%	—	100%

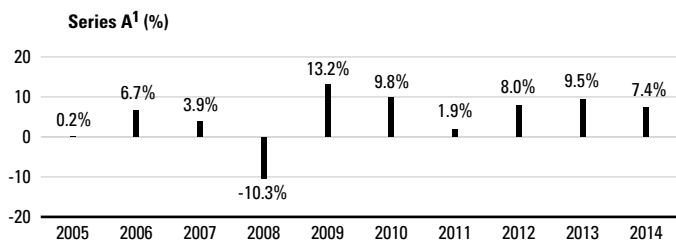
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE (in USD)

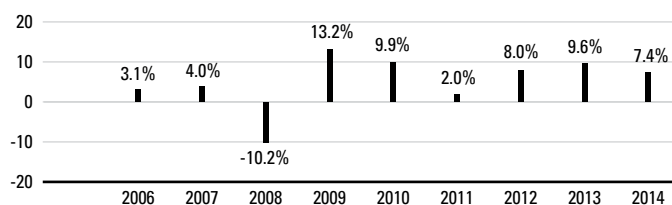
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



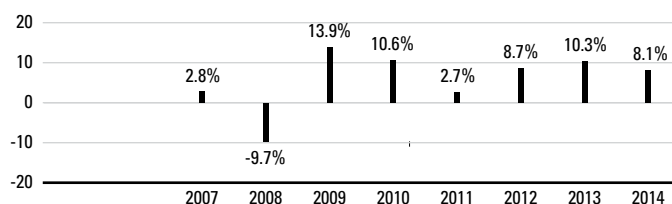
Advisor Series² (%)



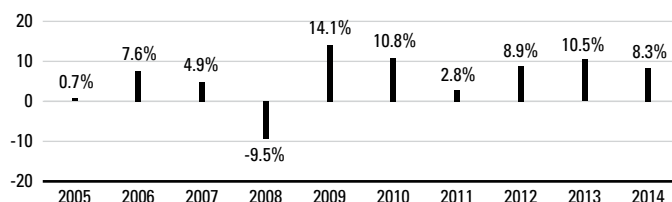
Series H³ (%)



Series D⁴ (%)



Series F¹ (%)



Series I³ (%)





PAST PERFORMANCE (in USD) (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

The blended benchmark (the "Benchmark") is composed of:

- 60% Barclays Capital U.S. Aggregate Bond Index
- 40% S&P 500 Total Return Index (USD)

The broad-based index is the Barclays Capital U.S. Aggregate Bond Index.

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	7.4	8.3	7.3	—	5.0
Benchmark	9.1	9.6	9.0	—	6.4
Broad-based index	6.0	2.7	4.4	—	4.7
Advisor Series ²	7.4	8.3	7.3	—	5.4
Benchmark	9.1	9.6	9.0	—	6.5
Broad-based index	6.0	2.7	4.4	—	5.1
Series H ³	7.6	—	—	—	8.8
Benchmark	9.1	—	—	—	11.4
Broad-based index	6.0	—	—	—	5.1
Series D ⁴	8.1	9.1	8.0	—	6.1
Benchmark	9.1	9.6	9.0	—	6.3
Broad-based index	6.0	2.7	4.4	—	5.2
Series F ¹	8.3	9.3	8.2	—	6.0
Benchmark	9.1	9.6	9.0	—	6.4
Broad-based index	6.0	2.7	4.4	—	4.7
Series I ³	8.6	—	—	—	9.8
Benchmark	9.1	—	—	—	11.4
Broad-based index	6.0	—	—	—	5.1

The returns of each series may vary because of differences in management fees and expenses. The Benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark and broad-based index.

¹ Inception date May 24, 2005.

² Inception date August 28, 2006.

³ Inception date August 12, 2013.

⁴ Inception date July 3, 2007.

INDEX DESCRIPTIONS

Barclays Capital U.S. Aggregate Bond Index This index is a broad measure of investment-grade, U.S. dollar-denominated debt issued by the U.S. Treasury, as well as by governments, corporations and agencies.

S&P 500 Total Return Index (USD) This index is a capitalization-weighted index measuring the U.S. dollar performance of 500 widely held common stocks representing all major industries in the United States. The index gives investors a broad measure of the overall performance of the U.S. stock market at any time.

SUMMARY OF INVESTMENT PORTFOLIO (in USD)

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Equities	46.4
Bonds	33.9
Mortgage-Backed Securities	17.9
Cash/Other	1.8

Top 25 Holdings

	% of Net Asset Value
United States Treasury 1.000% Sep 30 19	3.4
RBC Emerging Markets Bond Fund	3.1
United States Treasury 1.125% Apr 30 20	2.4
Apple Inc.	2.3
United States Treasury 3.750% Nov 15 18	1.7
Microsoft Corp.	1.5
Cash & Cash Equivalents	1.5
Fannie Mae Pool 4.000% Sep 1 40	1.5
ConocoPhillips	1.4
Fannie Mae Pool 4.000% Jan 1 42	1.3
Pfizer Inc.	1.3
Altria Group Inc.	1.2
Intel Corp.	1.2
Fannie Mae Pool 4.000% Dec 1 41	1.2
Wells Fargo & Company	1.1
CVS Health Corp.	1.1
Johnson & Johnson	1.1
Cardinal Health Inc.	1.1
Fannie Mae Pool 3.000% Feb 1 27	1.1
JPMorgan Chase & Co.	1.1
Freddie Mac Gold Pool 4.000% Sep 1 40	1.0
Exxon Mobil Corp.	0.9
Anthem Inc.	0.9
Procter & Gamble Co.	0.9
Freddie Mac Gold Pool 2.500% Feb 1 28	0.9
Top 25 Holdings	36.2

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



BALANCED FUND

RBC BALANCED FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor: RBC Global Asset Management (UK) Limited, London, England
(for the European equity portion of the Fund)

Sub-Advisor: RBC Investment Management (Asia) Limited, Hong Kong, China
(for the Asian equity portion of the Fund)

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide capital growth and modest income by investing in a mix of Canadian stocks and fixed-income securities.

The Fund is invested primarily in Canadian equities to provide capital growth and fixed-income securities to generate income. The Fund may also hold income-trust units, corporate bonds and foreign securities. Blending equities and fixed-income securities in a single portfolio provides investors with exposure to the upside potential of equity capital markets while taking advantage of the stability and frequently offsetting risk profile of bonds.

The portfolio manager's analysis of the economic outlook and capital market valuations and prospects determines the portion of the portfolio that will be invested in stocks and bonds. The composition of the portfolio holdings is adjusted as economic and capital market conditions warrant.

The Fund's target weightings for each asset class are 45% for fixed income, 35% for Canadian equities, 10% for U.S. equities and 10% for international equities. The target weightings for each asset class may be adjusted based on changes in the market outlook for each asset class.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value fell to \$6.9 billion as of December 31, 2014, from \$7 billion at the end of 2013. Of the change, \$705 million was due to net redemptions, offset by \$593 million of investment returns.

Over the past year, the Fund's Series A units gained 8.8%, which underperformed the 10.5% rise in the benchmark. The broad-based index rose 8.8%. The broad-based index is the FTSE TMX Canada Universe Bond Index, which is a measure of performance for the Canadian government and investment-grade corporate bond market, and contains no equity component. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The economic climate in 2014 was characterized by gradually declining global growth and inflation expectations. U.S. economic growth accelerated in the second half of the year, but the strength was not mirrored worldwide. China's economic slowdown and the effect

of falling commodity prices on many emerging-market economies dampened growth, while Europe faced a number of headwinds including too-low inflation and a Russian currency crisis caused by falling oil prices and economic sanctions imposed by the West.

The Fund was positioned to hold an overweight position in stocks and an underweight position in bonds, and this allocation had a positive effect on performance in 2014. Bond yields, both in Canada and globally, declined from the beginning of the year for a number of reasons including demand for safety amid geopolitical conflict; looser Eurozone and Japanese monetary policies; new regulatory requirements for banks; and demand from pension funds looking to match cash flows with retirement payouts. Canadian bonds performed in line with U.S. fixed income, with long-maturity bonds delivering double-digit returns and far outpacing returns on short-term securities. Provincial and corporate bonds, viewed generally as more risky than government bonds, had mixed performance. Prices of riskier assets such as U.S. high-yield corporate and some emerging-market bonds dropped due to exposure to the poorly performing Energy sector, where falling oil prices raised concerns about the ability of some issuers to honour their debts. The fixed-income segment of the Fund was aided by outperformance in the portfolio's government-bond holdings. This positive was partially offset by the negative impact of above-benchmark exposure to corporate bonds, which underperformed overall during the period.

Global stocks exhibited increased volatility during the second half of 2014. The decline in oil prices, which accelerated after OPEC's late-year decision to not cut production, touched off the instability. Regions with high exposure to energy, such as Canada, were most affected. The S&P 500 Index rose for the sixth straight year as accelerating U.S. economic growth helped boost corporate revenues and earnings. Stocks in other markets performed less well amid a more clouded economic-growth outlook. Returns in the equity portion of the Fund were aided by strong stock selection in Canadian equities, partially offset by weak security selection in U.S. equities.

Recent Developments

The world's major central banks are moving in different directions given the divergent economic conditions around the globe. The Bank of Japan and the European Central Bank are easing monetary conditions, while the U.S. Federal Reserve and the Bank of England have been reducing economic stimulus and are expected to raise benchmark interest rates sometime in 2015. Europe is plagued by too little economic growth and too-low inflation. However, the substantial drop in oil prices, if sustained, could boost growth in Europe and elsewhere in 2015.



With bond yields in all major markets now well below equilibrium, valuation risk is again evident in sovereign fixed-income markets, and bonds may be at risk of an abrupt upwards adjustment in yields. The portfolio manager has reduced return expectations for equities as markets have moved closer to fair value, but they remain positive and are especially attractive relative to potential returns for bonds. As a result, the portfolio manager has maintained overweight exposure to equities and an underweight position in bonds.

Effective January 1, 2015, the management fees were reduced as follows: from 2.00% to 1.85% in respect of Series A units, Advisor Series units, Series T5 units and Series T8 units; from 1.25% to 1.10% in respect of Series D units; and from 1.00% to 0.85% in respect of Series F units.

Effective January 1, 2014, the administration fee for Series A units was reduced to 0.10% from 0.14%.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Sub-Advisors

RBC Global Asset Management (UK) Limited and RBC Investment Management (Asia) Limited are the sub-advisors and provide investment advice for the Fund.

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series, Series T5, Series T8 and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$337,000 (2013 – \$567,000) or 7% (2013 – 8%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	12.90	0.41	(0.31)	0.74	0.31	1.15	–	(0.07)	(0.50)	–	(0.57)	13.46
Dec. 31, 2013	12.31	0.33	(0.30)	0.71	0.38	1.12	–	(0.02)	(0.53)	–	(0.55)	12.89
Dec. 31, 2012	11.79	0.38	(0.28)	0.30	0.29	0.69	–	(0.05)	(0.12)	–	(0.17)	12.31
Dec. 31, 2011	12.30	0.34	(0.27)	0.40	(0.89)	(0.42)	–	–	(0.08)	–	(0.08)	11.79
Dec. 31, 2010	11.30	0.35	(0.26)	0.62	0.23	0.94	–	–	–	–	–	12.30
Advisor Series												
Dec. 31, 2014	13.02	0.41	(0.32)	0.75	0.31	1.15	–	(0.06)	(0.50)	–	(0.56)	13.60
Dec. 31, 2013	12.43	0.33	(0.30)	0.72	0.38	1.13	–	(0.02)	(0.53)	–	(0.55)	13.02
Dec. 31, 2012	11.90	0.38	(0.28)	0.31	0.30	0.71	–	(0.06)	(0.12)	–	(0.18)	12.43
Dec. 31, 2011	12.40	0.34	(0.27)	0.41	(0.89)	(0.41)	–	–	(0.08)	–	(0.08)	11.90
Dec. 31, 2010	11.39	0.36	(0.26)	0.62	0.24	0.96	–	–	–	–	–	12.40
Series T5												
Dec. 31, 2014	12.47	0.39	(0.29)	0.70	0.30	1.10	–	(0.06)	(0.42)	(0.14)	(0.62)	12.93
Dec. 31, 2013	12.34	0.33	(0.30)	0.71	0.37	1.11	–	(0.02)	(0.95)	–	(0.97)	12.47
Dec. 31, 2012 ³	12.31 [†]	0.10	(0.09)	0.08	0.08	0.17	–	–	(0.15)	–	(0.15)	12.34
Series T8												
Dec. 31, 2014	9.05	0.28	(0.21)	0.50	0.21	0.78	–	(0.05)	(0.35)	(0.33)	(0.73)	9.10
Dec. 31, 2013	8.97	0.23	(0.21)	0.50	0.27	0.79	–	(0.03)	(0.30)	(0.39)	(0.72)	9.04
Dec. 31, 2012	9.18	0.28	(0.21)	0.23	0.22	0.52	–	(0.04)	(0.08)	(0.61)	(0.73)	8.97
Dec. 31, 2011	10.43	0.28	(0.22)	0.33	(0.72)	(0.33)	–	–	(0.08)	(0.84)	(0.92)	9.18
Dec. 31, 2010	10.41	0.31	(0.22)	0.55	0.21	0.85	–	–	–	(0.84)	(0.84)	10.43
Series D												
Dec. 31, 2014	13.40	0.42	(0.21)	0.77	0.32	1.30	–	(0.18)	(0.52)	–	(0.70)	13.99
Dec. 31, 2013	12.79	0.34	(0.20)	0.74	0.39	1.27	–	(0.14)	(0.55)	–	(0.69)	13.39
Dec. 31, 2012	12.25	0.39	(0.19)	0.32	0.31	0.83	–	(0.16)	(0.13)	–	(0.29)	12.79
Dec. 31, 2011	12.67	0.35	(0.18)	0.42	(0.92)	(0.33)	–	–	(0.08)	–	(0.08)	12.25
Dec. 31, 2010	11.54	0.36	(0.17)	0.63	0.24	1.06	–	–	–	–	–	12.67
Series F												
Dec. 31, 2014	14.15	0.45	(0.18)	0.82	0.34	1.43	–	(0.23)	(0.55)	–	(0.78)	14.78
Dec. 31, 2013	13.50	0.36	(0.17)	0.79	0.42	1.40	–	(0.18)	(0.58)	–	(0.76)	14.14
Dec. 31, 2012	12.93	0.41	(0.16)	0.34	0.32	0.91	–	(0.21)	(0.13)	–	(0.34)	13.50
Dec. 31, 2011	13.33	0.37	(0.15)	0.44	(0.97)	(0.31)	–	–	(0.08)	–	(0.08)	12.93
Dec. 31, 2010	12.11	0.38	(0.14)	0.66	0.25	1.15	–	–	–	–	–	13.33



FINANCIAL HIGHLIGHTS (cont.)

Change in Net Assets Per Unit (\$) (cont.)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		Total
Series I												
Dec. 31, 2014	14.66	0.46	(0.06)	0.85	0.36	1.61	–	(0.37)	(0.57)	–	(0.94)	15.31
Dec. 31, 2013	13.99	0.38	(0.06)	0.82	0.43	1.57	–	(0.31)	(0.60)	–	(0.91)	14.65
Dec. 31, 2012	13.38	0.43	(0.06)	0.35	0.34	1.06	–	(0.32)	(0.14)	–	(0.46)	13.99
Dec. 31, 2011	13.69	0.38	(0.05)	0.45	(1.00)	(0.22)	–	–	(0.08)	–	(0.08)	13.38
Dec. 31, 2010	12.34	0.39	(0.05)	0.68	0.26	1.28	–	–	–	–	–	13.69
Series O												
Dec. 31, 2014	14.29	0.45	–	0.83	0.35	1.63	–	(0.42)	(0.57)	–	(0.99)	14.91
Dec. 31, 2013	13.64	0.37	–	0.80	0.42	1.59	–	(0.35)	(0.59)	–	(0.94)	14.29
Dec. 31, 2012	13.07	0.42	–	0.34	0.33	1.09	–	(0.38)	(0.14)	–	(0.52)	13.64
Dec. 31, 2011	13.31	0.37	–	0.44	(0.97)	(0.16)	–	–	(0.08)	–	(0.08)	13.07
Dec. 31, 2010	11.96	0.38	–	0.66	0.25	1.29	–	–	–	–	–	13.31

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From September 24, 2012.

[†] Initial offering net asset value per unit.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	13.46	6 459 792	479 781	2.32	2.32	60.51	0.09
Dec. 31, 2013	12.90	6 610 494	512 529	2.36	2.36	70.00	0.11
Dec. 31, 2012	12.33	6 752 841	547 826	2.36	2.36	81.81	0.14
Dec. 31, 2011	11.81	7 064 510	598 340	2.35	2.35	102.06	0.18
Dec. 31, 2010	12.32	7 972 129	647 273	2.30	2.30	82.19	0.18
Advisor Series							
Dec. 31, 2014	13.60	19 550	1 437	2.34	2.34	60.51	0.09
Dec. 31, 2013	13.02	21 017	1 614	2.33	2.33	70.00	0.11
Dec. 31, 2012	12.44	20 696	1 664	2.29	2.29	81.81	0.14
Dec. 31, 2011	11.91	21 522	1 807	2.30	2.30	102.06	0.18
Dec. 31, 2010	12.42	23 894	1 924	2.25	2.25	82.19	0.18
Series T5							
Dec. 31, 2014	12.93	336	26	2.29	2.29	60.51	0.09
Dec. 31, 2013	12.47	192	15	2.36	2.36	70.00	0.11
Dec. 31, 2012 ⁴	12.35	7	1	2.38	2.38	81.81	0.14
Series T8							
Dec. 31, 2014	9.10	2 424	266	2.30	2.30	60.51	0.09
Dec. 31, 2013	9.05	1 902	210	2.29	2.29	70.00	0.11
Dec. 31, 2012	8.98	2 199	245	2.28	2.28	81.81	0.14
Dec. 31, 2011	9.19	3 357	365	2.28	2.28	102.06	0.18
Dec. 31, 2010	10.44	3 608	345	2.24	2.24	82.19	0.18



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data (cont.)

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series D							
Dec. 31, 2014	13.99	109 532	7 828	1.50	1.50	60.51	0.09
Dec. 31, 2013	13.40	96 600	7 210	1.49	1.49	70.00	0.11
Dec. 31, 2012	12.81	90 052	7 031	1.49	1.49	81.81	0.14
Dec. 31, 2011	12.26	89 174	7 271	1.49	1.49	102.06	0.18
Dec. 31, 2010	12.68	97 169	7 663	1.45	1.45	82.19	0.18
Series F							
Dec. 31, 2014	14.78	22 710	1 537	1.23	1.23	60.51	0.09
Dec. 31, 2013	14.15	18 588	1 314	1.22	1.22	70.00	0.11
Dec. 31, 2012	13.51	16 114	1 193	1.23	1.23	81.81	0.14
Dec. 31, 2011	12.94	15 891	1 228	1.23	1.23	102.06	0.18
Dec. 31, 2010	13.34	13 852	1 038	1.19	1.19	82.19	0.18
Series I							
Dec. 31, 2014	15.31	219 561	14 340	0.43	0.43	60.51	0.09
Dec. 31, 2013	14.66	201 591	13 750	0.41	0.41	70.00	0.11
Dec. 31, 2012	14.00	184 478	13 175	0.42	0.42	81.81	0.14
Dec. 31, 2011	13.40	172 501	12 873	0.42	0.42	102.06	0.18
Dec. 31, 2010	13.70	175 555	12 813	0.40	0.40	82.19	0.18
Series O							
Dec. 31, 2014	14.91	47 056	3 156	0.03	0.03	60.51	0.09
Dec. 31, 2013	14.29	42 369	2 964	0.02	0.02	70.00	0.11
Dec. 31, 2012	13.65	39 008	2 858	0.03	0.03	81.81	0.14
Dec. 31, 2011	13.08	40 664	3 108	0.02	0.02	102.06	0.18
Dec. 31, 2010	13.33	44 960	3 374	0.02	0.02	82.19	0.18

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From September 24, 2012.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	2.00%	50%	50%
Advisor Series	2.00%	50%	50%
Series T5	2.00%	50%	50%
Series T8	2.00%	50%	50%
Series D	1.25%	20%	80%
Series F	1.00%	–	100%
Series I	0.35%	–	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

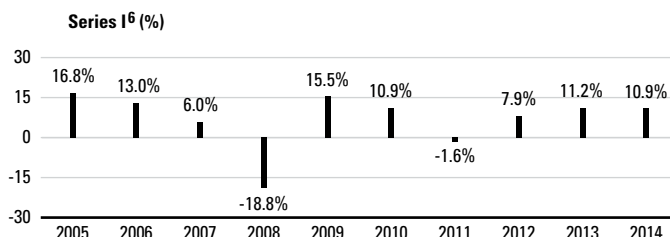
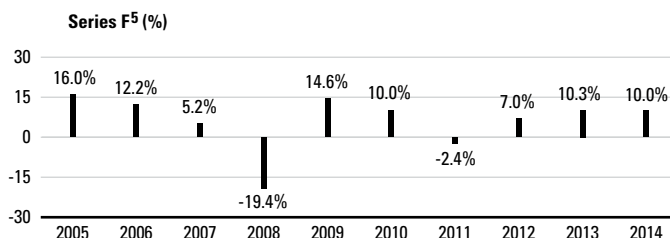
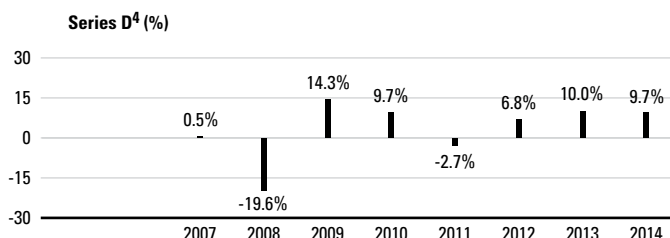
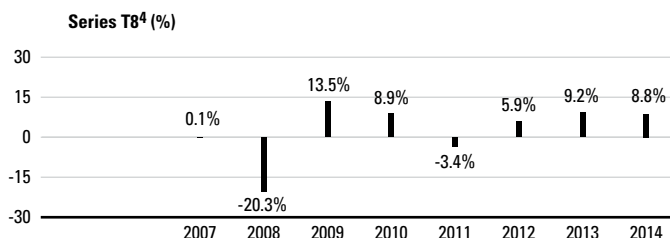
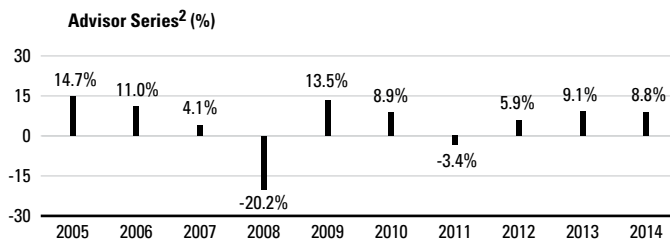
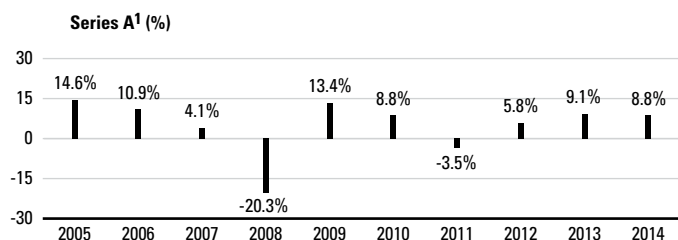
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

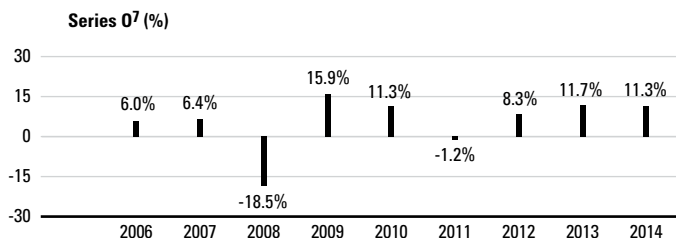
Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

The new blended benchmark (the "New benchmark") is composed of:

- 45% FTSE TMX Canada Universe Bond Index
- 35% S&P/TSX Capped Composite Total Return Index
- 10% S&P 500 Total Return Index (CAD)
- 7% MSCI EAFE Total Return Net Index (CAD)
- 3% MSCI Emerging Markets Total Return Net Index (CAD)

The old blended benchmark (the "Old benchmark") is composed of:

- 45% FTSE TMX Canada Universe Bond Index
- 35% S&P/TSX Capped Composite Total Return Index
- 10% S&P 500 Total Return Index (CAD)
- 10% MSCI EAFE Total Return Net Index (CAD)

The change in benchmark better reflects the composition of the Fund.

The broad-based index is the FTSE TMX Canada Universe Bond Index.

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	8.8	7.9	5.7	4.7	—
New benchmark	10.5	9.1	7.7	6.6	—
Old benchmark	10.4	9.3	7.8	6.5	—
Broad-based index	8.8	3.7	5.4	5.3	—
Advisor Series ²	8.8	7.9	5.7	4.7	—
New benchmark	10.5	9.1	7.7	6.6	—
Old benchmark	10.4	9.3	7.8	6.5	—
Broad-based index	8.8	3.7	5.4	5.3	—
Series T5 ³	8.8	—	—	—	8.6
New benchmark	10.5	—	—	—	9.7
Old benchmark	10.4	—	—	—	10.1
Broad-based index	8.8	—	—	—	3.4
Series T6 ⁴	8.8	8.0	5.8	—	2.5
New benchmark	10.5	9.1	7.7	—	5.2
Old benchmark	10.4	9.3	7.8	—	5.2
Broad-based index	8.8	3.7	5.4	—	5.9
Series D ⁴	9.7	8.8	6.6	—	3.3
New benchmark	10.5	9.1	7.7	—	5.2
Old benchmark	10.4	9.3	7.8	—	5.2
Broad-based index	8.8	3.7	5.4	—	5.9
Series F ⁵	10.0	9.1	6.9	5.9	—
New benchmark	10.5	9.1	7.7	6.6	—
Old benchmark	10.4	9.3	7.8	6.5	—
Broad-based index	8.8	3.7	5.4	5.3	—
Series I ⁶	10.9	10.0	7.7	6.7	—
New benchmark	10.5	9.1	7.7	6.6	—
Old benchmark	10.4	9.3	7.8	6.5	—
Broad-based index	8.8	3.7	5.4	5.3	—
Series O ⁷	11.3	10.4	8.2	—	5.6
New benchmark	10.5	9.1	7.7	—	5.9
Old benchmark	10.4	9.3	7.8	—	5.8
Broad-based index	8.8	3.7	5.4	—	5.3

The returns of each series may vary because of differences in management fees and expenses. The New benchmark, Old benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the New benchmark, Old benchmark and broad-based index.

¹ Inception date December 31, 1987.
² Inception date January 13, 2003.
³ Inception date September 24, 2012.
⁴ Inception date July 3, 2007.
⁵ Inception date August 13, 2001.
⁶ Inception date January 12, 2004.
⁷ Inception date September 5, 2006.

INDEX DESCRIPTIONS

FTSE TMX Canada Universe Bond Index* This index is designed as a broad measure of the Canadian investment-grade fixed-income market and includes bonds with maturities of at least one year.

S&P/TSX Capped Composite Total Return Index This index is the amended capitalization-weighted index measuring the performance of selected securities listed on the Toronto Stock Exchange, with no individual stock exceeding 10% of the overall weight.

S&P 500 Total Return Index (CAD) This index is a capitalization-weighted index measuring the Canadian dollar performance of 500 widely held common stocks representing all major industries in the United States. The index gives investors a broad measure of the overall performance of the U.S. stock market.

MSCI EAFE Total Return Net Index (CAD) This index is a broad measure of the Canadian dollar performance of stocks from developed equity markets covering countries in Europe, Australasia and the Far East. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.



PAST PERFORMANCE (cont.)

MSCI Emerging Markets Total Return Net Index (CAD) This index is a broad measure of the Canadian dollar performance of emerging-market equities. As of May 2010, the index consisted of the following 21 emerging-market country indexes: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, South Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand and Turkey. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

* FTSE TMX fixed-income benchmarks were known as the DEX benchmarks before a name change.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Canadian Bonds	35.8
Canadian Equities	33.1
United States Equities	11.3
International Equities	8.5
Investment Funds	7.5
Foreign Bonds	0.8
Cash/Other	3.0

Top 25 Holdings

	% of Net Asset Value
RBC Emerging Markets Equity Fund	3.9
Royal Bank of Canada	2.5
Toronto-Dominion Bank	2.1
Province of Ontario 3.150% Jun 2 22	1.8
RBC Canadian Small & Mid-Cap Resources Fund	1.7
Bank of Nova Scotia	1.6
Suncor Energy Inc.	1.5
Canadian National Railway Co.	1.3
Canada Housing Trust No. 1 3.350% Dec 15 20	1.3
Bank of Montreal	1.2
Province of Ontario 4.650% Jun 2 41	1.1
Enbridge Inc.	1.1
Province of Ontario 2.850% Jun 2 23	1.1
Province of Ontario 2.100% Sep 8 18	1.1
Manulife Financial Corporation	1.0
Canadian Natural Resources Ltd.	1.0
Brookfield Asset Management Inc., Class A	0.9
Province of Manitoba 6.500% Sep 22 17	0.9
Province of Quebec 4.500% Dec 1 17	0.9
Canadian Pacific Railway Ltd.	0.9
TransCanada Corp.	0.8
Province of Ontario 4.600% Jun 2 39	0.8
Canadian Imperial Bank of Commerce	0.8
Government of Canada 1.750% Mar 1 19	0.8
Province of Ontario 4.400% Jun 2 19	0.8
Top 25 Holdings	32.9

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



BALANCED FUND

RBC GLOBAL BALANCED FUND

December 31, 2014

Portfolio Manager *RBC Global Asset Management Inc. ("RBC GAM")*

Sub-Advisor: RBC Global Asset Management (UK) Limited, London, England
(for the European equity portion of the Fund)

Sub-Advisor: RBC Investment Management (Asia) Limited, Hong Kong, China
(for the Asian equity portion of the Fund)

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund pursues long-term capital growth with a secondary focus on modest income. The Fund invests primarily in Canadian, U.S. and international equities and fixed-income securities. It may also invest in income trusts and may use derivatives.

The Fund uses a strategic asset-allocation approach that determines the appropriate asset mix with broad pre-established guidelines for each asset class, and adjusts the percentage of the Fund invested in each asset class as the market outlook changes.

The Fund's target weightings for each asset class are 45% for fixed income, 20% for Canadian equities, 20% for U.S. equities and 15% for international equities. The target weightings for each asset class may be adjusted based on changes in the market outlook for each asset class.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value fell to \$772 million as of December 31, 2014, from \$776 million at the end of 2013. Of the change, \$67 million was due to net redemptions, offset by \$63 million of investment returns.

Over the past year, the Fund's Series A units gained 8.4%, which underperformed the 11.5% rise in the benchmark. The broad-based index rose 10.6%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

After a relatively calm first half of 2014, the second half was characterized by a significant pick-up in stock and bond volatility. The cause of the price swings was less the end of extraordinary monetary measures by the U.S. Federal Reserve (the "Fed") than it was worries over slowing economic growth outside the U.S. and a collapse in oil prices. The European Central Bank and the Bank of Japan boosted quantitative easing or made plans to begin such central-bank bond purchases just as the Fed completed its own quantitative-easing program. While the declining oil price was of general benefit to consumers, the trend made it more difficult for energy companies to service their bonds and increased the likelihood of loan defaults.

The Fund's relative performance was held back by the underperformance of U.S. and international stocks in the portfolio.

Global bond yields fell steadily during the year, contrary to the expectations of many mainstream economists. The yield on the Canadian 30-year bond fell near the lowest since 1981. European and Japanese central-bank support, sluggish global economies and deflationary worries were the primary drivers for lower yields.

The Fund carried an overweight position in equities and an underweight position in bonds. Overall, gains in the U.S. stock market exceeded those in Canada, while stocks in many other developed countries showed modest declines. Global government bonds performed well.

The Canadian dollar fell against the U.S. dollar in 2014. Earlier in the year the cause was expectations that benchmark U.S. interest rates would rise relative to Canadian rates. Later in the year, general strength led the U.S. dollar higher against most currencies, capped off with the rout in energy markets. The Fund continued to partially hedge its exposure to the U.S. dollar, which was a positive for performance versus the benchmark.

The Fund had higher-than-usual portfolio turnover because of trading levels in the U.S. equity portion of the portfolio.

Recent Developments

The portfolio manager was on alert for a significant decline in stocks during the second half of 2014. While a steep decline did materialize, the snap-back was quick. Volatility is most likely to remain in 2015. A relatively strong U.S. economy and expectations among many investors that the Fed will raise benchmark interest rates sometime in 2015 indicate that global markets are set for an uneven course. North American bond yields may rise modestly given the potential for Fed action, but the weak global backdrop should prevent significant yield increases. Corporations generally remain in good financial shape and continue to boost earnings in this "not-too-hot/not-too-cold" economic environment.

Effective January 1, 2015, the management fees were reduced as follows: from 2.00% to 1.85% in respect of Series A units, Advisor Series units, Series T5 units, and Series T8 units; from 1.25% to 1.10% in respect of Series D units; and, from 1.00% to 0.85% in respect of Series F units.



Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Sub-Advisors

RBC Global Asset Management (UK) Limited and RBC Investment Management (Asia) Limited are the sub-advisors and provide investment advice for the Fund.

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series, Series T5, Series T8 and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$60,000 (2013 – \$61,000) or 7% (2013 – 7%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	14.02	0.35	(0.35)	1.25	(0.07)	1.18	–	–	–	–	–	15.21
Dec. 31, 2013	12.42	0.31	(0.31)	0.99	0.60	1.59	–	–	–	–	–	14.02
Dec. 31, 2012	11.53	0.31	(0.28)	0.69	0.19	0.91	–	–	–	–	–	12.42
Dec. 31, 2011	11.96	0.32	(0.27)	0.03	(0.50)	(0.42)	–	–	–	–	–	11.53
Dec. 31, 2010	11.35	0.37	(0.26)	0.30	0.16	0.57	–	–	–	–	–	11.96
Advisor Series												
Dec. 31, 2014	14.14	0.36	(0.34)	1.26	(0.07)	1.21	–	–	–	–	–	15.34
Dec. 31, 2013	12.51	0.31	(0.30)	1.00	0.61	1.62	–	–	–	–	–	14.13
Dec. 31, 2012	11.60	0.31	(0.28)	0.69	0.19	0.91	–	–	–	–	–	12.51
Dec. 31, 2011	12.03	0.32	(0.26)	0.03	(0.51)	(0.42)	–	–	–	–	–	11.60
Dec. 31, 2010	11.40	0.38	(0.25)	0.30	0.16	0.59	–	–	–	–	–	12.03
Series T5												
Dec. 31, 2014	13.20	0.32	(0.32)	1.15	(0.07)	1.08	–	–	–	(0.66)	(0.66)	13.63
Dec. 31, 2013	12.27	0.30	(0.30)	0.96	0.58	1.54	–	–	–	(0.61)	(0.61)	13.20
Dec. 31, 2012 ³	12.22 [†]	0.09	(0.08)	0.19	0.05	0.25	–	–	–	(0.15)	(0.15)	12.27
Series T8												
Dec. 31, 2014	9.07	0.22	(0.21)	0.78	(0.05)	0.74	–	–	–	(0.73)	(0.73)	9.09
Dec. 31, 2013	8.68	0.21	(0.20)	0.67	0.41	1.09	–	–	–	(0.70)	(0.70)	9.07
Dec. 31, 2012	8.72	0.23	(0.20)	0.50	0.14	0.67	–	–	–	(0.70)	(0.70)	8.68
Dec. 31, 2011	9.83	0.26	(0.21)	0.03	(0.40)	(0.32)	–	–	–	(0.79)	(0.79)	8.72
Dec. 31, 2010	10.13	0.32	(0.22)	0.25	0.13	0.48	–	–	–	(0.81)	(0.81)	9.83
Series D												
Dec. 31, 2014	14.78	0.37	(0.23)	1.33	(0.08)	1.39	–	–	–	–	–	16.17
Dec. 31, 2013	12.98	0.33	(0.21)	1.04	0.63	1.79	–	–	–	–	–	14.77
Dec. 31, 2012	11.94	0.33	(0.18)	0.72	0.19	1.06	–	–	–	–	–	12.98
Dec. 31, 2011	12.28	0.33	(0.17)	0.03	(0.52)	(0.33)	–	–	–	–	–	11.94
Dec. 31, 2010	11.55	0.38	(0.17)	0.30	0.16	0.67	–	–	–	–	–	12.28
Series F												
Dec. 31, 2014	15.78	0.40	(0.20)	1.42	(0.08)	1.54	–	–	–	–	–	17.31
Dec. 31, 2013	13.82	0.35	(0.18)	1.11	0.67	1.95	–	–	–	–	–	15.77
Dec. 31, 2012	12.67	0.35	(0.16)	0.76	0.21	1.16	–	–	–	–	–	13.82
Dec. 31, 2011	13.00	0.35	(0.15)	0.03	(0.55)	(0.32)	–	–	–	–	–	12.67
Dec. 31, 2010	12.19	0.40	(0.14)	0.32	0.17	0.75	–	–	–	–	–	13.00



FINANCIAL HIGHLIGHTS (cont.)

Change in Net Assets Per Unit (\$) (cont.)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series O												
Dec. 31, 2014	15.83	0.40	–	1.43	(0.08)	1.75	–	–	–	–	–	17.57
Dec. 31, 2013	13.70	0.35	–	1.11	0.67	2.13	–	–	–	–	–	15.82
Dec. 31, 2012	12.42	0.34	–	0.75	0.20	1.29	–	–	–	–	–	13.70
Dec. 31, 2011	12.59	0.35	–	0.03	(0.54)	(0.16)	–	–	–	–	–	12.42
Dec. 31, 2010	11.67	0.39	–	0.31	0.16	0.86	–	–	–	–	–	12.59

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From September 24, 2012.

† Initial offering net asset value per unit.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	15.21	742 388	48 812	2.38	2.38	97.75	0.12
Dec. 31, 2013	14.02	754 204	53 778	2.37	2.37	92.31	0.13
Dec. 31, 2012	12.43	725 089	58 317	2.37	2.37	109.90	0.18
Dec. 31, 2011	11.54	764 214	66 211	2.37	2.37	115.23	0.23
Dec. 31, 2010	11.97	912 164	76 197	2.31	2.31	94.79	0.19
Advisor Series							
Dec. 31, 2014	15.34	6 996	456	2.32	2.32	97.75	0.12
Dec. 31, 2013	14.14	5 435	384	2.29	2.29	92.31	0.13
Dec. 31, 2012	12.52	4 672	373	2.29	2.29	109.90	0.18
Dec. 31, 2011	11.62	5 843	503	2.29	2.29	115.23	0.23
Dec. 31, 2010	12.04	7 087	589	2.25	2.25	94.79	0.19
Series T5							
Dec. 31, 2014	13.63	59	4	2.38	2.38	97.75	0.12
Dec. 31, 2013	13.20	120	9	2.37	2.37	92.31	0.13
Dec. 31, 2012 ⁴	12.28	11	1	2.39	2.39	109.90	0.18
Series T8							
Dec. 31, 2014	9.09	687	76	2.36	2.36	97.75	0.12
Dec. 31, 2013	9.07	368	41	2.31	2.31	92.31	0.13
Dec. 31, 2012	8.69	239	28	2.33	2.33	109.90	0.18
Dec. 31, 2011	8.73	278	32	2.33	2.33	115.23	0.23
Dec. 31, 2010	9.84	276	28	2.26	2.26	94.79	0.19
Series D							
Dec. 31, 2014	16.17	13 315	823	1.49	1.49	97.75	0.12
Dec. 31, 2013	14.78	11 178	756	1.49	1.49	92.31	0.13
Dec. 31, 2012	12.99	9 377	722	1.50	1.50	109.90	0.18
Dec. 31, 2011	11.95	9 262	775	1.49	1.49	115.23	0.23
Dec. 31, 2010	12.29	10 358	843	1.45	1.45	94.79	0.19



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data (cont.)

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series F							
Dec. 31, 2014	17.31	2 165	125	1.21	1.21	97.75	0.12
Dec. 31, 2013	15.78	1 038	66	1.20	1.20	92.31	0.13
Dec. 31, 2012	13.83	990	72	1.21	1.21	109.90	0.18
Dec. 31, 2011	12.69	1 014	80	1.20	1.20	115.23	0.23
Dec. 31, 2010	13.01	1 377	106	1.18	1.18	94.79	0.19
Series O							
Dec. 31, 2014	17.57	6 644	378	0.04	0.04	97.75	0.12
Dec. 31, 2013	15.83	4 113	260	0.03	0.03	92.31	0.13
Dec. 31, 2012	13.71	2 504	183	0.03	0.03	109.90	0.18
Dec. 31, 2011	12.43	1 925	155	0.03	0.03	115.23	0.23
Dec. 31, 2010	12.60	1 197	95	0.02	0.02	94.79	0.19

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From September 24, 2012.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	2.00%	50%	50%
Advisor Series	2.00%	50%	50%
Series T5	2.00%	50%	50%
Series T8	2.00%	50%	50%
Series D	1.25%	20%	80%
Series F	1.00%	—	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

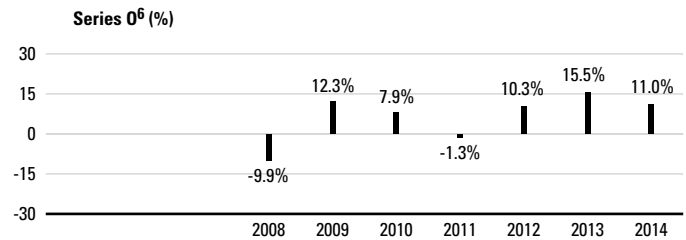
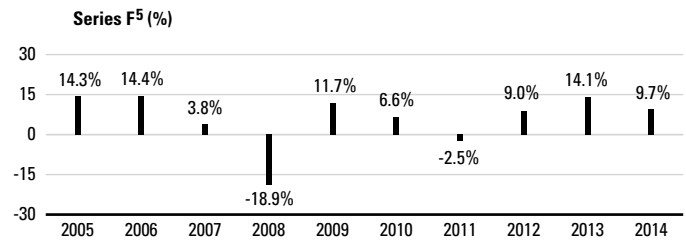
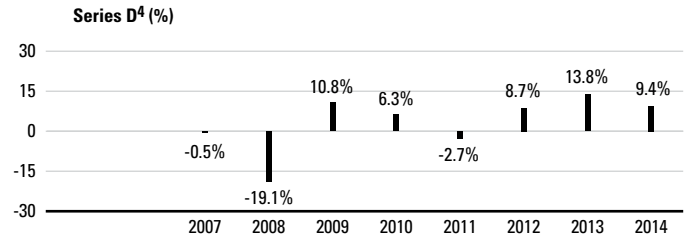
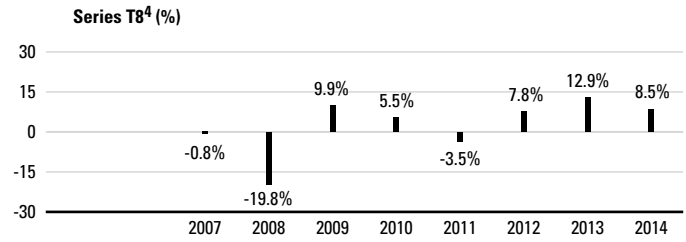
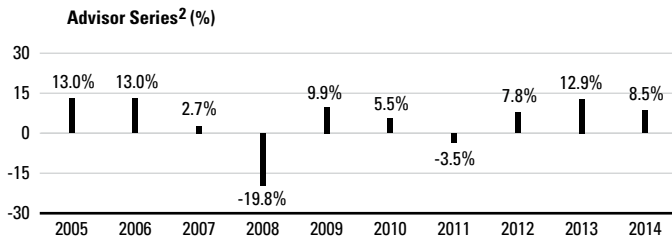
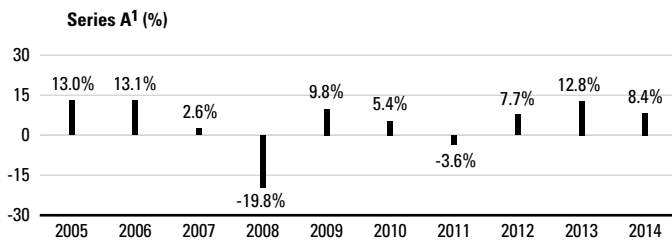


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

The new blended benchmark (the "New benchmark") is composed of:

- 45% FTSE TMX Canada Universe Bond Index
- 20% S&P 500 Total Return Index (CAD)
- 19% S&P/TSX Capped Composite Total Return Index
- 12% MSCI EAFE Total Return Net Index (CAD)
- 4% MSCI Emerging Markets Total Return Net Index (CAD)

The old blended benchmark (the "Old benchmark") is composed of:

- 45% FTSE TMX Canada Universe Bond Index
- 20% S&P 500 Total Return Index (CAD)
- 20% S&P/TSX Capped Composite Total Return Index
- 15% MSCI EAFE Total Return Net Index (CAD)

The change in benchmark better reflects the composition of the Fund.

The broad-based index is the S&P/TSX Capped Composite Total Return Index.

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	8.4	9.6	6.0	4.5	–
New benchmark	11.5	10.9	8.6	6.4	–
Old benchmark	11.4	11.1	8.8	6.3	–
Broad-based index	10.6	10.2	7.5	7.6	–
Advisor Series ²	8.5	9.7	6.1	4.5	–
New benchmark	11.5	10.9	8.6	6.4	–
Old benchmark	11.4	11.1	8.8	6.3	–
Broad-based index	10.6	10.2	7.5	7.6	–
Series T ³	8.4	–	–	–	10.1
New benchmark	11.5	–	–	–	11.7
Old benchmark	11.4	–	–	–	12.1
Broad-based index	10.6	–	–	–	11.2
Series T ⁸	8.5	9.7	6.1	–	2.2
New benchmark	11.5	10.9	8.6	–	5.5
Old benchmark	11.4	11.1	8.8	–	5.5
Broad-based index	10.6	10.2	7.5	–	3.7
Series D ⁴	9.4	10.6	6.9	–	3.0
New benchmark	11.5	10.9	8.6	–	5.5
Old benchmark	11.4	11.1	8.8	–	5.5
Broad-based index	10.6	10.2	7.5	–	3.7
Series F ⁵	9.7	10.9	7.3	5.7	–
New benchmark	11.5	10.9	8.6	6.4	–
Old benchmark	11.4	11.1	8.8	6.3	–
Broad-based index	10.6	10.2	7.5	7.6	–
Series O ⁶	11.0	12.2	8.5	–	6.9
New benchmark	11.5	10.9	8.6	–	8.0
Old benchmark	11.4	11.1	8.8	–	8.0
Broad-based index	10.6	10.2	7.5	–	6.7

The returns of each series may vary because of differences in management fees and expenses. The New benchmark, Old benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the New benchmark, Old benchmark and broad-based index.

- ¹ Inception date April 20, 1998.
- ² Inception date January 13, 2003.
- ³ Inception date September 24, 2012.
- ⁴ Inception date July 3, 2007.
- ⁵ Inception date August 13, 2001.
- ⁶ Inception date September 22, 2008.

INDEX DESCRIPTIONS

FTSE TMX Canada Universe Bond Index* This index is designed as a broad measure of the Canadian investment-grade fixed-income market and includes bonds with maturities of at least one year.

S&P 500 Total Return Index (CAD) This index is a capitalization-weighted index measuring the Canadian dollar performance of 500 widely held common stocks representing all major industries in the United States. The index gives investors a broad measure of the overall performance of the U.S. stock market.

S&P/TSX Capped Composite Total Return Index This index is the amended capitalization-weighted index measuring the performance of selected securities listed on the Toronto Stock Exchange, with no individual stock exceeding 10% of the overall weight.

MSCI EAFE Total Return Net Index (CAD) This index is a broad measure of the Canadian dollar performance of stocks from developed equity markets covering countries in Europe, Australasia and the Far East. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

MSCI Emerging Markets Total Return Net Index (CAD) This index is a broad measure of the Canadian dollar performance of emerging-market equities. As of May 2010, the index consisted of the following 21 emerging-market country indexes: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, South Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand and Turkey. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

* FTSE TMX fixed-income benchmarks were known as the DEX benchmarks before a name change.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Foreign Bonds	21.2
United States Equities	19.5
Canadian Equities	17.9
Canadian Bonds	15.9
International Equities	13.8
Investment Funds	7.6
Cash/Other	4.1

Top 25 Holdings

	% of Net Asset Value
RBC Emerging Markets Equity Fund	3.9
Royal Bank of Canada	1.5
United States Treasury 0.250% May 15 16	1.4
United States Treasury 0.375% Nov 15 15	1.4
Province of Ontario USD 1.100% Oct 25 17	1.3
United States Treasury 1.000% Sep 30 19	1.3
Toronto-Dominion Bank	1.2
RBC Canadian Small & Mid-Cap Resources Fund	1.0
Japan Government Twenty Year JPY 1.600% Jun 20 30	1.0
Bank of Nova Scotia	1.0
RBC U.S. Mid-Cap Equity Fund	0.9
RBC U.S. Mid-Cap Value Equity Fund	0.9
Province of Ontario 3.150% Jun 2 22	0.9
Suncor Energy Inc.	0.8
Buoni Poliennali Del Tesoro EUR 1.500% Dec 15 16	0.8
Apple Inc.	0.8
Canadian National Railway Co.	0.8
Province of Ontario 4.700% Jun 2 37	0.7
United States Treasury 4.500% Aug 15 39	0.6
Province of Quebec 4.500% Dec 1 17	0.6
United Kingdom Gilt GBP 3.250% Jan 22 44	0.6
Bank of Montreal	0.6
United States Treasury 0.875% Jan 31 17	0.6
Manulife Financial Corporation	0.6
Brookfield Asset Management Inc., Class A	0.6
Top 25 Holdings	25.8

The Fund may use futures contracts as an asset substitution or to reduce interest-rate risk.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



BALANCED FUND

RBC JANTZI BALANCED FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor: RBC Global Asset Management (UK) Limited, London, England
(for the European equity portion of the Fund)

Sub-Advisor: RBC Investment Management (Asia) Limited, Hong Kong, China
(for the Asian equity portion of the Fund)

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund provides the potential for long-term capital growth, with a secondary focus on modest income, to investors seeking exposure to “socially responsible investing.” Investments that qualify for inclusion in the portfolio must possess strong environmental, social and governance practices relative to industry peers, as defined by Sustainalytics Best-of-Sector™ methodology.

The Fund invests primarily in Canadian, U.S. and international equities and fixed-income securities.

The Fund’s target weightings for each asset class are 45% for fixed income, 20% for Canadian equities, 20% for U.S. equities and 15% for international equities. The target weightings for each asset class may be adjusted based on changes in the market outlook for each asset class.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund’s overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund’s net asset value rose to \$74 million as of December 31, 2014, from \$53 million at the end of 2013. Most of the change was due to net inflows.

Over the past year, the Fund’s Series A units gained 9.6%, which underperformed the 11.4% rise in the benchmark. The broad-based index rose 10.6%. The Fund’s return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

After a relatively calm first half of 2014, the second half was characterized by a significant pick-up in stock and bond volatility. The cause of the price swings was less the end of extraordinary monetary measures by the U.S. Federal Reserve (the “Fed”) than it was worries over slowing economic growth outside the U.S. and a collapse in oil prices. The European Central Bank and the Bank of Japan boosted quantitative easing or made plans to begin such central-bank bond purchases just as the Fed completed its own quantitative-easing program. While the declining oil price was of general benefit to consumers, the trend made it more difficult for energy companies to service their bonds and increased the likelihood of loan defaults.

The Fund’s performance was held back by the underperformance of U.S. stocks in the portfolio.

Global bond yields fell steadily during the year, contrary to the expectations of many mainstream economists. The yield on the Canadian 30-year bond fell near the lowest since 1981. European and Japanese central-bank support, sluggish global economies and deflationary worries were the primary drivers for lower yields.

The Fund carried an overweight position in equities and an underweight position in bonds. Overall, gains in the U.S. stock market exceeded those in Canada. Canadian government bonds performed well.

The Canadian dollar fell against the U.S. dollar in 2014. Earlier in the year, the cause was expectations that benchmark U.S. interest rates would rise relative to Canadian rates. Later in the year, general strength led the U.S. dollar higher against most currencies, capped off with the rout in energy markets. The Fund continued to partially hedge its exposure to the U.S. dollar, holding a bit more than the suggested benchmark exposure.

Sustainalytics conducted two reviews of the Fund’s holdings in 2014. Stock eligibility was determined in relation to the Environmental, Social and Governance (“ESG”) criteria developed for the Jantzi Social Index. In the opinion of Sustainalytics, all holdings in the Fund were eligible in the latest review, based on the above criteria. However, during the year, six companies were removed from the Fund as they no longer met certain ESG criteria.

The Fund had higher-than-usual portfolio turnover because of trading levels in the U.S. equity portion of the portfolio.

Recent Developments

The portfolio manager was on alert for a significant decline in stocks during the second half of 2014. While a steep decline did materialize, the snap-back was quick. Volatility is most likely to remain in 2015. A relatively strong U.S. economy and expectations among many investors that the Fed will raise benchmark interest rates sometime in 2015 indicate that global markets are set for an uneven course. North American bond yields may rise modestly given the potential for Fed action, but the weak global backdrop should prevent significant yield increases. Corporations generally remain in good financial shape and continue to boost earnings in this “not-too-hot/not-too-cold” economic environment.

It is the view of the portfolio manager that, given the current macroeconomic environment, bond yields in North America should not rise too much even if the Fed raises its benchmark interest rate sometime this year.

™ Best-of-Sector is a trademark of Sustainalytics. Used under licence.



Effective January 1, 2015, the management fees were reduced as follows: from 2.00% to 1.85% in respect of Series A units and Advisor Series units; from 1.25% to 1.10% in respect of Series D units; from 1.00% to 0.85% in respect of Series F units; and, from 0.80% to 0.70% in respect of Series I units.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Sub-Advisors

RBC Global Asset Management (UK) Limited and RBC Investment Management (Asia) Limited are the sub-advisors and provide investment advice for the Fund.

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$6,000 (2013 – \$2,000) or 7% (2013 – 6%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	11.03	0.26	(0.27)	1.08	(0.01)	1.06	–	–	(0.93)	–	(0.93)	11.17
Dec. 31, 2013	9.64	0.27	(0.25)	0.55	0.94	1.51	–	–	(0.11)	–	(0.11)	11.03
Dec. 31, 2012	9.02	0.24	(0.22)	0.28	0.33	0.63	–	(0.01)	–	–	(0.01)	9.64
Dec. 31, 2011	9.18	0.23	(0.21)	0.14	(0.31)	(0.15)	–	–	–	–	–	9.02
Dec. 31, 2010	8.60	0.22	(0.20)	0.32	0.24	0.58	–	–	–	–	–	9.18
Advisor Series												
Dec. 31, 2014	11.06	0.26	(0.27)	1.08	(0.01)	1.06	–	–	(0.93)	–	(0.93)	11.21
Dec. 31, 2013	9.67	0.27	(0.24)	0.55	0.94	1.52	–	–	(0.11)	–	(0.11)	11.06
Dec. 31, 2012	9.04	0.24	(0.22)	0.28	0.33	0.63	–	(0.01)	–	–	(0.01)	9.67
Dec. 31, 2011	9.20	0.23	(0.20)	0.14	(0.32)	(0.15)	–	–	–	–	–	9.04
Dec. 31, 2010	8.62	0.22	(0.19)	0.32	0.25	0.60	–	–	–	–	–	9.20
Series D												
Dec. 31, 2014	11.33	0.27	(0.18)	1.12	(0.02)	1.19	–	–	(0.94)	–	(0.94)	11.59
Dec. 31, 2013	9.86	0.27	(0.16)	0.56	0.96	1.63	–	(0.05)	(0.11)	–	(0.16)	11.33
Dec. 31, 2012	9.21	0.24	(0.14)	0.29	0.34	0.73	–	(0.08)	–	–	(0.08)	9.86
Dec. 31, 2011	9.30	0.24	(0.13)	0.14	(0.32)	(0.07)	–	–	–	–	–	9.21
Dec. 31, 2010	8.64	0.22	(0.13)	0.32	0.25	0.66	–	–	–	–	–	9.30
Series F												
Dec. 31, 2014	11.38	0.27	(0.15)	1.11	(0.02)	1.21	–	–	(0.95)	–	(0.95)	11.67
Dec. 31, 2013	9.89	0.27	(0.13)	0.56	0.96	1.66	–	(0.07)	(0.11)	–	(0.18)	11.38
Dec. 31, 2012	9.24	0.25	(0.12)	0.29	0.34	0.76	–	(0.11)	–	–	(0.11)	9.89
Dec. 31, 2011	9.31	0.24	(0.11)	0.14	(0.32)	(0.05)	–	–	–	–	–	9.24
Dec. 31, 2010	8.62	0.22	(0.10)	0.33	0.25	0.70	–	–	–	–	–	9.31
Series I												
Dec. 31, 2014	11.46	0.26	(0.11)	1.07	(0.01)	1.21	–	–	(0.97)	–	(0.97)	11.79
Dec. 31, 2013	9.95	0.28	(0.09)	0.57	0.98	1.74	–	(0.09)	(0.11)	–	(0.20)	11.46
Dec. 31, 2012	9.30	0.25	(0.07)	0.29	0.34	0.81	–	(0.17)	–	–	(0.17)	9.95
Dec. 31, 2011	9.33	0.24	(0.07)	0.14	(0.32)	(0.01)	–	–	–	–	–	9.30
Dec. 31, 2010	8.60	0.22	(0.07)	0.33	0.25	0.73	–	–	–	–	–	9.33

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	11.17	67 611	6 055	2.38	2.38	192.99	0.13
Dec. 31, 2013	11.03	49 671	4 504	2.38	2.38	89.03	0.07
Dec. 31, 2012	9.65	35 102	3 639	2.38	2.38	103.40	0.11
Dec. 31, 2011	9.03	31 128	3 448	2.37	2.37	129.07	0.18
Dec. 31, 2010	9.19	31 833	3 464	2.33	2.33	88.96	0.13
Advisor Series							
Dec. 31, 2014	11.21	2 699	241	2.32	2.32	192.99	0.13
Dec. 31, 2013	11.06	1 912	173	2.33	2.33	89.03	0.07
Dec. 31, 2012	9.67	952	98	2.32	2.32	103.40	0.11
Dec. 31, 2011	9.05	1 032	114	2.34	2.34	129.07	0.18
Dec. 31, 2010	9.21	808	88	2.29	2.29	88.96	0.13
Series D							
Dec. 31, 2014	11.59	1 947	168	1.50	1.50	192.99	0.13
Dec. 31, 2013	11.33	1 360	120	1.51	1.51	89.03	0.07
Dec. 31, 2012	9.87	599	61	1.49	1.49	103.40	0.11
Dec. 31, 2011	9.22	451	49	1.52	1.52	129.07	0.18
Dec. 31, 2010	9.30	387	42	1.48	1.48	88.96	0.13
Series F							
Dec. 31, 2014	11.67	1 118	96	1.25	1.25	192.99	0.13
Dec. 31, 2013	11.38	481	42	1.25	1.25	89.03	0.07
Dec. 31, 2012	9.90	256	26	1.25	1.25	103.40	0.11
Dec. 31, 2011	9.25	198	21	1.25	1.25	129.07	0.18
Dec. 31, 2010	9.32	186	20	1.21	1.21	88.96	0.13
Series I							
Dec. 31, 2014	11.79	413	35	0.87	0.87	192.99	0.13
Dec. 31, 2013	11.46	1	—	0.87	0.87	89.03	0.07
Dec. 31, 2012	9.96	1	—	0.86	0.86	103.40	0.11
Dec. 31, 2011	9.32	1	—	0.86	0.86	129.07	0.18
Dec. 31, 2010	9.33	1	—	0.86	0.86	88.96	0.13

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	2.00%	50%	50%
Advisor Series	2.00%	50%	50%
Series D	1.25%	20%	80%
Series F	1.00%	—	100%
Series I	0.80%	—	100%

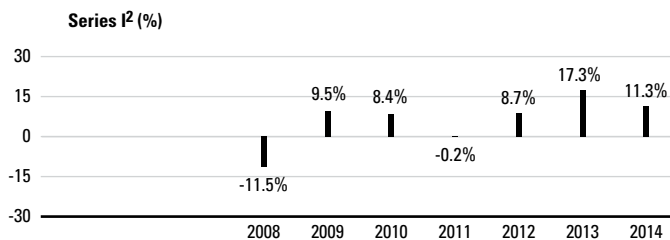
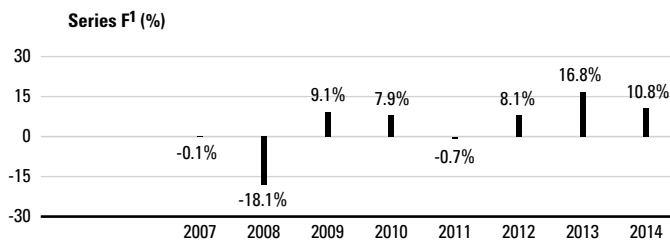
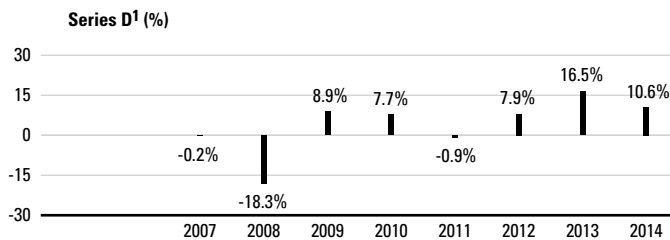
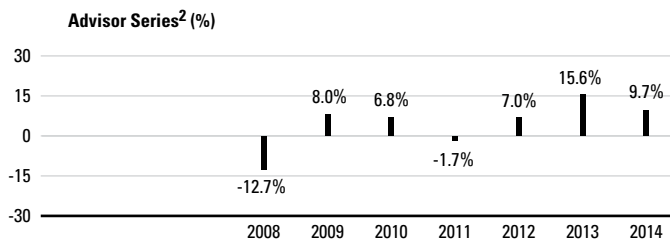
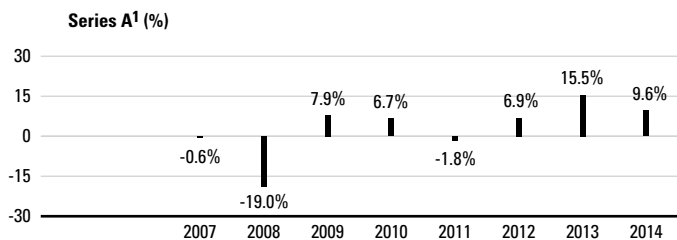
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

The blended benchmark (the "Benchmark") is composed of:

- 45% FTSE TMX Canada Universe Bond Index
- 20% S&P/TSX Capped Composite Total Return Index
- 20% S&P 500 Total Return Index (CAD)
- 15% MSCI EAFE Total Return Net Index (CAD)

The broad-based index is the S&P/TSX Capped Composite Total Return Index.

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	9.6	10.6	7.3	—	2.8
Benchmark	11.4	11.1	8.8	—	5.5
Broad-based index	10.6	10.2	7.5	—	3.7
Advisor Series ²	9.7	10.7	7.3	—	4.3
Benchmark	11.4	11.1	8.8	—	6.3
Broad-based index	10.6	10.2	7.5	—	4.6
Series D ¹	10.6	11.6	8.2	—	3.7
Benchmark	11.4	11.1	8.8	—	5.5
Broad-based index	10.6	10.2	7.5	—	3.7
Series F ¹	10.8	11.9	8.5	—	4.0
Benchmark	11.4	11.1	8.8	—	5.5
Broad-based index	10.6	10.2	7.5	—	3.7
Series I ²	11.3	12.4	8.9	—	5.9
Benchmark	11.4	11.1	8.8	—	6.3
Broad-based index	10.6	10.2	7.5	—	4.6

The returns of each series may vary because of differences in management fees and expenses. The Benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark and broad-based index.

¹ Inception date July 3, 2007.

² Inception date January 21, 2008.

INDEX DESCRIPTIONS

FTSE TMX Canada Universe Bond Index* This index is designed as a broad measure of the Canadian investment-grade fixed-income market and includes bonds with maturities of at least one year.

S&P/TSX Capped Composite Total Return Index This index is the amended capitalization-weighted index measuring the performance of selected securities listed on the Toronto Stock Exchange, with no individual stock exceeding 10% of the overall weight.

S&P 500 Total Return Index (CAD) This index is a capitalization-weighted index measuring the Canadian dollar performance of 500 widely held common stocks representing all major industries in the United States. The index gives investors a broad measure of the overall performance of the U.S. stock market.

MSCI EAFE Total Return Net Index (CAD) This index is a broad measure of the Canadian dollar performance of stocks from developed equity markets covering countries in Europe, Australasia and the Far East. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

* FTSE TMX fixed-income benchmarks were known as the DEX benchmarks before a name change.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Foreign Bonds	22.9
United States Equities	22.8
Canadian Equities	21.2
International Equities	17.3
Canadian Bonds	13.7
Cash/Other	2.1

Top 25 Holdings

	% of Net Asset Value
United States Treasury 1.000% Sep 30 19	2.4
United States Treasury 0.375% Nov 15 15	2.4
Cash & Cash Equivalents	2.2
Apple Inc.	1.6
Microsoft Corp.	1.6
United States Treasury 3.250% Dec 31 16	1.6
Kimberly-Clark Corp.	1.5
Royal Bank of Canada	1.5
Spain Government EUR 0.500% Oct 31 17	1.2
Toronto-Dominion Bank	1.2
Province of Ontario 1.900% Sep 8 17	1.0
Anthem Inc.	1.0
Canadian National Railway Co.	1.0
Aetna Inc.	1.0
Southwest Airlines	1.0
Bank of Nova Scotia	1.0
Entergy Corp.	0.8
Archer Daniels Midland Co.	0.8
United States Treasury 3.500% Feb 15 39	0.8
Cisco Systems Inc.	0.8
Province of Ontario 2.100% Sep 8 18	0.8
Allstate Corp.	0.8
Buoni Poliennali Del Tesoro EUR 1.500% Dec 15 16	0.7
Suncor Energy Inc.	0.7
Province of Ontario 3.150% Jun 2 22	0.7
Top 25 Holdings	30.1

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



BALANCED FUND

**RBC BALANCED
GROWTH & INCOME FUND**

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide a combination of capital growth and modest income by investing primarily in a diversified portfolio of income-producing equity and fixed-income securities from anywhere around the world either directly or indirectly through investment in other mutual funds managed by RBC GAM or an affiliate. The Fund may invest in emerging-market equity securities and emerging-market government and corporate bonds.

The Fund's target weightings for each asset class are 40% for fixed-income and 60% for equities. The target weightings for each class may be adjusted based on changes in the market outlook for each asset class.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$725 million as of December 31, 2014, from \$197 million at the end of 2013. Most of the change was due to net inflows.

Over the past year, the Fund's Series A units gained 10.3%, which underperformed the benchmark rise of 11.8%. The broad-based benchmark rose 8.8%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The economic climate in 2014 was characterized by gradually declining global growth and inflation expectations. U.S. economic growth accelerated in the second half of the year, but the strength was not mirrored worldwide. China's economic slowdown and the effect of falling commodity prices on many emerging-market economies dampened growth, while Europe faced a number of headwinds including too-low inflation and a Russian currency crisis caused by falling oil prices and economic sanctions imposed by the West.

The Fund was positioned to hold an overweight position in stocks and an underweight position in bonds, and this allocation had a positive effect on performance in 2014. Bond yields, both in Canada and globally, declined from the beginning of the year for a number of reasons including demand for safety amid geopolitical conflict; looser Eurozone and Japanese monetary policies; new regulatory requirements for banks; and demand from pension funds looking to match cash flows with retirement payouts. Canadian bonds performed in line with U.S. fixed income, with long-maturity bonds

delivering double-digit returns and far outpacing returns on short-term securities. Provincial and corporate bonds, viewed generally as more risky than federal government bonds, had mixed performance. Prices of riskier assets such as U.S. high-yield corporate and some emerging-market bonds dropped due to exposure to the poorly performing Energy sector, where falling oil prices raised concerns about the ability of some issuers to honour their debts. In the fixed-income segment of the portfolio, the Phillips, Hager & North Total Return Bond Fund, the RBC Global Corporate Bond Fund and the RBC Global High Yield Bond Fund had a positive impact on returns.

Global stocks exhibited increased volatility during the second half of 2014. The decline in oil prices, which accelerated after OPEC's late-year decision to not cut production, touched off the instability. Regions with high exposure to energy, such as Canada, were most affected. The S&P 500 Index rose for the sixth straight year as accelerating U.S. economic growth helped boost corporate revenues and earnings. Stocks in other markets performed less well amid a more clouded economic-growth outlook. Both the U.S. equity and Canadian equity portions of the Fund had a significant positive impact on performance. The allocation to emerging-market stocks also aided returns. The Fund initiated a position in the RBC European Dividend Fund in August 2014.

Recent Developments

The world's major central banks are moving in different directions given the divergent economic conditions around the globe. The Bank of Japan and the European Central Bank are easing monetary conditions, while the U.S. Federal Reserve and the Bank of England have been reducing economic stimulus and are expected to raise benchmark interest rates sometime in 2015. Europe is plagued by too little economic growth and too-low inflation. However, the substantial drop in oil prices, if sustained, could boost growth in Europe and elsewhere in 2015.

With bond yields in all major markets now well below equilibrium, valuation risk is again evident in sovereign fixed-income markets, and bonds may be at risk of an abrupt upwards adjustment in yields. The portfolio manager has reduced return expectations for equities as markets have moved closer to fair value, but they remain positive and are especially attractive relative to potential returns for bonds. As a result, the portfolio manager has maintained overweight exposure to equities and an underweight position in bonds.



Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series, Advisor T5 Series, Series T5, Series H and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$42,000 or 8% of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	10.62	0.39	(0.23)	0.34	0.47	0.97	(0.02)	(0.11)	(0.27)	–	(0.40)	11.30
Dec. 31, 2013 ³	10.00 [†]	0.20	(0.09)	0.04	0.63	0.78	(0.05)	(0.02)	(0.03)	–	(0.10)	10.62
Advisor Series												
Dec. 31, 2014	10.62	0.39	(0.23)	0.34	0.48	0.98	(0.02)	(0.12)	(0.27)	–	(0.41)	11.30
Dec. 31, 2013 ³	10.00 [†]	0.20	(0.09)	0.04	0.63	0.78	(0.04)	(0.02)	(0.03)	–	(0.09)	10.62
Advisor T5 Series												
Dec. 31, 2014	10.51	0.39	(0.23)	0.34	0.48	0.98	(0.02)	(0.11)	(0.32)	(0.08)	(0.53)	11.04
Dec. 31, 2013 ³	10.00 [†]	0.20	(0.09)	0.04	0.63	0.78	(0.05)	(0.03)	(0.04)	(0.09)	(0.21)	10.51
Series T5												
Dec. 31, 2014	10.50	0.37	(0.22)	0.33	0.45	0.93	(0.02)	(0.11)	(0.33)	(0.07)	(0.53)	11.03
Dec. 31, 2013 ³	10.00 [†]	0.20	(0.09)	0.04	0.63	0.78	(0.06)	(0.03)	(0.04)	(0.08)	(0.21)	10.50
Series H												
Dec. 31, 2014	10.61	0.39	(0.21)	0.34	0.47	0.99	(0.02)	(0.13)	(0.26)	–	(0.41)	11.31
Dec. 31, 2013 ³	10.00 [†]	0.20	(0.08)	0.04	0.63	0.79	(0.05)	(0.03)	(0.03)	–	(0.11)	10.61
Series D												
Dec. 31, 2014	10.63	0.39	(0.14)	0.34	0.47	1.06	(0.03)	(0.18)	(0.27)	–	(0.48)	11.33
Dec. 31, 2013 ³	10.00 [†]	0.20	(0.05)	0.03	0.63	0.81	(0.06)	(0.03)	(0.03)	–	(0.12)	10.63
Series F												
Dec. 31, 2014	10.65	0.39	(0.11)	0.34	0.47	1.09	(0.04)	(0.19)	(0.27)	–	(0.50)	11.36
Dec. 31, 2013 ³	10.00 [†]	0.20	(0.04)	0.04	0.63	0.83	(0.06)	(0.03)	(0.03)	–	(0.12)	10.64
Series FT5												
Dec. 31, 2014	10.55	0.40	(0.11)	0.35	0.49	1.13	(0.04)	(0.21)	(0.30)	–	(0.55)	11.19
Dec. 31, 2013 ³	10.00 [†]	0.20	(0.04)	0.04	0.63	0.83	(0.08)	(0.04)	(0.03)	(0.06)	(0.21)	10.55
Series I												
Dec. 31, 2014	10.64	0.38	(0.09)	0.33	0.46	1.08	(0.04)	(0.21)	(0.26)	–	(0.51)	11.36
Dec. 31, 2013 ³	10.00 [†]	0.20	(0.03)	0.04	0.63	0.84	(0.07)	(0.03)	(0.03)	–	(0.13)	10.64
Series O												
Dec. 31, 2014	10.59	0.39	–	0.34	0.47	1.20	(0.10)	(0.57)	(0.24)	–	(0.91)	10.97
Dec. 31, 2013 ³	10.00 [†]	0.20	–	0.04	0.63	0.87	(0.11)	(0.06)	(0.03)	–	(0.20)	10.59

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From August 12, 2013.

[†] Initial offering net asset value per unit.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	11.30	297 822	26 357	2.09	2.09	78.13	0.19
Dec. 31, 2013 ⁴	10.62	77 723	7 320	2.14	2.14	16.54	0.12
Advisor Series							
Dec. 31, 2014	11.30	211 437	18 708	2.08	2.08	78.13	0.19
Dec. 31, 2013 ⁴	10.62	61 998	5 838	2.14	2.14	16.54	0.12
Advisor T5 Series							
Dec. 31, 2014	11.04	42 541	3 852	2.08	2.08	78.13	0.19
Dec. 31, 2013 ⁴	10.51	12 961	1 233	2.14	2.14	16.54	0.12
Series T5							
Dec. 31, 2014	11.03	12 360	1 120	2.10	2.10	78.13	0.19
Dec. 31, 2013 ⁴	10.50	2 977	283	2.14	2.14	16.54	0.12
Series H							
Dec. 31, 2014	11.31	43 817	3 875	1.87	1.87	78.13	0.19
Dec. 31, 2013 ⁴	10.61	11 609	1 094	1.97	1.97	16.54	0.12
Series D							
Dec. 31, 2014	11.33	11 005	971	1.24	1.24	78.13	0.19
Dec. 31, 2013 ⁴	10.63	3 076	289	1.29	1.29	16.54	0.12
Series F							
Dec. 31, 2014	11.36	63 363	5 579	0.98	0.98	78.13	0.19
Dec. 31, 2013 ⁴	10.65	14 876	1 397	1.01	1.01	16.54	0.12
Series FT5							
Dec. 31, 2014	11.19	10 586	946	1.00	1.00	78.13	0.19
Dec. 31, 2013 ⁴	10.55	5 044	478	1.01	1.01	16.54	0.12
Series I							
Dec. 31, 2014	11.36	32 103	2 826	0.82	0.82	78.13	0.19
Dec. 31, 2013 ⁴	10.64	6 425	604	0.84	0.84	16.54	0.12
Series O							
Dec. 31, 2014	10.97	399	36	0.07	0.07	78.13	0.19
Dec. 31, 2013 ⁴	10.59	16	1	0.07	0.07	16.54	0.12

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From August 12, 2013.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.75%	57%	43%
Advisor Series	1.75%	57%	43%
Advisor T5 Series	1.75%	57%	43%
Series T5	1.75%	57%	43%
Series H	1.60%	63%	37%
Series D	1.00%	25%	75%
Series F	0.75%	–	100%
Series FT5	0.75%	–	100%
Series I	0.60%	–	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

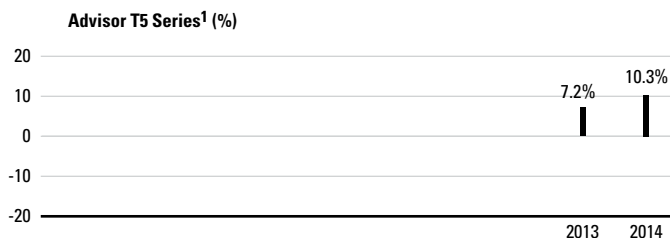
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

The blended benchmark (the "Benchmark") is composed of:

- 40% FTSE TMX Canada Universe Bond Index
- 25% S&P/TSX Capped Composite Total Return Index
- 20% S&P 500 Total Return Index (CAD)
- 10% MSCI Emerging Markets Total Return Net Index (CAD)
- 5% MSCI Europe Total Return Net Index (CAD)

The broad-based index is the FTSE TMX Canada Universe Bond Index.

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	10.3	—	—	—	12.8
Benchmark	11.8	—	—	—	14.5
Broad-based index	8.8	—	—	—	7.2
Advisor Series ¹	10.3	—	—	—	12.8
Benchmark	11.8	—	—	—	14.5
Broad-based index	8.8	—	—	—	7.2
Advisor T5 Series ¹	10.3	—	—	—	12.9
Benchmark	11.8	—	—	—	14.5
Broad-based index	8.8	—	—	—	7.2
Series T5 ¹	10.3	—	—	—	12.8
Benchmark	11.8	—	—	—	14.5
Broad-based index	8.8	—	—	—	7.2
Series H ¹	10.5	—	—	—	13.0
Benchmark	11.8	—	—	—	14.5
Broad-based index	8.8	—	—	—	7.2
Series D ¹	11.2	—	—	—	13.8
Benchmark	11.8	—	—	—	14.5
Broad-based index	8.8	—	—	—	7.2
Series F ¹	11.5	—	—	—	14.1
Benchmark	11.8	—	—	—	14.5
Broad-based index	8.8	—	—	—	7.2
Series FT5 ¹	11.5	—	—	—	14.0
Benchmark	11.8	—	—	—	14.5
Broad-based index	8.8	—	—	—	7.2
Series I ¹	11.7	—	—	—	14.2
Benchmark	11.8	—	—	—	14.5
Broad-based index	8.8	—	—	—	7.2
Series O ¹	12.5	—	—	—	15.1
Benchmark	11.8	—	—	—	14.5
Broad-based index	8.8	—	—	—	7.2

The returns of each series may vary because of differences in management fees and expenses. The Benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark and broad-based index.

¹ Inception date August 12, 2013.



PAST PERFORMANCE (cont.)

INDEX DESCRIPTIONS

FTSE TMX Canada Universe Bond Index* This index is designed as a broad measure of the Canadian investment-grade fixed-income market and includes bonds with maturities of at least one year.

S&P/TSX Capped Composite Total Return Index This index is the amended capitalization-weighted index measuring the performance of selected securities listed on the Toronto Stock Exchange, with no individual stock exceeding 10% of the overall weight.

S&P 500 Total Return Index (CAD) This index is a capitalization-weighted index measuring the Canadian dollar performance of 500 widely held common stocks representing all major industries in the United States. The index gives investors a broad measure of the overall performance of the U.S. stock market.

MSCI Emerging Markets Total Return Net Index (CAD) This index is a broad measure of the Canadian dollar performance of emerging-market equities. As of May 2010, the index consisted of the following 21 emerging-market country indexes: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, South Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand and Turkey. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

MSCI Europe Total Return Net Index (CAD) This index is a broad measure of the Canadian dollar performance of major stock markets in Europe. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

* FTSE TMX fixed-income benchmarks were known as the DEX benchmarks before a name change.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Investment Funds	47.3
Canadian Equities	29.5
United States Equities	20.7
Cash/Other	2.5

Top 25 Holdings

	% of Net Asset Value
Phillips, Hager & North Total Return Bond Fund	11.9
RBC Emerging Markets Dividend Fund	9.8
RBC Global Corporate Bond Fund	7.8
RBC European Dividend Fund	6.1
RBC Global High Yield Bond Fund	5.8
BlueBay Global Monthly Income Bond Fund	5.8
Cash & Cash Equivalents	2.6
Royal Bank of Canada	1.3
Bank of Nova Scotia	1.1
Apple Inc.	1.1
Manulife Financial Corporation	1.0
Suncor Energy Inc.	0.9
Enbridge Inc.	0.9
TransCanada Corp.	0.8
Toronto-Dominion Bank	0.8
Canadian Natural Resources Ltd.	0.7
Microsoft Corp.	0.7
ConocoPhillips	0.6
Pfizer Inc.	0.6
Canadian Imperial Bank of Commerce	0.5
JPMorgan Chase & Co.	0.5
Bank of Montreal	0.5
Johnson & Johnson	0.5
BCE Inc.	0.5
Wells Fargo & Company	0.5
Top 25 Holdings	63.3

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



PORTFOLIO SOLUTION

RBC SELECT VERY CONSERVATIVE PORTFOLIO

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund is a strategic asset allocation fund, which focuses on providing income and the potential for modest capital growth. The Fund maintains a balance of investments across several asset classes by investing in funds managed by RBC GAM or an affiliate.

The Fund's target weightings for each asset class are 80% fixed income, 10% Canadian equities, 5% U.S. equities and 5% international equities. The actual allocation to each asset class will not be more than 15% above or below its target weighting for the fixed-income asset class, and no more than 10% above or below the target weighting for the equities asset classes.

Risk

The Fund has multiple risks associated with investing in various asset classes. These risks are similar to the risks of investing in the underlying funds. The Fund is suitable for investors who plan to hold their investments for the medium-to-long term and can tolerate low-to-medium investment risk.

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$8.0 billion as of December 31, 2014, from \$5.9 billion at the end of 2013. Most of the change was due to net inflows.

Over the past year, the Fund's Series A units rose 6.7%, which underperformed the 9.5% rise in the benchmark. The broad-based index rose 8.8%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The economic climate in 2014 was characterized by gradually declining global growth and inflation expectations. U.S. economic growth accelerated in the second half of the year, but the strength was not mirrored worldwide. China's economic slowdown and the effect of falling commodity prices on many emerging-market economies dampened growth, while Europe faced a number of headwinds including too-low inflation and a Russian currency crisis caused by falling oil prices and economic sanctions imposed by the West.

The Fund was positioned to hold an overweight position in stocks and an underweight position in bonds, and this allocation had a positive effect on performance in 2014. Bond yields, both in Canada and globally, declined from the beginning of the year for a number of reasons including demand for safety amid geopolitical conflict; looser Eurozone and Japanese monetary policies; new regulatory requirements for banks; and demand from pension funds looking to match cash flows with retirement payouts. Canadian bonds performed in line with U.S. fixed income, with long-maturity bonds delivering double-digit returns and far outpacing returns on short-term securities. Provincial and corporate bonds, viewed generally as more risky than federal government bonds, had mixed performance. Prices of riskier assets such as U.S. high-yield corporate and some emerging-market bonds dropped due to exposure to the poorly performing Energy sector, where falling oil prices raised concerns about the ability of some issuers to honour their debts. The Phillips, Hager & North Bond Fund, the RBC Bond Fund and the RBC Global Bond Fund all had a positive impact on returns.

Global stocks exhibited increased volatility during the second half of 2014. The decline in oil prices, which accelerated after OPEC's late-year decision to not cut production, touched off the instability. Regions with high exposure to energy, such as Canada, were most affected. The S&P 500 Index rose for the sixth straight year as accelerating U.S. economic growth helped boost corporate revenues and earnings. Stocks in other markets performed less well amid a more clouded economic-growth outlook. The RBC Canadian Dividend Fund, the RBC U.S. Equity Fund and the Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund all contributed positively to performance.

Recent Developments

The world's major central banks are moving in different directions given the divergent economic conditions around the globe. The Bank of Japan and the European Central Bank are easing monetary conditions, while the U.S. Federal Reserve and the Bank of England have been reducing economic stimulus and are expected to raise benchmark interest rates sometime in 2015. Europe is plagued by too little economic growth and too-low inflation. However, the substantial drop in oil prices, if sustained, could boost growth in Europe and elsewhere in 2015.

With bond yields in all major markets now well below equilibrium, valuation risk is again evident in sovereign fixed-income markets, and bonds may be at risk of an abrupt upwards adjustment in yields. The portfolio manager has reduced return expectations for equities as markets have moved closer to fair value, but they remain positive and are especially attractive relative to potential returns for bonds. As a result, the portfolio manager has maintained overweight exposure to equities and an underweight position in bonds.



Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

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

Distributors

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

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank and RBC IS are the registrars of the Fund and keep records of who owns the units of the Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	11.83	0.35	(0.20)	0.48	0.15	0.78	(0.08)	(0.05)	(0.35)	–	(0.48)	12.14
Dec. 31, 2013	11.52	0.36	(0.20)	0.18	0.23	0.57	(0.10)	(0.06)	(0.11)	–	(0.27)	11.83
Dec. 31, 2012	11.27	0.36	(0.19)	0.14	0.18	0.49	(0.10)	(0.07)	(0.08)	–	(0.25)	11.52
Dec. 31, 2011	11.21	0.38	(0.18)	0.08	0.03	0.31	(0.17)	–	(0.05)	–	(0.22)	11.27
Dec. 31, 2010	10.89	0.40	(0.17)	0.14	0.26	0.63	(0.12)	(0.06)	(0.06)	–	(0.24)	11.21
Advisor Series												
Dec. 31, 2014	11.87	0.35	(0.21)	0.47	0.15	0.76	(0.06)	(0.05)	(0.35)	–	(0.46)	12.20
Dec. 31, 2013	11.54	0.35	(0.20)	0.18	0.23	0.56	(0.08)	(0.05)	(0.11)	–	(0.24)	11.87
Dec. 31, 2012	11.28	0.37	(0.19)	0.14	0.19	0.51	(0.10)	(0.07)	(0.08)	–	(0.25)	11.54
Dec. 31, 2011	11.23	0.38	(0.18)	0.08	0.03	0.31	(0.18)	–	(0.05)	–	(0.23)	11.28
Dec. 31, 2010	10.91	0.39	(0.18)	0.13	0.25	0.59	(0.12)	(0.06)	(0.06)	–	(0.24)	11.23
Series T5												
Dec. 31, 2014	11.56	0.34	(0.19)	0.45	0.15	0.75	(0.08)	(0.05)	(0.40)	(0.05)	(0.58)	11.74
Dec. 31, 2013	11.57	0.34	(0.19)	0.17	0.22	0.54	(0.09)	(0.05)	(0.13)	(0.31)	(0.58)	11.55
Dec. 31, 2012 ³	11.60 [†]	0.08	(0.05)	0.03	0.04	0.10	(0.02)	–	(0.10)	(0.02)	(0.14)	11.57
Series F												
Dec. 31, 2014	11.90	0.35	(0.09)	0.47	0.15	0.88	(0.14)	(0.09)	(0.35)	–	(0.58)	12.24
Dec. 31, 2013	11.55	0.35	(0.08)	0.17	0.23	0.67	(0.14)	(0.08)	(0.11)	–	(0.33)	11.90
Dec. 31, 2012	11.28	0.36	(0.08)	0.14	0.18	0.60	(0.15)	(0.11)	(0.08)	–	(0.34)	11.55
Dec. 31, 2011	11.19	0.37	(0.08)	0.07	0.03	0.39	(0.25)	–	(0.05)	–	(0.30)	11.28
Dec. 31, 2010	10.82	0.37	(0.07)	0.13	0.24	0.67	(0.15)	(0.08)	(0.06)	–	(0.29)	11.19
Series O												
Dec. 31, 2014⁴	10.00[†]	0.24	–	0.32	0.10	0.66	(0.16)	(0.11)	(0.30)	–	(0.57)	9.99

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From September 24, 2012.

⁴ From February 24, 2014.

[†] Initial offering net asset value per unit.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	12.14	7 742 891	637 751	1.69	1.69	24.72	0.04
Dec. 31, 2013	11.83	5 841 347	493 870	1.69	1.69	13.48	0.04
Dec. 31, 2012	11.52	4 497 108	390 215	1.68	1.68	6.21	0.06
Dec. 31, 2011	11.27	3 042 485	269 964	1.68	1.68	11.24	0.08
Dec. 31, 2010	11.21	1 755 419	156 577	1.65	1.65	13.99	0.08
Advisor Series							
Dec. 31, 2014	12.20	50 737	4 159	1.71	1.71	24.72	0.04
Dec. 31, 2013	11.87	20 520	1 729	1.70	1.70	13.48	0.04
Dec. 31, 2012	11.54	9 485	822	1.64	1.64	6.21	0.06
Dec. 31, 2011	11.28	7 468	662	1.68	1.68	11.24	0.08
Dec. 31, 2010	11.23	5 259	468	1.65	1.65	13.99	0.08
Series T5							
Dec. 31, 2014	11.74	135 201	11 513	1.69	1.69	24.72	0.04
Dec. 31, 2013	11.56	65 990	5 711	1.69	1.69	13.48	0.04
Dec. 31, 2012 ⁴	11.57	14 609	1 263	1.72	1.72	6.21	0.06
Series F							
Dec. 31, 2014	12.24	77 195	6 305	0.75	0.75	24.72	0.04
Dec. 31, 2013	11.90	20 194	1 696	0.74	0.74	13.48	0.04
Dec. 31, 2012	11.55	6 573	569	0.75	0.75	6.21	0.06
Dec. 31, 2011	11.28	2 966	263	0.75	0.75	11.24	0.08
Dec. 31, 2010	11.19	903	81	0.73	0.73	13.99	0.08
Series O							
Dec. 31, 2014⁵	9.99	8	1	0.04	0.04	24.72	0.04

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From September 24, 2012.

⁵ From February 24, 2014.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. The management fee payable in respect of each series of the Fund is a variable fee and is determined on a basis such that all fees and expenses that comprise the management expense ratio (“MER”), other than the additional cost of the GST/HST, will be equal to a specified percentage of the average net asset value of each series of the Fund (“Specified Percentage”). The Specified Percentage includes the management fee, administration fee, taxes (other than the additional cost of the GST/HST), other fund costs and any fees and expenses of the underlying funds. Since the additional cost of the GST/HST was not included in the Specified Percentage prior to July 1, 2010, the MER is higher than the Specified Percentage by the additional cost of the GST/HST.

The MER paid by each series of the Fund is calculated at the applicable annual Specified Percentage of the daily net asset value of each series of the Fund, plus the additional cost of the GST/HST as of July 1, 2010. The breakdown of the services received in consideration of the management fee component of the MER for each series, as a percentage of the management fees, is as follows:

	Management Fees*	Breakdown of Services	
		Distribution	Other†
Series A	1.45%	52%	48%
Advisor Series	1.45%	52%	48%
Series T5	1.45%	52%	48%
Series F	0.59%	–	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Management fees represent the actual average management fee rate for the period ended December 31, 2014.

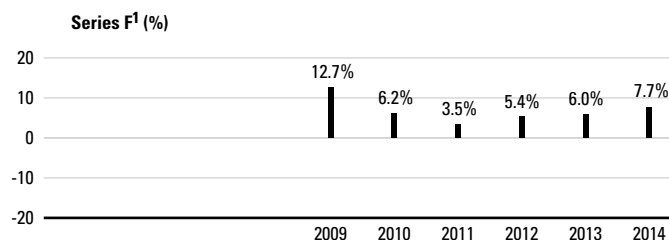
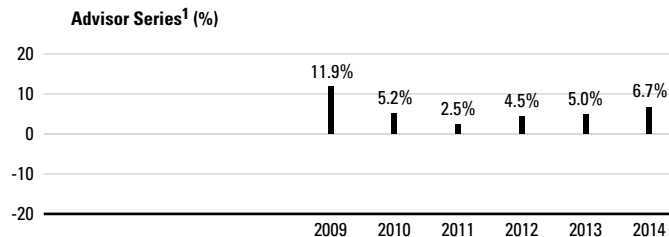
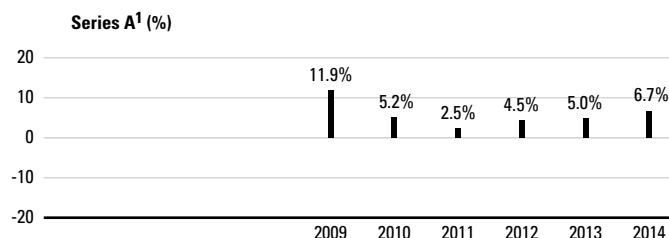
† Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund’s performance for each of the years shown, and illustrates how the Fund’s performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

The blended benchmark (the "Benchmark") is composed of:

- 80% FTSE TMX Canada Universe Bond Index
- 10% S&P/TSX Capped Composite Total Return Index
- 5% S&P 500 Total Return Index (CAD)
- 5% MSCI EAFE Total Return Net Index (CAD)

The broad-based index is the FTSE TMX Canada Universe Bond Index.

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	6.7	5.4	4.8	—	6.1
Benchmark	9.5	6.0	6.5	5.7	7.2
Broad-based index	8.8	3.7	5.4	5.3	5.4
Advisor Series ¹	6.7	5.4	4.8	—	6.1
Benchmark	9.5	6.0	6.5	5.7	7.2
Broad-based index	8.8	3.7	5.4	5.3	5.4
Series T5 ²	6.7	—	—	—	5.6
Benchmark	9.5	—	—	—	6.1
Broad-based index	8.8	—	—	—	3.4
Series F ¹	7.7	6.4	5.8	—	7.1
Benchmark	9.5	6.0	6.5	5.7	7.2
Broad-based index	8.8	3.7	5.4	5.3	5.4
Series O ³	—	—	—	—	5.7
Benchmark	—	—	—	—	5.9
Broad-based index	—	—	—	—	5.7

The returns of each series may vary because of differences in management fees and expenses. The Benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark and broad-based index.

¹ Inception date March 9, 2009.

² Inception date September 24, 2012.

³ Inception date February 24, 2014.

INDEX DESCRIPTIONS

FTSE TMX Canada Universe Bond Index* This index is designed as a broad measure of the Canadian investment-grade fixed-income market and includes bonds with maturities of at least one year.

S&P/TSX Capped Composite Total Return Index This index is the amended capitalization-weighted index measuring the performance of selected securities listed on the Toronto Stock Exchange, with no individual stock exceeding 10% of the overall weight.

S&P 500 Total Return Index (CAD) This index is a capitalization-weighted index measuring the Canadian dollar performance of 500 widely held common stocks representing all major industries in the United States. The index gives investors a broad measure of the overall performance of the U.S. stock market.

MSCI EAFE Total Return Net Index (CAD) This index is a broad measure of the Canadian dollar performance of stocks from developed equity markets covering countries in Europe, Australasia and the Far East. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

* FTSE TMX fixed-income benchmarks were known as the DEX benchmarks before a name change.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Income Funds	73.7
Canadian Equity Funds	11.4
International Equity Funds	6.8
United States Equity Funds	6.3
Cash/Other	1.8

Top 25 Holdings*

	% of Net Asset Value
Phillips, Hager & North Bond Fund	15.9
RBC Global Bond Fund	10.8
Phillips, Hager & North Short Term Bond & Mortgage Fund	10.4
RBC Bond Fund	10.4
RBC Canadian Short-Term Income Fund	10.1
Phillips, Hager & North Total Return Bond Fund	9.4
RBC Canadian Dividend Fund	6.1
RBC Global Corporate Bond Fund	5.5
RBC European Equity Fund	4.3
RBC U.S. Equity Fund	3.9
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	2.4
RBC Private Canadian Equity Pool	2.3
Phillips, Hager & North Canadian Equity Underlying Fund	2.0
Cash & Cash Equivalents	2.0
RBC Global Equity Fund	1.3
RBC Global High Yield Bond Fund	1.0
Phillips, Hager & North Canadian Equity Underlying Fund II	1.0
RBC Asia Pacific ex-Japan Equity Fund	0.7
RBC Japanese Equity Fund	0.5
Total	100.0

* The Fund holds fewer than 25 holdings.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.

The Simplified Prospectus and other information about the underlying funds are available on SEDAR website at www.sedar.com.



PORTFOLIO SOLUTION

RBC SELECT CONSERVATIVE PORTFOLIO

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund is a strategic asset allocation fund, which focuses on providing income and the potential for moderate capital growth. The Fund maintains a balance of investments across several asset classes by investing in other funds managed by RBC GAM or an affiliate.

The Fund's target weightings for each asset class are 65% fixed income, 15% Canadian equities, 10% U.S. equities and 10% international equities. The actual allocation to each asset class will not be more than 15% above or below its target weighting for the fixed-income asset class, and no more than 10% above or below the target weighting for the equities asset classes.

Risk

The Fund has multiple risks associated with investing in various asset classes. These risks are similar to the risks of investing in the underlying funds. The Fund is suitable for investors who plan to hold their investments for the medium-to-long term and can tolerate low-to-medium investment risk.

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$16.8 billion as of December 31, 2014, from \$13.3 billion at the end of 2013. Of the change, \$2.3 billion was due to net inflows and \$1.1 billion to investment returns.

Over the past year, the Fund's Series A units rose 7.9%, which underperformed the 10.1% rise in the benchmark. The broad-based index rose 8.8%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The economic climate in 2014 was characterized by gradually declining global growth and inflation expectations. U.S. economic growth accelerated in the second half of the year, but the strength was not mirrored worldwide. China's economic slowdown and the effect of falling commodity prices on many emerging-market economies dampened growth, while Europe faced a number of headwinds including too-low inflation and a Russian currency crisis caused by falling oil prices and economic sanctions imposed by the West.

The Fund was positioned to hold an overweight position in stocks and an underweight position in bonds, and this allocation had a positive effect on performance in 2014. Bond yields, both in Canada and globally, declined from the beginning of the year for a number of reasons including demand for safety amid geopolitical conflict; looser Eurozone and Japanese monetary policies; new regulatory requirements for banks; and demand from pension funds looking to match cash flows with retirement payouts. Canadian bonds performed in line with U.S. fixed income, with long-maturity bonds delivering double-digit returns and far outpacing returns on short-term securities. Provincial and corporate bonds, viewed generally as more risky than federal government bonds, had mixed performance. Prices of riskier assets such as U.S. high-yield corporate and some emerging-market bonds dropped due to exposure to the poorly performing Energy sector, where falling oil prices raised concerns about the ability of some issuers to honour their debts. The RBC Bond Fund, the Phillips, Hager & North Bond Fund and the RBC Global Bond Fund had a positive impact on returns.

Global stocks exhibited increased volatility during the second half of 2014. The decline in oil prices, which accelerated after OPEC's late-year decision to not cut production, touched off the instability. Regions with high exposure to energy, such as Canada, were most affected. The S&P 500 Index rose for the sixth straight year as accelerating U.S. economic growth helped boost corporate revenues and earnings. Stocks in other markets performed less well amid a more clouded economic-growth outlook. The RBC U.S. Equity Fund, the RBC Canadian Dividend Fund and the Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund contributed positively to performance.

Recent Developments

The world's major central banks are moving in different directions given the divergent economic conditions around the globe. The Bank of Japan and the European Central Bank are easing monetary conditions, while the U.S. Federal Reserve and the Bank of England have been reducing economic stimulus and are expected to raise benchmark interest rates sometime in 2015. Europe is plagued by too little economic growth and too-low inflation. However, the substantial drop in oil prices, if sustained, could boost growth in Europe and elsewhere in 2015.

With bond yields in all major markets now well below equilibrium, valuation risk is again evident in sovereign fixed-income markets, and bonds may be at risk of an abrupt upwards adjustment in yields. The portfolio manager has reduced return expectations for equities as markets have moved closer to fair value, but they remain positive and are especially attractive relative to potential returns for bonds. As a result, the portfolio manager has maintained overweight exposure to equities and an underweight position in bonds.



Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

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

Distributors

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

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank and RBC IS are the registrars of the Fund and keep records of who owns the units of the Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	20.06	0.57	(0.38)	1.25	0.12	1.56	(0.02)	(0.14)	(0.98)	–	(1.14)	20.50
Dec. 31, 2013	18.81	0.58	(0.36)	0.37	1.10	1.69	(0.05)	(0.17)	(0.22)	–	(0.44)	20.06
Dec. 31, 2012	18.07	0.57	(0.33)	0.22	0.62	1.08	(0.04)	(0.18)	(0.13)	–	(0.35)	18.81
Dec. 31, 2011	18.31	0.55	(0.32)	0.13	(0.25)	0.11	(0.20)	–	(0.15)	–	(0.35)	18.07
Dec. 31, 2010	17.71	0.58	(0.31)	0.21	0.58	1.06	(0.10)	(0.15)	(0.14)	–	(0.39)	18.31
Advisor Series												
Dec. 31, 2014	20.21	0.57	(0.38)	1.26	0.12	1.57	(0.02)	(0.14)	(0.96)	–	(1.12)	20.68
Dec. 31, 2013	18.91	0.58	(0.35)	0.37	1.11	1.71	(0.05)	(0.14)	(0.22)	–	(0.41)	20.21
Dec. 31, 2012	18.19	0.57	(0.33)	0.23	0.63	1.10	(0.04)	(0.20)	(0.13)	–	(0.37)	18.91
Dec. 31, 2011	18.43	0.56	(0.32)	0.14	(0.25)	0.13	(0.21)	–	(0.15)	–	(0.36)	18.19
Dec. 31, 2010	17.82	0.58	(0.31)	0.21	0.59	1.07	(0.10)	(0.15)	(0.14)	–	(0.39)	18.43
Series T5												
Dec. 31, 2014	19.62	0.54	(0.36)	1.19	0.11	1.48	(0.02)	(0.14)	(1.07)	–	(1.23)	19.91
Dec. 31, 2013	18.89	0.55	(0.35)	0.35	1.04	1.59	(0.05)	(0.14)	(0.39)	(0.36)	(0.94)	19.62
Dec. 31, 2012 ³	18.86 [†]	0.14	(0.10)	0.06	0.16	0.26	(0.01)	(0.01)	(0.18)	(0.03)	(0.23)	18.89
Series F												
Dec. 31, 2014	20.25	0.57	(0.16)	1.26	0.12	1.79	(0.04)	(0.30)	(0.99)	–	(1.33)	20.74
Dec. 31, 2013	18.93	0.58	(0.15)	0.37	1.10	1.90	(0.09)	(0.27)	(0.22)	–	(0.58)	20.25
Dec. 31, 2012	18.15	0.57	(0.15)	0.22	0.63	1.27	(0.07)	(0.31)	(0.13)	–	(0.51)	18.93
Dec. 31, 2011	18.38	0.55	(0.13)	0.14	(0.25)	0.31	(0.39)	–	(0.15)	–	(0.54)	18.15
Dec. 31, 2010	17.78	0.58	(0.13)	0.21	0.59	1.25	(0.17)	(0.27)	(0.14)	–	(0.58)	18.38
Series O												
Dec. 31, 2014	20.51	0.58	–	1.27	0.12	1.97	(0.05)	(0.44)	(1.00)	–	(1.49)	21.01
Dec. 31, 2013	19.20	0.60	–	0.38	1.13	2.11	(0.14)	(0.42)	(0.22)	–	(0.78)	20.51
Dec. 31, 2012	18.43	0.58	–	0.23	0.64	1.45	(0.10)	(0.45)	(0.13)	–	(0.68)	19.20
Dec. 31, 2011	18.64	0.56	–	0.14	(0.25)	0.45	(0.51)	–	(0.15)	–	(0.66)	18.43
Dec. 31, 2010	17.96	0.58	–	0.21	0.59	1.38	(0.19)	(0.32)	(0.14)	–	(0.65)	18.64

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From September 24, 2012.

[†] Initial offering net asset value per unit.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	20.50	16 325 444	796 534	1.84	1.84	33.00	0.07
Dec. 31, 2013	20.06	13 077 664	651 959	1.85	1.85	15.96	0.08
Dec. 31, 2012	18.81	9 780 551	520 088	1.83	1.83	12.66	0.10
Dec. 31, 2011	18.07	7 842 051	433 886	1.83	1.83	15.92	0.15
Dec. 31, 2010	18.31	6 503 146	355 151	1.79	1.79	34.24	0.15
Advisor Series							
Dec. 31, 2014	20.68	28 791	1 392	1.84	1.84	33.00	0.07
Dec. 31, 2013	20.21	24 859	1 230	1.82	1.82	15.96	0.08
Dec. 31, 2012	18.91	15 102	799	1.80	1.80	12.66	0.10
Dec. 31, 2011	18.19	14 896	819	1.83	1.83	15.92	0.15
Dec. 31, 2010	18.43	14 398	781	1.79	1.79	34.24	0.15
Series T5							
Dec. 31, 2014	19.91	209 456	10 520	1.83	1.83	33.00	0.07
Dec. 31, 2013	19.62	99 674	5 081	1.84	1.84	15.96	0.08
Dec. 31, 2012 ⁴	18.89	7 148	378	1.88	1.88	12.66	0.10
Series F							
Dec. 31, 2014	20.74	35 950	1 734	0.79	0.79	33.00	0.07
Dec. 31, 2013	20.25	17 052	842	0.80	0.80	15.96	0.08
Dec. 31, 2012	18.93	10 044	531	0.80	0.80	12.66	0.10
Dec. 31, 2011	18.15	6 529	360	0.80	0.80	15.92	0.15
Dec. 31, 2010	18.38	4 970	270	0.78	0.78	34.24	0.15
Series O							
Dec. 31, 2014	21.01	173 167	8 241	0.05	0.05	33.00	0.07
Dec. 31, 2013	20.51	79 726	3 888	0.04	0.04	15.96	0.08
Dec. 31, 2012	19.20	59 581	3 103	0.05	0.05	12.66	0.10
Dec. 31, 2011	18.43	48 001	2 604	0.04	0.04	15.92	0.15
Dec. 31, 2010	18.64	34 962	1 876	0.04	0.04	34.24	0.15

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions. Effective January 1, 2008, the trading expense ratio is calculated for fund-on-fund transactions.

⁴ From September 24, 2012.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. The management fee payable in respect of each series of the Fund is a variable fee and is determined on a basis such that all fees and expenses that comprise the management expense ratio ("MER"), other than the additional cost of the GST/HST, will be equal to a specified percentage of the average net asset value of each series of the Fund ("Specified Percentage"). The Specified Percentage includes the management fee, administration fee, taxes (other than the additional cost of the GST/HST), other fund costs and any fees and expenses of the underlying funds. Since the additional cost of the GST/HST was not included in the Specified Percentage prior to July 1, 2010, the MER is higher than the Specified Percentage by the additional cost of the GST/HST.

The MER paid by each series of the Fund is calculated at the applicable annual Specified Percentage of the daily net asset value of each series of the Fund, plus the additional cost of the GST/HST as of July 1, 2010. The breakdown of the services received in consideration of the management fee component of the MER for each series, as a percentage of the management fees, is as follows:

	Management Fees*	Breakdown of Services	
		Distribution	Other†
Series A	1.59%	47%	53%
Advisor Series	1.59%	47%	53%
Series T5	1.59%	47%	53%
Series F	0.64%	–	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Management fees represent the actual average management fee rate for the period ended December 31, 2014.

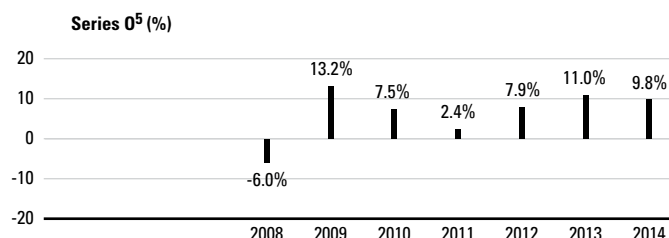
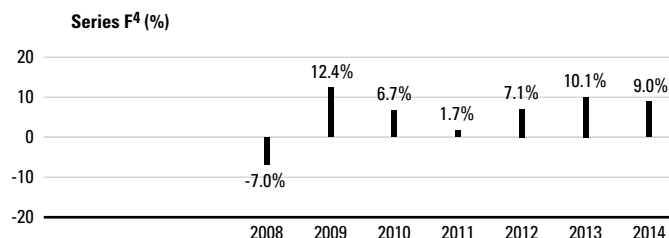
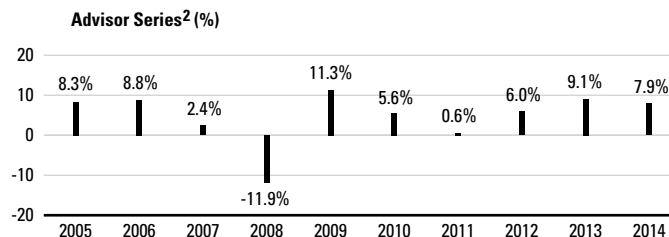
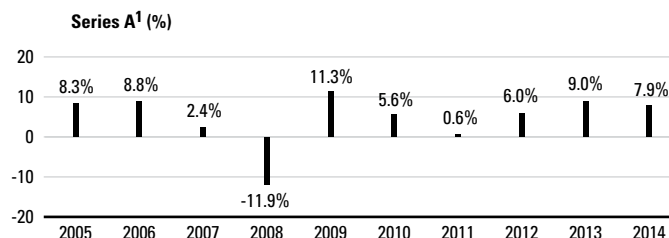
† Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

The blended benchmark (the "Benchmark") is composed of:

- 65% FTSE TMX Canada Universe Bond Index
- 15% S&P/TSX Capped Composite Total Return Index
- 10% S&P 500 Total Return Index (CAD)
- 10% MSCI EAFE Total Return Net Index (CAD)

The broad-based index is the FTSE TMX Canada Universe Bond Index.

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	7.9	7.6	5.8	4.6	—
Benchmark	10.1	8.0	7.3	6.0	—
Broad-based index	8.8	3.7	5.4	5.3	—
Advisor Series ²	7.9	7.7	5.8	4.6	—
Benchmark	10.1	8.0	7.3	6.0	—
Broad-based index	8.8	3.7	5.4	5.3	—
Series T5 ³	7.9	—	—	—	8.1
Benchmark	10.1	—	—	—	8.4
Broad-based index	8.8	—	—	—	3.4
Series F ⁴	9.0	8.7	6.9	—	5.6
Benchmark	10.1	8.0	7.3	—	5.9
Broad-based index	8.8	3.7	5.4	—	5.6
Series O ⁵	9.8	9.6	7.7	—	7.2
Benchmark	10.1	8.0	7.3	—	7.1
Broad-based index	8.8	3.7	5.4	—	6.0

The returns of each series may vary because of differences in management fees and expenses. The Benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark and broad-based index.

¹ Inception date December 31, 1986.

² Inception date January 13, 2003.

³ Inception date September 24, 2012.

⁴ Inception date January 21, 2008.

⁵ Inception date September 22, 2008.

INDEX DESCRIPTIONS

FTSE TMX Canada Universe Bond Index* This index is designed as a broad measure of the Canadian investment-grade fixed-income market and includes bonds with maturities of at least one year.

S&P/TSX Capped Composite Total Return Index This index is the amended capitalization-weighted index measuring the performance of selected securities listed on the Toronto Stock Exchange, with no individual stock exceeding 10% of the overall weight.

S&P 500 Total Return Index (CAD) This index is a capitalization-weighted index measuring the Canadian dollar performance of 500 widely held common stocks representing all major industries in the United States. The index gives investors a broad measure of the overall performance of the U.S. stock market.

MSCI EAFE Total Return Net Index (CAD) This index is a broad measure of the Canadian dollar performance of stocks from developed equity markets covering countries in Europe, Australasia and the Far East. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

* FTSE TMX fixed-income benchmarks were known as the DEX benchmarks before a name change.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Income Funds	58.2
Canadian Equity Funds	16.5
International Equity Funds	12.0
United States Equity Funds	11.7
Cash/Other	1.6

Top 25 Holdings*

	% of Net Asset Value
RBC Bond Fund	21.9
Phillips, Hager & North Total Return Bond Fund	10.1
RBC Canadian Short-Term Income Fund	8.6
RBC Global Bond Fund	8.0
RBC U.S. Equity Fund	7.9
RBC Canadian Dividend Fund	7.8
RBC European Equity Fund	7.3
RBC Private Canadian Equity Pool	3.9
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	3.9
Phillips, Hager & North Canadian Equity Underlying Fund	3.5
RBC Global Corporate Bond Fund	3.3
Phillips, Hager & North Bond Fund	3.3
RBC Asia Pacific ex-Japan Equity Fund	2.1
Phillips, Hager & North Short Term Bond & Mortgage Fund	1.9
Cash & Cash Equivalents	1.5
RBC Japanese Equity Fund	1.4
Phillips, Hager & North Canadian Equity Underlying Fund II	1.3
RBC Global Equity Fund	1.2
RBC Global High Yield Bond Fund	1.1
Total	100.0

* The Fund holds fewer than 25 holdings.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.

The Simplified Prospectus and other information about the underlying funds are available on SEDAR website at www.sedar.com.



PORTFOLIO SOLUTION

RBC SELECT BALANCED PORTFOLIO

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund is a strategic asset allocation fund, which focuses on providing long-term capital growth and modest income. The Fund maintains a balance of investments across several asset classes by investing in other funds managed by RBC GAM or an affiliate.

The Fund's target weightings for each asset class are 45% for fixed income, 20% for Canadian equities, 20% for U.S. equities and 15% for international equities. The actual allocation to each asset class will not be more than 15% above or below its target weighting for the fixed-income asset class, and no more than 10% above or below the target weighting for the equities asset classes.

Risk

The Fund has multiple risks associated with investing in various asset classes. These risks are similar to the risks of investing in the underlying funds. The Fund is suitable for investors who plan to hold their investments for the medium-to-long term and can tolerate low-to-medium investment risk.

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$14.9 billion as of December 31, 2014, from \$11.1 billion at the end of 2013. Of the change, \$2.6 billion was due to net inflows and \$1.3 billion to investment returns.

Over the past year, the Fund's Series A units rose 10.0%, which underperformed the 11.5% rise in the benchmark. The broad-based index rose 8.8%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The economic climate in 2014 was characterized by gradually declining global growth and inflation expectations. U.S. economic growth accelerated in the second half of the year, but the strength was not mirrored worldwide. China's economic slowdown and the effect of falling commodity prices on many emerging-market economies dampened growth, while Europe faced a number of headwinds including too-low inflation and a Russian currency crisis caused by falling oil prices and economic sanctions imposed by the West.

The Fund was positioned to hold an overweight position in stocks and an underweight position in bonds, and this allocation had a positive effect on performance in 2014. Bond yields, both in Canada and globally, declined from the beginning of the year for a number of reasons including demand for safety amid geopolitical conflict; looser Eurozone and Japanese monetary policies; new regulatory requirements for banks; and demand from pension funds looking to match cash flows with retirement payouts. Canadian bonds performed in line with U.S. fixed income, with long-maturity bonds delivering double-digit returns and far outpacing returns on short-term securities. Provincial and corporate bonds, viewed generally as more risky than federal government bonds, had mixed performance. Prices of riskier assets such as U.S. high-yield corporate and some emerging-market bonds dropped due to exposure to the poorly performing Energy sector, where falling oil prices raised concerns about the ability of some issuers to honour their debts. The RBC Bond Fund and the RBC Global Bond Fund had a positive impact on returns.

Global stocks exhibited increased volatility during the second half of 2014. The decline in oil prices, which accelerated after OPEC's late-year decision to not cut production, touched off the instability. Regions with high exposure to energy, such as Canada, were most affected. The S&P 500 Index rose for the sixth straight year as accelerating U.S. economic growth helped boost corporate revenues and earnings. Stocks in other markets performed less well amid a more clouded economic-growth outlook. The RBC Canadian Dividend Fund, the RBC U.S. Equity Fund and the Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund contributed positively to performance.

Recent Developments

The world's major central banks are moving in different directions given the divergent economic conditions around the globe. The Bank of Japan and the European Central Bank are easing monetary conditions, while the U.S. Federal Reserve and the Bank of England have been reducing economic stimulus and are expected to raise benchmark interest rates sometime in 2015. Europe is plagued by too little economic growth and too-low inflation. However, the substantial drop in oil prices, if sustained, could boost growth in Europe and elsewhere in 2015.

With bond yields in all major markets now well below equilibrium, valuation risk is again evident in sovereign fixed-income markets, and bonds may be at risk of an abrupt upwards adjustment in yields. The portfolio manager has reduced return expectations for equities as markets have moved closer to fair value, but they remain positive and are especially attractive relative to potential returns for bonds. As a result, the portfolio manager has maintained overweight exposure to equities and an underweight position in bonds.



Effective June 27, 2014, the RBC DS Balanced Global Portfolio merged into the Fund, and unitholders of the RBC DS Balanced Global Portfolio received units of the Fund on a dollar-for-dollar, tax-deferred basis.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

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

Distributors

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

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank and RBC IS are the registrars of the Fund and keep records of who owns the units of the Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	24.26	0.62	(0.48)	2.28	(0.04)	2.38	(0.05)	(0.05)	(1.92)	–	(2.02)	24.65
Dec. 31, 2013	21.72	0.64	(0.44)	0.56	2.31	3.07	(0.02)	(0.18)	(0.30)	–	(0.50)	24.26
Dec. 31, 2012	20.45	0.59	(0.40)	0.23	1.14	1.56	–	(0.18)	(0.12)	–	(0.30)	21.72
Dec. 31, 2011	21.24	0.54	(0.38)	0.18	(0.71)	(0.37)	(0.12)	–	(0.30)	–	(0.42)	20.45
Dec. 31, 2010	20.14	0.52	(0.37)	0.08	1.16	1.39	–	(0.14)	(0.09)	–	(0.23)	21.24
Advisor Series												
Dec. 31, 2014	24.54	0.61	(0.49)	2.26	(0.03)	2.35	(0.03)	(0.04)	(1.92)	–	(1.99)	24.97
Dec. 31, 2013	21.94	0.65	(0.45)	0.56	2.33	3.09	(0.01)	(0.16)	(0.30)	–	(0.47)	24.54
Dec. 31, 2012	20.64	0.59	(0.40)	0.24	1.16	1.59	–	(0.18)	(0.12)	–	(0.30)	21.94
Dec. 31, 2011	21.44	0.54	(0.39)	0.18	(0.71)	(0.38)	(0.13)	–	(0.30)	–	(0.43)	20.64
Dec. 31, 2010	20.33	0.52	(0.37)	0.08	1.17	1.40	–	(0.14)	(0.09)	–	(0.23)	21.44
Series T5												
Dec. 31, 2014	23.61	0.59	(0.47)	2.17	(0.03)	2.26	(0.04)	(0.05)	(1.78)	–	(1.87)	24.05
Dec. 31, 2013	21.72	0.59	(0.43)	0.52	2.14	2.82	(0.01)	(0.16)	(0.67)	(0.25)	(1.09)	23.61
Dec. 31, 2012 ³	21.60 [†]	0.15	(0.12)	0.06	0.30	0.39	–	(0.03)	(0.12)	(0.11)	(0.26)	21.72
Series F												
Dec. 31, 2014	24.70	0.62	(0.22)	2.29	(0.04)	2.65	(0.11)	(0.13)	(1.91)	–	(2.15)	25.27
Dec. 31, 2013	22.04	0.66	(0.21)	0.57	2.36	3.38	(0.03)	(0.35)	(0.30)	–	(0.68)	24.70
Dec. 31, 2012	20.68	0.60	(0.18)	0.24	1.16	1.82	–	(0.34)	(0.12)	–	(0.46)	22.04
Dec. 31, 2011	21.45	0.54	(0.18)	0.18	(0.72)	(0.18)	(0.32)	–	(0.30)	–	(0.62)	20.68
Dec. 31, 2010	20.35	0.52	(0.17)	0.08	1.17	1.60	–	(0.38)	(0.09)	–	(0.47)	21.45
Series O												
Dec. 31, 2014	24.87	0.64	(0.01)	2.35	(0.04)	2.94	(0.26)	(0.30)	(1.96)	–	(2.52)	25.32
Dec. 31, 2013	22.19	0.66	(0.01)	0.57	2.38	3.60	(0.05)	(0.55)	(0.30)	–	(0.90)	24.87
Dec. 31, 2012	20.86	0.60	–	0.24	1.18	2.02	–	(0.58)	(0.12)	–	(0.70)	22.19
Dec. 31, 2011	21.56	0.55	–	0.18	(0.72)	0.01	(0.43)	–	(0.30)	–	(0.73)	20.86
Dec. 31, 2010	20.38	0.53	–	0.08	1.18	1.79	–	(0.48)	(0.09)	–	(0.57)	21.56

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From September 24, 2012.

[†] Initial offering net asset value per unit.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	24.65	14 592 897	591 902	1.94	1.94	35.26	0.10
Dec. 31, 2013	24.26	10 933 044	450 649	1.94	1.94	18.04	0.12
Dec. 31, 2012	21.72	7 769 213	357 724	1.93	1.93	16.08	0.16
Dec. 31, 2011	20.45	6 757 255	330 498	1.93	1.93	20.38	0.23
Dec. 31, 2010	21.24	6 427 684	302 647	1.89	1.89	40.83	0.23
Advisor Series							
Dec. 31, 2014	24.97	99 506	3 985	1.94	1.94	35.26	0.10
Dec. 31, 2013	24.54	26 788	1 091	1.94	1.94	18.04	0.12
Dec. 31, 2012	21.94	16 305	743	1.91	1.91	16.08	0.16
Dec. 31, 2011	20.64	15 337	743	1.93	1.93	20.38	0.23
Dec. 31, 2010	21.44	18 678	871	1.89	1.89	40.83	0.23
Series T5							
Dec. 31, 2014	24.05	106 581	4 431	1.95	1.95	35.26	0.10
Dec. 31, 2013	23.61	49 554	2 098	1.90	1.90	18.04	0.12
Dec. 31, 2012 ⁴	21.72	925	43	2.04	2.04	16.08	0.16
Series F							
Dec. 31, 2014	25.27	27 272	1 079	0.89	0.89	35.26	0.10
Dec. 31, 2013	24.70	6 719	272	0.90	0.90	18.04	0.12
Dec. 31, 2012	22.04	4 949	225	0.89	0.89	16.08	0.16
Dec. 31, 2011	20.68	3 631	176	0.89	0.89	20.38	0.23
Dec. 31, 2010	21.45	2 516	117	0.88	0.88	40.83	0.23
Series O							
Dec. 31, 2014	25.32	122 851	4 852	0.06	0.06	35.26	0.10
Dec. 31, 2013	24.87	85 337	3 431	0.05	0.05	18.04	0.12
Dec. 31, 2012	22.19	62 850	2 832	0.06	0.06	16.08	0.16
Dec. 31, 2011	20.86	52 571	2 520	0.05	0.05	20.38	0.23
Dec. 31, 2010	21.56	37 109	1 721	0.04	0.04	40.83	0.23

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions. Effective January 1, 2008, the trading expense ratio is calculated for fund-on-fund transactions.

⁴ From September 24, 2012.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. The management fee payable in respect of each series of the Fund is a variable fee and is determined on a basis such that all fees and expenses that comprise the management expense ratio ("MER"), other than the additional cost of the GST/HST, will be equal to a specified percentage of the average net asset value of each series of the Fund ("Specified Percentage"). The Specified Percentage includes the management fee, administration fee, taxes (other than the additional cost of the GST/HST), other fund costs and any fees and expenses of the underlying funds. Since the additional cost of the GST/HST was not included in the Specified Percentage prior to July 1, 2010, the MER is higher than the Specified Percentage by the additional cost of the GST/HST.

The MER paid by each series of the Fund is calculated at the applicable annual Specified Percentage of the daily net asset value of each series of the Fund, plus the additional cost of the GST/HST as of July 1, 2010. The breakdown of the services received in consideration of the management fee component of the MER for each series, as a percentage of the management fees, is as follows:

	Management Fees*	Breakdown of Services	
		Distribution	Other†
Series A	1.68%	60%	40%
Advisor Series	1.68%	60%	40%
Series T5	1.68%	60%	40%
Series F	0.73%	–	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Management fees represent the actual average management fee rate for the period ended December 31, 2014.

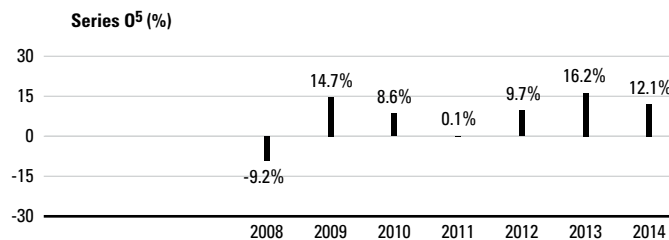
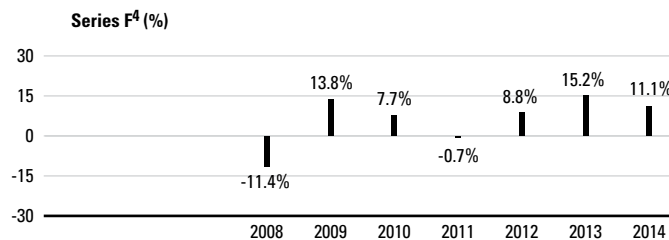
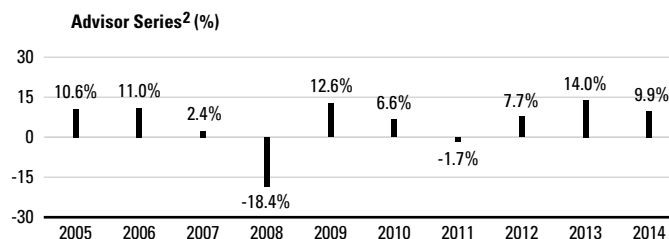
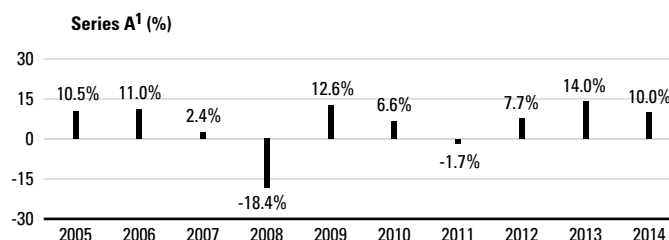
† Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

The new blended benchmark (the "New benchmark") is composed of:

- 45% FTSE TMX Canada Universe Bond Index
- 20% S&P 500 Total Return Index (CAD)
- 19% S&P/TSX Capped Composite Total Return Index
- 12% MSCI EAFE Total Return Net Index (CAD)
- 4% MSCI Emerging Markets Total Return Net Index (CAD)

The old blended benchmark (the "Old benchmark") is composed of:

- 45% FTSE TMX Canada Universe Bond Index
- 20% S&P 500 Total Return Index (CAD)
- 20% S&P/TSX Capped Composite Total Return Index
- 15% MSCI EAFE Total Return Net Index (CAD)

The change in benchmark better reflects the composition of the Fund.

The broad-based index is the FTSE TMX Canada Universe Bond Index.

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	10.0	10.5	7.2	5.0	–
New benchmark	11.5	10.9	8.6	6.4	–
Old benchmark	11.4	11.1	8.8	6.3	–
Broad-based index	8.8	3.7	5.4	5.3	–
Advisor Series ²	9.9	10.5	7.2	5.0	–
New benchmark	11.5	10.9	8.6	6.4	–
Old benchmark	11.4	11.1	8.8	6.3	–
Broad-based index	8.8	3.7	5.4	5.3	–
Series T5 ³	10.0	–	–	–	11.4
New benchmark	11.5	–	–	–	11.7
Old benchmark	11.4	–	–	–	12.1
Broad-based index	8.8	–	–	–	3.4
Series F ⁴	11.1	11.7	8.3	–	6.0
New benchmark	11.5	10.9	8.6	–	6.3
Old benchmark	11.4	11.1	8.8	–	6.3
Broad-based index	8.8	3.7	5.4	–	5.6
Series O ⁵	12.1	12.6	9.2	–	8.0
New benchmark	11.5	10.9	8.6	–	8.0
Old benchmark	11.4	11.1	8.8	–	8.0
Broad-based index	8.8	3.7	5.4	–	6.0

The returns of each series may vary because of differences in management fees and expenses. The New benchmark, Old benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the New benchmark, Old benchmark and broad-based index.

¹ Inception date December 31, 1986.

² Inception date January 13, 2003.

³ Inception date September 24, 2012.

⁴ Inception date January 21, 2008.

⁵ Inception date September 22, 2008.

INDEX DESCRIPTIONS

FTSE TMX Canada Universe Bond Index* This index is designed as a broad measure of the Canadian investment-grade fixed-income market and includes bonds with maturities of at least one year.

S&P 500 Total Return Index (CAD) This index is a capitalization-weighted index measuring the Canadian dollar performance of 500 widely held common stocks representing all major industries in the United States. The index gives investors a broad measure of the overall performance of the U.S. stock market.

S&P/TSX Capped Composite Total Return Index This index is the amended capitalization-weighted index measuring the performance of selected securities listed on the Toronto Stock Exchange, with no individual stock exceeding 10% of the overall weight.

MSCI EAFE Total Return Net Index (CAD) This index is a broad measure of the Canadian dollar performance of stocks from developed equity markets covering countries in Europe, Australasia and the Far East. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

MSCI Emerging Markets Total Return Net Index (CAD) This index is a broad measure of the Canadian dollar performance of emerging-market equities. As of May 2010, the index consisted of the following 21 emerging-market country indexes: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, South Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand and Turkey. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

* FTSE TMX fixed-income benchmarks were known as the DEX benchmarks before a name change.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Income Funds	37.8
United States Equity Funds	20.5
Canadian Equity Funds	20.0
International Equity Funds	19.9
Cash/Other	1.8

Top 25 Holdings

	% of Net Asset Value
RBC Bond Fund	25.4
RBC European Equity Fund	7.1
RBC U.S. Equity Fund	6.4
RBC Canadian Dividend Fund	6.2
RBC QUBE U.S. Equity Fund	5.8
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	5.3
RBC Private Canadian Equity Pool	5.2
Phillips, Hager & North Canadian Equity Underlying Fund	4.8
RBC Global Bond Fund	3.8
RBC Global Corporate Bond Fund	3.6
RBC Emerging Markets Equity Fund	3.3
RBC QUBE Canadian Equity Fund	3.1
RBC U.S. Mid-Cap Equity Fund	3.0
BlueBay Global Monthly Income Bond Fund	2.6
RBC Global Equity Focus Fund	2.5
RBC Global Dividend Growth Fund	2.5
RBC Asia Pacific ex-Japan Equity Fund	2.2
Phillips, Hager & North Total Return Bond Fund	1.8
RBC Japanese Equity Fund	1.2
Phillips, Hager & North Canadian Equity Underlying Fund II	0.7
RBC Global High Yield Bond Fund	0.6
RBC Emerging Markets Small-Cap Equity Fund	0.6
RBC Emerging Markets Dividend Fund	0.5
Cash & Cash Equivalents	0.4
Mini MSCI Emerging Markets Index Future, March 2015	0.1
Top 25 Holdings	98.7

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.

The Simplified Prospectus and other information about the underlying funds are available on SEDAR website at www.sedar.com.



PORTFOLIO SOLUTION

RBC SELECT GROWTH PORTFOLIO

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund is a strategic asset allocation fund, which focuses on providing long-term capital growth. The Fund maintains a balance of investments across several asset classes by investing in other funds managed by RBC GAM or an affiliate.

The Fund's target weightings for each asset class are 30% for fixed income, 25% for Canadian equities, 25% for U.S. equities and 20% for international equities. The actual allocation to each asset class will not be more than 15% above or below its target weighting for the fixed-income asset class, and no more than 10% above or below the target weighting for the equities asset classes.

Risk

The Fund has multiple risks associated with investing in various asset classes. These risks are similar to the risks of investing in the underlying funds. The Fund is suitable for investors who plan to hold their investments for the long term and can tolerate medium investment risk.

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$5.3 billion as of December 31, 2014, from \$4.2 billion at the end of 2013. Of the change, \$638 million came from net inflows and \$478 million from investment returns.

Over the past year, the Fund's Series A units rose 10.6%, which underperformed the 12.0% rise in the benchmark. The broad-based index rose 10.6%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The economic climate in 2014 was characterized by gradually declining global growth and inflation expectations. U.S. economic growth accelerated in the second half of the year, but the strength was not mirrored worldwide. China's economic slowdown and the effect of falling commodity prices on many emerging-market economies dampened growth, while Europe faced a number of headwinds including too-low inflation and a Russian currency crisis caused by falling oil prices and economic sanctions imposed by the West.

The Fund was positioned to hold an overweight position in stocks and an underweight position in bonds, and this allocation had a positive effect on performance in 2014. Global stocks exhibited increased volatility during the second half of 2014. The decline in oil prices, which accelerated after OPEC's late-year decision to not cut production, touched off the instability. Regions with high exposure to energy, such as Canada, were most affected. The S&P 500 Index rose for the sixth straight year as accelerating U.S. economic growth helped boost corporate revenues and earnings. Stocks in other markets performed less well amid a more clouded economic-growth outlook. The RBC U.S. Equity Fund, the RBC Canadian Equity Fund and the Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund all had a positive impact on returns.

Bond yields, both in Canada and globally, declined from the beginning of the year for a number of reasons including demand for safety amid geopolitical conflict; looser Eurozone and Japanese monetary policies; new regulatory requirements for banks; and demand from pension funds looking to match cash flows with retirement payouts. Canadian bonds performed in line with U.S. fixed income, with long-maturity bonds delivering double-digit returns and far outpacing returns on short-term securities. Provincial and corporate bonds, viewed generally as more risky than federal government bonds, had mixed performance. Prices of riskier assets such as U.S. high-yield corporate and some emerging-market bonds dropped due to exposure to the poorly performing Energy sector, where falling oil prices raised concerns about the ability of some issuers to honour their debts. The RBC Bond Fund and the RBC Global Bond Fund had a positive impact on returns.

Recent Developments

The world's major central banks are moving in different directions given the divergent economic conditions around the globe. The Bank of Japan and the European Central Bank are easing monetary conditions, while the U.S. Federal Reserve and the Bank of England have been reducing economic stimulus and are expected to raise benchmark interest rates sometime in 2015. Europe is plagued by too little economic growth and too-low inflation. However, the substantial drop in oil prices, if sustained, could boost growth in Europe and elsewhere in 2015.

With bond yields in all major markets now well below equilibrium, valuation risk is again evident in sovereign fixed-income markets, and bonds may be at risk of an abrupt upwards adjustment in yields. The portfolio manager has reduced return expectations for equities as markets have moved closer to fair value, but they remain positive and are especially attractive relative to potential returns for bonds. As a result, the portfolio manager has maintained overweight exposure to equities and an underweight position in bonds.



Effective June 27, 2014, the RBC DS Growth Global Portfolio merged with the Fund, and unitholders of the RBC DS Growth Global Portfolio received units of the Fund on a dollar-for-dollar, tax-deferred basis.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

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

Distributors

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

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank and RBC IS are the registrars of the Fund and keep records of who owns the units of the Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	25.90	0.57	(0.54)	3.07	(0.39)	2.71	–	(0.01)	(2.61)	–	(2.62)	26.02
Dec. 31, 2013	22.28	0.59	(0.49)	0.65	3.28	4.03	(0.02)	(0.09)	(0.28)	–	(0.39)	25.90
Dec. 31, 2012	20.71	0.52	(0.43)	0.12	1.54	1.75	–	(0.09)	(0.09)	–	(0.18)	22.28
Dec. 31, 2011	22.10	0.45	(0.41)	0.14	(1.34)	(1.16)	–	–	(0.23)	–	(0.23)	20.71
Dec. 31, 2010	20.75	0.43	(0.40)	0.03	1.45	1.51	–	(0.02)	(0.07)	–	(0.09)	22.10
Advisor Series												
Dec. 31, 2014	26.47	0.57	(0.56)	3.04	(0.39)	2.66	–	–	(2.71)	–	(2.71)	26.51
Dec. 31, 2013	22.76	0.60	(0.50)	0.66	3.35	4.11	(0.02)	(0.09)	(0.28)	–	(0.39)	26.47
Dec. 31, 2012	21.15	0.53	(0.44)	0.12	1.57	1.78	–	(0.09)	(0.09)	–	(0.18)	22.76
Dec. 31, 2011	22.57	0.46	(0.42)	0.14	(1.37)	(1.19)	–	–	(0.23)	–	(0.23)	21.15
Dec. 31, 2010	21.19	0.43	(0.41)	0.03	1.48	1.53	–	(0.02)	(0.07)	–	(0.09)	22.57
Series T5												
Dec. 31, 2014	24.98	0.54	(0.52)	2.89	(0.37)	2.54	–	–	(2.35)	–	(2.35)	25.23
Dec. 31, 2013	22.19	0.56	(0.48)	0.61	3.11	3.80	(0.01)	(0.07)	(0.45)	(0.58)	(1.11)	24.98
Dec. 31, 2012 ³	21.99 [†]	0.14	(0.12)	0.03	0.41	0.46	–	(0.02)	(0.07)	(0.18)	(0.27)	22.19
Series F												
Dec. 31, 2014	25.77	0.56	(0.26)	3.00	(0.38)	2.92	(0.01)	(0.16)	(2.66)	–	(2.83)	25.95
Dec. 31, 2013	22.09	0.58	(0.24)	0.64	3.26	4.24	(0.04)	(0.24)	(0.28)	–	(0.56)	25.77
Dec. 31, 2012	20.48	0.52	(0.21)	0.12	1.53	1.96	–	(0.26)	(0.09)	–	(0.35)	22.09
Dec. 31, 2011	21.62	0.44	(0.20)	0.13	(1.32)	(0.95)	–	–	(0.22)	–	(0.22)	20.48
Dec. 31, 2010	20.33	0.42	(0.19)	0.03	1.42	1.68	–	(0.28)	(0.07)	–	(0.35)	21.62
Series O												
Dec. 31, 2014	26.77	0.60	(0.01)	3.20	(0.40)	3.39	(0.03)	(0.49)	(2.74)	–	(3.26)	26.92
Dec. 31, 2013	22.96	0.61	(0.01)	0.67	3.41	4.68	(0.09)	(0.50)	(0.28)	–	(0.87)	26.77
Dec. 31, 2012	21.32	0.54	–	0.12	1.60	2.26	–	(0.53)	(0.09)	–	(0.62)	22.96
Dec. 31, 2011	22.30	0.46	–	0.14	(1.37)	(0.77)	–	–	(0.23)	–	(0.23)	21.32
Dec. 31, 2010	20.88	0.43	–	0.03	1.47	1.93	–	(0.40)	(0.07)	–	(0.47)	22.30

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From September 24, 2012.

[†] Initial offering net asset value per unit.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	26.02	5 138 120	197 442	2.04	2.04	42.85	0.14
Dec. 31, 2013	25.90	4 105 012	158 478	2.05	2.05	21.21	0.16
Dec. 31, 2012	22.28	3 128 331	140 418	2.04	2.04	18.18	0.21
Dec. 31, 2011	20.71	2 877 137	138 922	2.04	2.04	21.24	0.29
Dec. 31, 2010	22.10	2 916 180	131 949	2.00	2.00	46.81	0.29
Advisor Series							
Dec. 31, 2014	26.51	66 135	2 494	2.04	2.04	42.85	0.14
Dec. 31, 2013	26.47	6 963	263	2.05	2.05	21.21	0.16
Dec. 31, 2012	22.76	5 270	232	2.05	2.05	18.18	0.21
Dec. 31, 2011	21.15	5 108	241	2.05	2.05	21.24	0.29
Dec. 31, 2010	22.57	5 900	261	2.00	2.00	46.81	0.29
Series T5							
Dec. 31, 2014	25.23	7 634	303	2.08	2.08	42.85	0.14
Dec. 31, 2013	24.98	3 893	156	2.04	2.04	21.21	0.16
Dec. 31, 2012 ⁴	22.19	103	5	2.15	2.15	18.18	0.21
Series F							
Dec. 31, 2014	25.95	11 555	445	1.00	1.00	42.85	0.14
Dec. 31, 2013	25.77	1 669	65	1.00	1.00	21.21	0.16
Dec. 31, 2012	22.09	876	40	1.00	1.00	18.18	0.21
Dec. 31, 2011	20.48	496	24	1.02	1.02	21.24	0.29
Dec. 31, 2010	21.62	818	38	0.98	0.98	46.81	0.29
Series O							
Dec. 31, 2014	26.92	43 467	1 615	0.07	0.07	42.85	0.14
Dec. 31, 2013	26.77	32 602	1 218	0.05	0.05	21.21	0.16
Dec. 31, 2012	22.96	25 699	1 119	0.06	0.06	18.18	0.21
Dec. 31, 2011	21.32	22 468	1 054	0.06	0.06	21.24	0.29
Dec. 31, 2010	22.30	18 777	842	0.04	0.04	46.81	0.29

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions. Effective January 1, 2008, the trading expense ratio is calculated for fund-on-fund transactions.

⁴ From September 24, 2012.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. The management fee payable in respect of each series of the Fund is a variable fee and is determined on a basis such that all fees and expenses that comprise the management expense ratio ("MER"), other than the additional cost of the GST/HST, will be equal to a specified percentage of the average net asset value of each series of the Fund ("Specified Percentage"). The Specified Percentage includes the management fee, administration fee, taxes (other than the additional cost of the GST/HST), other fund costs and any fees and expenses of the underlying funds. Since the additional cost of the GST/HST was not included in the Specified Percentage prior to July 1, 2010, the MER is higher than the Specified Percentage by the additional cost of the GST/HST.

The MER paid by each series of the Fund is calculated at the applicable annual Specified Percentage of the daily net asset value of each series of the Fund, plus the additional cost of the GST/HST as of July 1, 2010. The breakdown of the services received in consideration of the management fee component of the MER for each series, as a percentage of the management fees, is as follows:

	Management Fees*	Breakdown of Services	
		Distribution	Other†
Series A	1.77%	56%	44%
Advisor Series	1.77%	56%	44%
Series T5	1.77%	56%	44%
Series F	0.82%	–	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Management fees represent the actual average management fee rate for the period ended December 31, 2014.

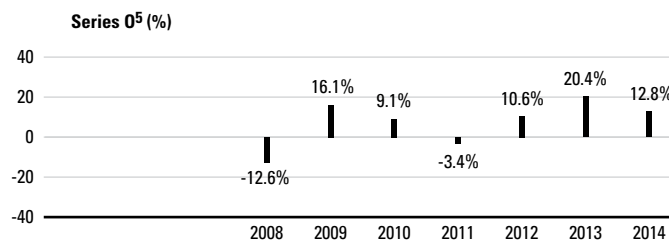
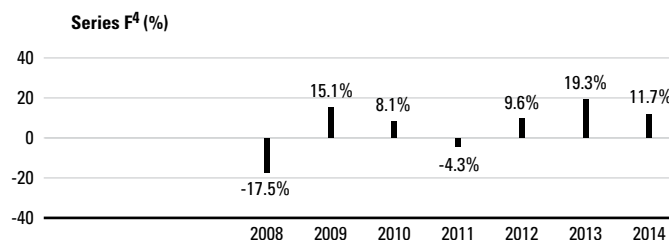
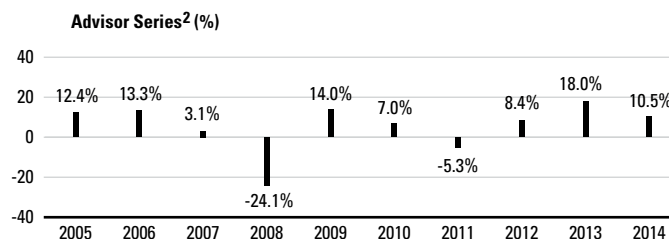
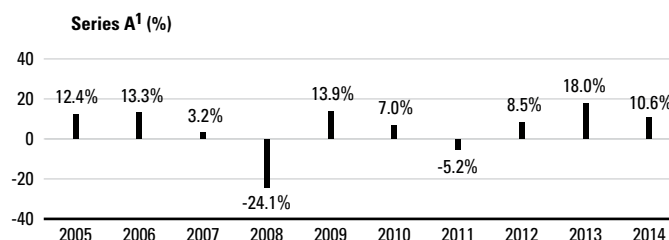
† Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

The new blended benchmark (the "New benchmark") is composed of:

- 30% FTSE TMX Canada Universe Bond Index
- 25% S&P 500 Total Return Index (CAD)
- 23% S&P/TSX Capped Composite Total Return Index
- 16% MSCI EAFE Total Return Net Index (CAD)
- 6% MSCI Emerging Markets Total Return Net Index (CAD)

The old blended benchmark (the "Old benchmark") is composed of:

- 30% FTSE TMX Canada Universe Bond Index
- 25% S&P 500 Total Return Index (CAD)
- 25% S&P/TSX Capped Composite Total Return Index
- 20% MSCI EAFE Total Return Net Index (CAD)

The change in benchmark better reflects the composition of the Fund.

The broad-based index is the S&P/TSX Capped Composite Total Return Index.

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	10.6	12.3	7.5	5.0	–
New benchmark	12.0	12.8	9.4	6.6	–
Old benchmark	12.0	13.2	9.6	6.4	–
Broad-based index	10.6	10.2	7.5	7.6	–
Advisor Series ²	10.5	12.2	7.5	5.0	–
New benchmark	12.0	12.8	9.4	6.6	–
Old benchmark	12.0	13.2	9.6	6.4	–
Broad-based index	10.6	10.2	7.5	7.6	–
Series T ³	10.6	–	–	–	13.5
New benchmark	12.0	–	–	–	14.0
Old benchmark	12.0	–	–	–	14.5
Broad-based index	10.6	–	–	–	11.2
Series F ⁴	11.7	13.4	8.6	–	5.3
New benchmark	12.0	12.8	9.4	–	6.3
Old benchmark	12.0	13.2	9.6	–	6.4
Broad-based index	10.6	10.2	7.5	–	4.6
Series O ⁵	12.8	14.5	9.6	–	7.9
New benchmark	12.0	12.8	9.4	–	8.5
Old benchmark	12.0	13.2	9.6	–	8.4
Broad-based index	10.6	10.2	7.5	–	6.7

The returns of each series may vary because of differences in management fees and expenses. The New benchmark, Old benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the New benchmark, Old benchmark and broad-based index.

¹ Inception date December 31, 1986.

² Inception date January 13, 2003.

³ Inception date September 24, 2012.

⁴ Inception date January 21, 2008.

⁵ Inception date September 22, 2008.

INDEX DESCRIPTIONS

FTSE TMX Canada Universe Bond Index* This index is designed as a broad measure of the Canadian investment-grade fixed-income market and includes bonds with maturities of at least one year.

S&P 500 Total Return Index (CAD) This index is a capitalization-weighted index measuring the Canadian dollar performance of 500 widely held common stocks representing all major industries in the United States. The index gives investors a broad measure of the overall performance of the U.S. stock market.

S&P/TSX Capped Composite Total Return Index This index is the amended capitalization-weighted index measuring the performance of selected securities listed on the Toronto Stock Exchange, with no individual stock exceeding 10% of the overall weight.

MSCI EAFE Total Return Net Index (CAD) This index is a broad measure of the Canadian dollar performance of stocks from developed equity markets covering countries in Europe, Australasia and the Far East. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

MSCI Emerging Markets Total Return Net Index (CAD) This index is a broad measure of the Canadian dollar performance of emerging-market equities. As of May 2010, the index consisted of the following 21 emerging-market country indexes: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, South Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand and Turkey. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

* FTSE TMX fixed-income benchmarks were known as the DEX benchmarks before a name change.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
International Equity Funds	27.8
Canadian Equity Funds	24.2
United States Equity Funds	23.6
Income Funds	22.3
Cash/Other	2.1

Top 25 Holdings

	% of Net Asset Value
RBC Bond Fund	10.2
RBC European Equity Fund	8.7
RBC QUBE U.S. Equity Fund	6.9
Phillips, Hager & North Canadian Equity Underlying Fund	6.8
RBC U.S. Equity Fund	6.8
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	6.3
RBC Private Canadian Equity Pool	6.1
RBC Global Bond Fund	6.1
RBC Emerging Markets Equity Fund	4.4
RBC Global Equity Focus Fund	4.3
RBC Global Dividend Growth Fund	4.2
RBC Canadian Dividend Fund	4.1
Phillips, Hager & North Canadian Growth Fund	4.1
RBC U.S. Mid-Cap Equity Fund	3.6
RBC Global Corporate Bond Fund	3.3
RBC QUBE Canadian Equity Fund	2.9
RBC Asia Pacific ex-Japan Equity Fund	2.4
RBC Japanese Equity Fund	1.6
BlueBay Global Monthly Income Bond Fund	1.6
Phillips, Hager & North Total Return Bond Fund	1.1
RBC Emerging Markets Small-Cap Equity Fund	1.1
RBC Emerging Markets Dividend Fund	1.1
Cash & Cash Equivalents	0.5
Phillips, Hager & North Canadian Equity Underlying Fund II	0.2
Mini MSCI EAFE Index Future, March 2015	0.1
Top 25 Holdings	98.5

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.

The Simplified Prospectus and other information about the underlying funds are available on SEDAR website at www.sedar.com.



PORTFOLIO SOLUTION

RBC SELECT AGGRESSIVE GROWTH PORTFOLIO

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund is a strategic asset-allocation fund that focuses on providing long-term capital growth. The Fund maintains a balance of investments in other funds managed by RBC GAM or an affiliate.

The Fund's target weightings for each asset class are 35% for Canadian equities, 35% for U.S. equities and 30% for international equities. The actual allocation to each asset class will not be more than 10% above or below its target weighting.

Risk

The Fund has multiple risks, which are similar to the risks of investing in the underlying funds. The Fund's asset allocation model is aimed at achieving maximum growth and directs almost all assets to equity funds.

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$1.0 billion as of December 31, 2014, from \$746 million at the end of 2013. Of the change, \$158 million came from net inflows and \$96 million from investment returns.

Over the past year, the Fund's Series A units rose 11.5%, which underperformed the 13.5% rise in the benchmark. The broad-based index rose 10.6%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The economic climate in 2014 was characterized by gradually declining global growth and inflation expectations. U.S. economic growth accelerated in the second half of the year, but the strength was not mirrored worldwide. China's economic slowdown and the effect of falling commodity prices on many emerging-market economies dampened growth, while Europe faced a number of headwinds including too-low inflation and a Russian currency crisis caused by falling oil prices and economic sanctions imposed by the West.

Global stocks exhibited increased volatility during the second half of 2014. The decline in oil prices, which accelerated after OPEC's late-year decision to not cut production, touched off the instability. Regions with high exposure to energy, such as Canada, were most affected. The S&P 500 Index rose for the sixth straight year as accelerating U.S. economic growth helped boost corporate revenues and earnings. Stocks in other markets performed less well amid a more clouded economic-growth outlook. The RBC U.S. Equity Fund, the Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund and the RBC Canadian Equity Fund contributed positively to performance.

Recent Developments

The world's major central banks are moving in different directions given the divergent economic conditions around the globe. The Bank of Japan and the European Central Bank are easing monetary conditions, while the U.S. Federal Reserve and the Bank of England have been reducing economic stimulus and are expected to raise benchmark interest rates sometime in 2015. Europe is plagued by too little economic growth and too-low inflation. However, the substantial drop in oil prices, if sustained, could boost growth in Europe and elsewhere in 2015. The portfolio manager has reduced return expectations for equities as markets have moved closer to fair value but they remain positive.

Effective June 27, 2014, the Fund merged with the RBC DS All Equity Global Portfolio, with the Fund as the continuing entity. Unitholders of the RBC DS All Equity Global Portfolio received units of the Fund on a dollar-for-dollar, tax-deferred basis.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

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

Distributors

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



Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank and RBC IS are the registrars of the Fund and keep records of who owns the units of the Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	10.41	0.21	(0.23)	1.54	(0.34)	1.18	–	–	(1.17)	–	(1.17)	10.43
Dec. 31, 2013	8.38	0.21	(0.20)	0.10	1.95	2.06	–	(0.02)	–	–	(0.02)	10.41
Dec. 31, 2012	7.64	0.18	(0.17)	0.04	0.71	0.76	–	(0.01)	(0.03)	–	(0.04)	8.38
Dec. 31, 2011	8.33	0.15	(0.16)	0.08	(0.79)	(0.72)	–	–	–	–	–	7.64
Dec. 31, 2010	7.75	0.12	(0.16)	(0.13)	0.82	0.65	–	–	–	–	–	8.33
Advisor Series												
Dec. 31, 2014	10.35	0.20	(0.24)	1.46	(0.32)	1.10	–	–	(1.17)	–	(1.17)	10.34
Dec. 31, 2013	8.34	0.21	(0.20)	0.10	1.94	2.05	–	(0.02)	–	–	(0.02)	10.35
Dec. 31, 2012	7.61	0.18	(0.17)	0.04	0.70	0.75	–	(0.01)	(0.03)	–	(0.04)	8.34
Dec. 31, 2011	8.29	0.15	(0.16)	0.08	(0.79)	(0.72)	–	–	–	–	–	7.61
Dec. 31, 2010	7.71	0.12	(0.15)	(0.13)	0.82	0.66	–	–	–	–	–	8.29
Series T5												
Dec. 31, 2014	9.89	0.20	(0.21)	1.44	(0.31)	1.12	–	–	(0.94)	–	(0.94)	10.06
Dec. 31, 2013	8.31	0.20	(0.19)	0.09	1.81	1.91	–	(0.02)	–	(0.39)	(0.41)	9.89
Dec. 31, 2012 ³	8.19 [†]	0.05	(0.05)	0.01	0.18	0.19	–	–	(0.06)	(0.04)	(0.10)	8.31
Series F												
Dec. 31, 2014	11.00	0.21	(0.13)	1.58	(0.34)	1.32	–	–	(1.25)	–	(1.25)	11.13
Dec. 31, 2013	8.78	0.22	(0.11)	0.11	2.03	2.25	–	(0.04)	–	–	(0.04)	11.00
Dec. 31, 2012	7.96	0.19	(0.09)	0.04	0.74	0.88	–	(0.04)	(0.03)	–	(0.07)	8.78
Dec. 31, 2011	8.58	0.15	(0.08)	0.08	(0.81)	(0.66)	–	–	–	–	–	7.96
Dec. 31, 2010	7.90	0.13	(0.08)	(0.14)	0.85	0.76	–	–	–	–	–	8.58
Series O												
Dec. 31, 2014	11.30	0.23	–	1.69	(0.37)	1.55	–	–	(1.30)	–	(1.30)	11.56
Dec. 31, 2013	9.07	0.23	–	0.11	2.13	2.47	–	(0.22)	–	–	(0.22)	11.30
Dec. 31, 2012	8.17	0.20	–	0.04	0.76	1.00	–	(0.08)	(0.03)	–	(0.11)	9.07
Dec. 31, 2011	8.72	0.16	–	0.09	(0.83)	(0.58)	–	–	–	–	–	8.17
Dec. 31, 2010	7.95	0.13	–	(0.14)	0.86	0.85	–	–	–	–	–	8.72

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From September 24, 2012.

[†] Initial offering net asset value per unit.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	10.43	952 321	91 349	2.13	2.13	46.08	0.18
Dec. 31, 2013	10.41	732 435	70 389	2.14	2.14	15.54	0.20
Dec. 31, 2012	8.38	493 552	58 921	2.14	2.14	11.89	0.28
Dec. 31, 2011	7.64	410 424	53 698	2.14	2.14	5.76	0.38
Dec. 31, 2010	8.33	360 650	43 314	2.10	2.10	42.92	0.37
Advisor Series							
Dec. 31, 2014	10.34	29 362	2 838	2.17	2.17	46.08	0.18
Dec. 31, 2013	10.35	1 100	106	2.16	2.16	15.54	0.20
Dec. 31, 2012	8.34	646	77	2.12	2.12	11.89	0.28
Dec. 31, 2011	7.61	526	69	2.11	2.11	5.76	0.38
Dec. 31, 2010	8.29	537	65	2.09	2.09	42.92	0.37
Series T5							
Dec. 31, 2014	10.06	1 679	167	2.12	2.12	46.08	0.18
Dec. 31, 2013	9.89	1 379	139	2.07	2.07	15.54	0.20
Dec. 31, 2012 ⁴	8.31	23	3	2.24	2.24	11.89	0.28
Series F							
Dec. 31, 2014	11.13	5 460	491	1.11	1.11	46.08	0.18
Dec. 31, 2013	11.00	1 741	158	1.13	1.13	15.54	0.20
Dec. 31, 2012	8.78	307	35	1.09	1.09	11.89	0.28
Dec. 31, 2011	7.96	153	19	1.12	1.12	5.76	0.38
Dec. 31, 2010	8.58	164	19	1.08	1.08	42.92	0.37
Series O							
Dec. 31, 2014	11.56	11 247	973	0.07	0.07	46.08	0.18
Dec. 31, 2013	11.30	9 005	797	0.05	0.05	15.54	0.20
Dec. 31, 2012	9.07	6 265	691	0.07	0.07	11.89	0.28
Dec. 31, 2011	8.17	6 368	779	0.07	0.07	5.76	0.38
Dec. 31, 2010	8.72	5 668	650	0.04	0.04	42.92	0.37

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions. Effective January 1, 2008, the trading expense ratio is calculated for fund-on-fund transactions.

⁴ From September 24, 2012.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. The management fee payable in respect of each series of the Fund is a variable fee and is determined on a basis such that all fees and expenses that comprise the management expense ratio (“MER”), other than the additional cost of the GST/HST, will be equal to a specified percentage of the average net asset value of each series of the Fund (“Specified Percentage”). The Specified Percentage includes the management fee, administration fee, taxes (other than the additional cost of the GST/HST), other fund costs and any fees and expenses of the underlying funds. Since the additional cost of the GST/HST was not included in the Specified Percentage prior to July 1, 2010, the MER is higher than the Specified Percentage by the additional cost of the GST/HST.

The MER paid by each series of the Fund is calculated at the applicable annual Specified Percentage of the daily net asset value of each series of the Fund, plus the additional cost of the GST/HST as of July 1, 2010. The breakdown of the services received in consideration of the management fee component of the MER for each series, as a percentage of the management fees, is as follows:

	Management Fees*	Breakdown of Services	
		Distribution	Other†
Series A	1.86%	54%	46%
Advisor Series	1.86%	54%	46%
Series T5	1.86%	54%	46%
Series F	0.91%	–	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Management fees represent the actual average management fee rate for the period ended December 31, 2014.

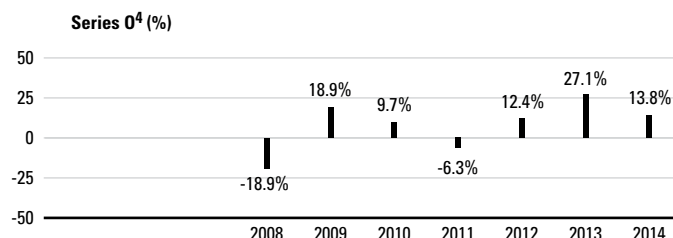
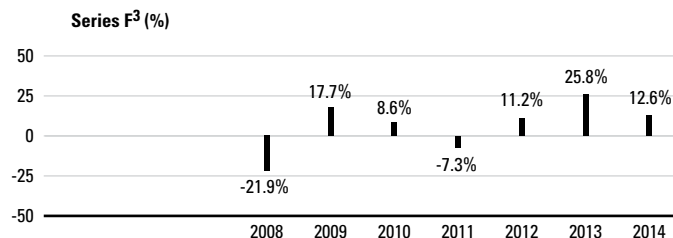
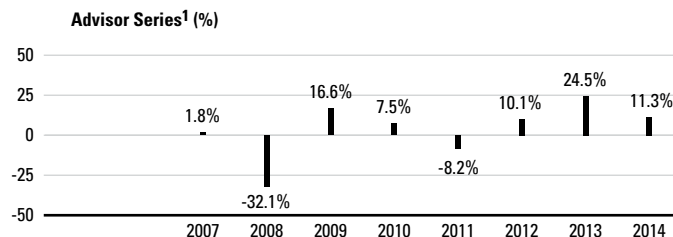
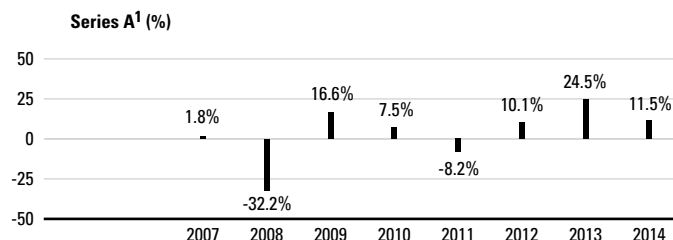
† Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund’s performance for each of the years shown, and illustrates how the Fund’s performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

The new blended benchmark (the “New benchmark”) is composed of:

- 35% S&P/TSX Capped Composite Total Return Index
- 35% S&P 500 Total Return Index (CAD)
- 20% MSCI EAFE Total Return Net Index (CAD)
- 10% MSCI Emerging Markets Total Return Net Index (CAD)

The old blended benchmark (the “Old benchmark”) is composed of:

- 35% S&P/TSX Capped Composite Total Return Index
- 35% S&P 500 Total Return Index (CAD)
- 30% MSCI EAFE Total Return Net Index (CAD)

The change in benchmark better reflects the composition of the Fund.

The broad-based index is the S&P/TSX Capped Composite Total Return Index.

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	11.5	15.2	8.6	–	2.5
New benchmark	13.5	16.6	10.8	–	4.6
Old benchmark	13.1	17.3	11.1	–	4.3
Broad-based index	10.6	10.2	7.5	–	4.5
Advisor Series ¹	11.3	15.1	8.5	–	2.5
New benchmark	13.5	16.6	10.8	–	4.6
Old benchmark	13.1	17.3	11.1	–	4.3
Broad-based index	10.6	10.2	7.5	–	4.5
Series T5 ²	11.5	–	–	–	16.9
New benchmark	13.5	–	–	–	18.4
Old benchmark	13.1	–	–	–	19.5
Broad-based index	10.6	–	–	–	11.2
Series F ³	12.6	16.3	9.7	–	5.6
New benchmark	13.5	16.6	10.8	–	6.4
Old benchmark	13.1	17.3	11.1	–	6.4
Broad-based index	10.6	10.2	7.5	–	4.6
Series O ⁴	13.8	17.6	10.8	–	7.9
New benchmark	13.5	16.6	10.8	–	9.3
Old benchmark	13.1	17.3	11.1	–	9.2
Broad-based index	10.6	10.2	7.5	–	6.7

The returns of each series may vary because of differences in management fees and expenses. The New benchmark, Old benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the New benchmark, Old benchmark and broad-based index.

¹ Inception date January 22, 2007.

² Inception date September 24, 2012.

³ Inception date January 21, 2008.

⁴ Inception date September 22, 2008.

INDEX DESCRIPTIONS

S&P/TSX Capped Composite Total Return Index This index is the amended capitalization-weighted index measuring the performance of selected securities listed on the Toronto Stock Exchange, with no individual stock exceeding 10% of the overall weight.

S&P 500 Total Return Index (CAD) This index is a capitalization-weighted index measuring the Canadian dollar performance of 500 widely held common stocks representing all major industries in the United States. The index gives investors a broad measure of the overall performance of the U.S. stock market.

MSCI EAFE Total Return Net Index (CAD) This index is a broad measure of the Canadian dollar performance of stocks from developed equity markets covering countries in Europe, Australasia and the Far East. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

MSCI Emerging Markets Total Return Net Index (CAD) This index is a broad measure of the Canadian dollar performance of emerging-market equities. As of May 2010, the index consisted of the following 21 emerging-market country indexes: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, South Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand and Turkey. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
International Equity Funds	33.7
Canadian Equity Funds	31.9
United States Equity Funds	31.5
Cash/Other	2.9

Top 25 Holdings*

	% of Net Asset Value
RBC European Equity Fund	11.9
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	8.9
RBC QUBE U.S. Equity Fund	8.8
RBC Private Canadian Equity Pool	7.8
Phillips, Hager & North Canadian Equity Underlying Fund	7.7
RBC U.S. Equity Fund	7.4
RBC U.S. Mid-Cap Equity Fund	6.4
RBC Emerging Markets Equity Fund	5.9
RBC QUBE Canadian Equity Fund	5.8
Phillips, Hager & North Canadian Growth Fund	5.7
RBC Canadian Dividend Fund	4.8
RBC Global Dividend Growth Fund	3.9
RBC Global Equity Focus Fund	3.7
RBC Asia Pacific ex-Japan Equity Fund	3.1
Cash & Cash Equivalents	2.9
RBC Japanese Equity Fund	2.2
RBC Emerging Markets Small-Cap Equity Fund	1.5
RBC Emerging Markets Dividend Fund	1.5
Mini MSCI EAFE Index Future, March 2015	0.1
Total	100.0

* The Fund holds fewer than 25 holdings.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.

The Simplified Prospectus and other information about the underlying funds are available on SEDAR website at www.sedar.com.



PORTFOLIO SOLUTION

**RBC SELECT CHOICES
CONSERVATIVE PORTFOLIO**

December 31, 2014

Portfolio Manager *RBC Global Asset Management Inc. ("RBC GAM")*

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MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund is a strategic asset allocation fund, which focuses on providing income and the potential for moderate capital growth. The Fund maintains a balance of investments across several asset classes by investing in mutual funds managed by RBC GAM or an affiliate, as well as mutual funds of other companies.

The Fund's target weightings for each asset class are 65% for fixed income, 15% for Canadian equities, 10% for U.S. equities and 10% for international equities. The actual allocation to each asset class will not be more than 15% above or below its target weighting for the fixed-income asset class, and no more than 10% above or below the target weighting for the equities asset classes.

Risk

The Fund has multiple risks associated with investing in various asset classes. These risks are similar to the risks of investing in the underlying funds. The Fund is suitable for investors who plan to hold their investments for the medium-to-long term and can tolerate low-to-medium investment risk.

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$197 million as of December 31, 2014, from \$185 million at the end of 2013. Most of the change was due to investment returns.

Over the past year, the Fund's Series A units rose 7.8%, which underperformed the 10.1% rise in the benchmark. The broad-based index rose 8.8%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The economic climate in 2014 was characterized by gradually declining global growth and inflation expectations. U.S. economic growth accelerated in the second half of the year, but the strength was not mirrored worldwide. China's economic slowdown and the effect of falling commodity prices on many emerging-market economies dampened growth, while Europe faced a number of headwinds including too-low inflation and a Russian currency crisis caused by falling oil prices and economic sanctions imposed by the West.

The Fund was positioned to hold an overweight position in stocks and an underweight position in bonds, and this allocation had a positive effect on performance in 2014. Bond yields, both in Canada and globally, declined from the beginning of the year for a number of reasons including demand for safety amid geopolitical conflict; looser Eurozone and Japanese monetary policies; new regulatory requirements for banks; and demand from pension funds looking to match cash flows with retirement payouts. Canadian bonds performed in line with U.S. fixed income, with long-maturity bonds delivering double-digit returns and far outpacing returns on short-term securities. Provincial and corporate bonds, viewed generally as more risky than federal government bonds, had mixed performance. Prices of riskier assets such as U.S. high-yield corporate and some emerging-market bonds dropped due to exposure to the poorly performing Energy sector, where falling oil prices raised concerns about the ability of some issuers to honour their debts. The Phillips, Hager & North Total Return Bond Fund, the RBC Bond Fund and the TD Canadian Bond Fund all had a positive impact on returns.

Global stocks exhibited increased volatility during the second half of 2014. The decline in oil prices, which accelerated after OPEC's late-year decision to not cut production, touched off the instability. Regions with high exposure to energy, such as Canada, were most affected. The S&P 500 Index rose for the sixth straight year as accelerating U.S. economic growth helped boost corporate revenues and earnings. Stocks in other markets performed less well amid a more clouded economic-growth outlook. The CI American Value Fund, the Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund and the RBC Canadian Dividend Fund contributed positively to returns.

Recent Developments

The world's major central banks are moving in different directions given the divergent economic conditions around the globe. The Bank of Japan and the European Central Bank are easing monetary conditions, while the U.S. Federal Reserve and the Bank of England have been reducing economic stimulus and are expected to raise benchmark interest rates sometime in 2015. Europe is plagued by too little economic growth and too-low inflation. However, the substantial drop in oil prices, if sustained, could boost growth in Europe and elsewhere in 2015.

With bond yields in all major markets now well below equilibrium, valuation risk is again evident in sovereign fixed-income markets, and bonds may be at risk of an abrupt upwards adjustment in yields. The portfolio manager has reduced return expectations for equities as markets have moved closer to fair value, but they remain positive and are especially attractive relative to potential returns for bonds. As a result, the portfolio manager has maintained overweight exposure to equities and an underweight position in bonds.



Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee as compensation for its services, which is included in the fixed MER paid by each series of the Fund.

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

Distributors

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

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank and RBC IS are the registrars of the Fund and keep records of who owns the units of the Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	12.00	0.44	(0.24)	0.50	0.24	0.94	(0.01)	(0.18)	(0.31)	–	(0.50)	12.43
Dec. 31, 2013	11.28	0.33	(0.23)	0.42	0.39	0.91	(0.06)	(0.05)	(0.09)	–	(0.20)	12.00
Dec. 31, 2012	10.78	0.28	(0.21)	0.10	0.39	0.56	(0.04)	(0.03)	–	–	(0.07)	11.28
Dec. 31, 2011	10.81	0.31	(0.20)	0.03	(0.06)	0.08	(0.11)	–	–	–	(0.11)	10.78
Dec. 31, 2010	10.20	0.30	(0.19)	(0.05)	0.67	0.73	(0.05)	(0.05)	–	–	(0.10)	10.81
Advisor Series												
Dec. 31, 2014	12.04	0.44	(0.25)	0.50	0.24	0.93	(0.01)	(0.17)	(0.31)	–	(0.49)	12.49
Dec. 31, 2013	11.29	0.33	(0.23)	0.42	0.39	0.91	(0.04)	(0.04)	(0.09)	–	(0.17)	12.04
Dec. 31, 2012	10.80	0.28	(0.21)	0.10	0.39	0.56	(0.04)	(0.03)	–	–	(0.07)	11.29
Dec. 31, 2011	10.81	0.31	(0.20)	0.03	(0.06)	0.08	(0.10)	–	–	–	(0.10)	10.80
Dec. 31, 2010	10.20	0.30	(0.19)	(0.05)	0.67	0.73	(0.05)	(0.05)	–	–	(0.10)	10.81

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	12.43	195 046	15 686	1.95	1.95	17.76	0.03
Dec. 31, 2013	12.00	183 827	15 322	1.96	1.96	24.03	0.03
Dec. 31, 2012	11.28	171 246	15 186	1.95	1.95	35.18	0.05
Dec. 31, 2011	10.78	163 005	15 115	1.95	1.95	22.87	0.07
Dec. 31, 2010	10.81	144 365	13 351	1.90	1.90	29.58	0.08
Advisor Series							
Dec. 31, 2014	12.49	1 570	126	1.98	1.98	17.76	0.03
Dec. 31, 2013	12.04	1 312	109	1.99	1.99	24.03	0.03
Dec. 31, 2012	11.29	757	67	1.96	1.96	35.18	0.05
Dec. 31, 2011	10.80	777	72	1.94	1.94	22.87	0.07
Dec. 31, 2010	10.81	559	52	1.91	1.91	29.58	0.08

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions. Effective January 1, 2008, the trading expense ratio is calculated for fund-on-fund transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. The management fee payable in respect of each series of the Fund is a variable fee and is determined on a basis such that all fees and expenses that comprise the management expense ratio ("MER"), other than the additional cost of the GST/HST, will be equal to a specified percentage of the average net asset value of each series of the Fund ("Specified Percentage"). The Specified Percentage includes the management fee, administration fee, taxes (other than the additional cost of the GST/HST), other fund costs and any fees and expenses of the underlying funds. Since the additional cost of the GST/HST was not included in the Specified Percentage prior to July 1, 2010, the MER is higher than the Specified Percentage by the additional cost of the GST/HST.

The MER paid by each series of the Fund is calculated at the applicable annual Specified Percentage of the daily net asset value of each series of the Fund, plus the additional cost of the GST/HST as of July 1, 2010. The breakdown of the services received in consideration of the management fee component of the MER for each series, as a percentage of the management fees, is as follows:

	Management Fees*	Breakdown of Services	
		Distribution	Other [†]
Series A	1.69%	44%	56%
Advisor Series	1.69%	44%	56%

* Management fees represent the actual average management fee rate for the period ended December 31, 2014.

[†] Includes all costs related to management, trustee, investment advisory services, general administration and profit.

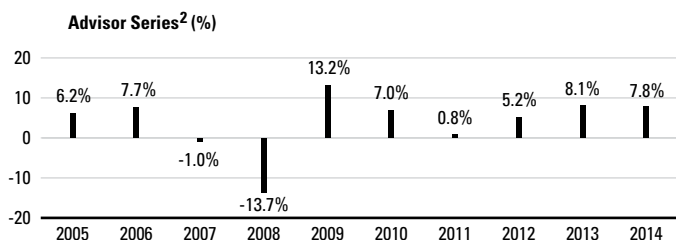
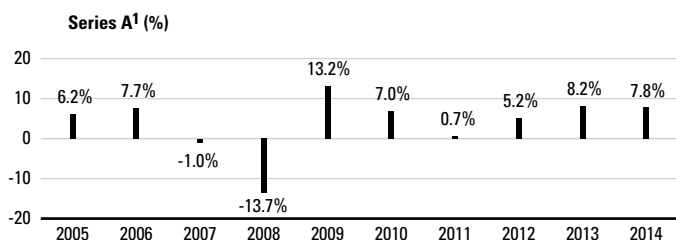


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund’s performance for each of the years shown, and illustrates how the Fund’s performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014 compared with the following benchmarks:

The blended benchmark (the “Benchmark”) is composed of:

- 65% FTSE TMX Canada Universe Bond Index
- 15% S&P/TSX Capped Composite Total Return Index
- 10% S&P 500 Total Return Index (CAD)
- 10% MSCI EAFE Total Return Net Index (CAD)

The broad-based index is the FTSE TMX Canada Universe Bond Index.

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	7.8	7.0	5.7	3.9	–
Benchmark	10.1	8.0	7.3	6.0	–
Broad-based index	8.8	3.7	5.4	5.3	–
Advisor Series ²	7.8	7.0	5.7	3.9	–
Benchmark	10.1	8.0	7.3	6.0	–
Broad-based index	8.8	3.7	5.4	5.3	–

The returns of each series may vary because of differences in management fees and expenses. The Benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark and broad-based index.

¹ Inception date June 5, 2000.

² Inception date January 13, 2003.

INDEX DESCRIPTIONS

FTSE TMX Canada Universe Bond Index* This index is designed as a broad measure of the Canadian investment-grade fixed-income market and includes bonds with maturities of at least one year.

S&P/TSX Capped Composite Total Return Index This index is the amended capitalization-weighted index measuring the performance of selected securities listed on the Toronto Stock Exchange, with no individual stock exceeding 10% of the overall weight.

S&P 500 Total Return Index (CAD) This index is a capitalization-weighted index measuring the Canadian dollar performance of 500 widely held common stocks representing all major industries in the United States. The index gives investors a broad measure of the overall performance of the U.S. stock market.

MSCI EAFE Total Return Net Index (CAD) This index is a broad measure of the Canadian dollar performance of stocks from developed equity markets covering countries in Europe, Australasia and the Far East. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

* FTSE TMX fixed-income benchmarks were known as the DEX benchmarks before a name change.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Income Funds	59.0
Canadian Equity Funds	17.4
United States Equity Funds	12.1
International Equity Funds	11.4
Cash/Other	0.1

Top 25 Holdings*

	% of Net Asset Value
Phillips, Hager & North Total Return Bond Fund	15.8
RBC Bond Fund	15.8
TD Canadian Bond Fund	13.5
Phillips, Hager & North Short Term Bond & Mortgage Fund	13.4
Franklin Bissett Canadian Equity Fund	5.8
RBC Canadian Equity Fund	5.8
RBC Canadian Dividend Fund	5.8
Renaissance International Equity Fund	5.7
Invesco International Growth Class	4.3
CI American Value Fund	4.1
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	4.1
RBC O'Shaughnessy U.S. Value Fund	4.1
Invesco International Growth Fund	1.4
RBC Canadian Money Market Fund	0.5
Total	100.0

* The Fund holds fewer than 25 holdings.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.

The Simplified Prospectus and other information about the underlying funds are available on SEDAR website at www.sedar.com.



PORTFOLIO SOLUTION

**RBC SELECT CHOICES
BALANCED PORTFOLIO**

December 31, 2014

Portfolio Manager *RBC Global Asset Management Inc. ("RBC GAM")*

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund is a strategic asset allocation fund, which focuses on providing long-term capital growth and modest income. The Fund maintains a balance of investments across several asset classes by investing in mutual funds managed by RBC GAM or an affiliate, as well as in mutual funds of other companies.

The Fund's target weightings for each asset class are 45% for fixed income, 20% for Canadian equities, 20% for U.S. equities and 15% for international equities. The actual allocation to each asset class will not be more than 15% above or below its target weighting for the fixed-income asset class, and no more than 10% above or below the target weighting for the equities asset classes.

Risk

The Fund has multiple risks associated with investing in various asset classes. These risks are similar to the risks of investing in the underlying funds. The Fund is suitable for investors who plan to hold their investments for the medium-to-long term and can tolerate low-to-medium investment risk.

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Results of Operations

The Fund's net asset value rose to \$352 million as of December 31, 2014, from \$321 million at the end of 2013. Most of the change was due to investment returns.

Over the past year, the Fund's Series A units rose 9.2%, which underperformed the 11.5% rise in the benchmark. The broad-based index rose 8.8%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The economic climate in 2014 was characterized by gradually declining global growth and inflation expectations. U.S. economic growth accelerated in the second half of the year, but the strength was not mirrored worldwide. China's economic slowdown and the effect of falling commodity prices on many emerging-market economies dampened growth, while Europe faced a number of headwinds including too-low inflation and a Russian currency crisis caused by falling oil prices and economic sanctions imposed by the West.

The Fund was positioned to hold an overweight position in stocks and an underweight position in bonds, and this allocation had a positive effect on performance in 2014. Bond yields, both in Canada and globally, declined from the beginning of the year for a number of reasons including demand for safety amid geopolitical conflict; looser Eurozone and Japanese monetary policies; new regulatory requirements for banks; and demand from pension funds looking to match cash flows with retirement payouts. Canadian bonds performed in line with U.S. fixed income, with long-maturity bonds delivering double-digit returns and far outpacing returns on short-term securities. Provincial and corporate bonds, viewed generally as more risky than federal government bonds, had mixed performance. Prices of riskier assets such as U.S. high-yield corporate and some emerging-market bonds dropped due to exposure to the poorly performing Energy sector, where falling oil prices raised concerns about the ability of some issuers to honour their debts. The Phillips, Hager & North Total Return Bond Fund and the RBC Bond Fund had a positive impact on returns.

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RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

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- (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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

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Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	12.18	0.44	(0.27)	0.65	0.29	1.11	(0.01)	(0.16)	(0.03)	–	(0.20)	13.12
Dec. 31, 2013	10.73	0.30	(0.25)	0.52	0.96	1.53	(0.01)	(0.05)	–	–	(0.06)	12.18
Dec. 31, 2012	10.01	0.23	(0.22)	0.26	0.45	0.72	–	–	–	–	–	10.73
Dec. 31, 2011	10.24	0.23	(0.21)	(0.10)	(0.11)	(0.19)	(0.04)	–	–	–	(0.04)	10.01
Dec. 31, 2010	9.49	0.21	(0.20)	(0.20)	0.93	0.74	–	–	–	–	–	10.24
Advisor Series												
Dec. 31, 2014	12.17	0.44	(0.27)	0.65	0.29	1.11	(0.01)	(0.16)	(0.03)	–	(0.20)	13.10
Dec. 31, 2013	10.72	0.30	(0.25)	0.52	0.96	1.53	(0.01)	(0.05)	–	–	(0.06)	12.17
Dec. 31, 2012	10.00	0.23	(0.22)	0.26	0.45	0.72	–	–	–	–	–	10.72
Dec. 31, 2011	10.22	0.23	(0.21)	(0.10)	(0.11)	(0.19)	(0.04)	–	–	–	(0.04)	10.00
Dec. 31, 2010	9.48	0.21	(0.20)	(0.20)	0.93	0.74	–	–	–	–	–	10.22

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	13.12	349 921	26 666	2.16	2.16	18.88	0.04
Dec. 31, 2013	12.18	318 451	26 113	2.16	2.16	26.02	0.05
Dec. 31, 2012	10.73	278 801	25 988	2.15	2.15	48.04	0.07
Dec. 31, 2011	10.01	278 283	27 800	2.16	2.16	26.12	0.12
Dec. 31, 2010	10.24	286 997	28 032	2.10	2.10	31.14	0.11
Advisor Series							
Dec. 31, 2014	13.10	2 395	183	2.18	2.18	18.88	0.04
Dec. 31, 2013	12.17	2 071	170	2.20	2.20	26.02	0.05
Dec. 31, 2012	10.72	1 201	112	2.15	2.15	48.04	0.07
Dec. 31, 2011	10.00	1 201	120	2.15	2.15	26.12	0.12
Dec. 31, 2010	10.22	1 245	122	2.09	2.09	31.14	0.11

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions. Effective January 1, 2008, the trading expense ratio is calculated for fund-on-fund transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. The management fee payable in respect of each series of the Fund is a variable fee and is determined on a basis such that all fees and expenses that comprise the management expense ratio ("MER"), other than the additional cost of the GST/HST, will be equal to a specified percentage of the average net asset value of each series of the Fund ("Specified Percentage"). The Specified Percentage includes the management fee, administration fee, taxes (other than the additional cost of the GST/HST), other fund costs and any fees and expenses of the underlying funds. Since the additional cost of the GST/HST was not included in the Specified Percentage prior to July 1, 2010, the MER is higher than the Specified Percentage by the additional cost of the GST/HST.

The MER paid by each series of the Fund is calculated at the applicable annual Specified Percentage of the daily net asset value of each series of the Fund, plus the additional cost of the GST/HST as of July 1, 2010. The breakdown of the services received in consideration of the management fee component of the MER for each series, as a percentage of the management fees, is as follows:

	Management Fees*	Breakdown of Services	
		Distribution	Other [†]
Series A	1.88%	53%	47%
Advisor Series	1.88%	53%	47%

* Management fees represent the actual average management fee rate for the period ended December 31, 2014.

[†] Includes all costs related to management, trustee, investment advisory services, general administration and profit.

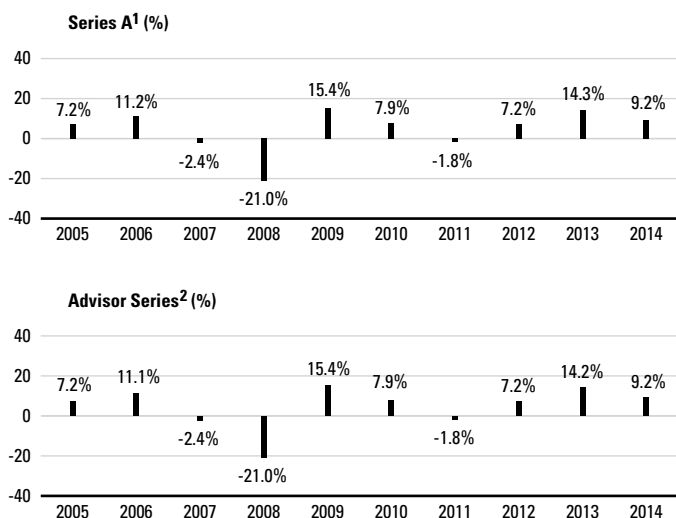


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

The new blended benchmark (the "New benchmark") is composed of:

- 45% FTSE TMX Canada Universe Bond Index
- 20% S&P 500 Total Return Index (CAD)
- 19% S&P/TSX Capped Composite Total Return Index
- 12% MSCI EAFE Total Return Net Index (CAD)
- 4% MSCI Emerging Markets Total Return Net Index (CAD)

The old blended benchmark (the "Old benchmark") is composed of:

- 45% FTSE TMX Canada Universe Bond Index
- 20% S&P 500 Total Return Index (CAD)
- 20% S&P/TSX Capped Composite Total Return Index
- 15% MSCI EAFE Total Return Net Index (CAD)

The change in benchmark better reflects the composition of the Fund.

The broad-based index is the FTSE TMX Canada Universe Bond Index.

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	9.2	10.2	7.2	4.1	—
New benchmark	11.5	10.9	8.6	6.4	—
Old benchmark	11.4	11.1	8.8	6.3	—
Broad-based index	8.8	3.7	5.4	5.3	—
Advisor Series ²	9.2	10.2	7.2	4.1	—
New benchmark	11.5	10.9	8.6	6.4	—
Old benchmark	11.4	11.1	8.8	6.3	—
Broad-based index	8.8	3.7	5.4	5.3	—

The returns of each series may vary because of differences in management fees and expenses. The New benchmark, Old benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the New benchmark, Old benchmark and broad-based index.

¹ Inception date June 5, 2000.

² Inception date January 13, 2003.

INDEX DESCRIPTIONS

FTSE TMX Canada Universe Bond Index* This index is designed as a broad measure of the Canadian investment-grade fixed-income market and includes bonds with maturities of at least one year.

S&P 500 Total Return Index (CAD) This index is a capitalization-weighted index measuring the Canadian dollar performance of 500 widely held common stocks representing all major industries in the United States. The index gives investors a broad measure of the overall performance of the U.S. stock market.

S&P/TSX Capped Composite Total Return Index This index is the amended capitalization-weighted index measuring the performance of selected securities listed on the Toronto Stock Exchange, with no individual stock exceeding 10% of the overall weight.

MSCI EAFE Total Return Net Index (CAD) This index is a broad measure of the Canadian dollar performance of stocks from developed equity markets covering countries in Europe, Australasia and the Far East. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.



PAST PERFORMANCE (cont.)

MSCI Emerging Markets Total Return Net Index (CAD) This index is a broad measure of the Canadian dollar performance of emerging-market equities. As of May 2010, the index consisted of the following 21 emerging-market country indexes: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, South Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand and Turkey. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

* FTSE TMX fixed-income benchmarks were known as the DEX benchmarks before a name change.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Income Funds	38.3
United States Equity Funds	22.0
Canadian Equity Funds	21.4
International Equity Funds	17.9
Cash/Other	0.4

Top 25 Holdings*

	% of Net Asset Value
RBC Bond Fund	12.6
Phillips, Hager & North Total Return Bond Fund	12.4
Phillips, Hager & North Short Term Bond & Mortgage Fund	8.7
RBC O'Shaughnessy U.S. Value Fund	7.4
CI American Value Fund	7.3
RBC Canadian Equity Fund	7.1
Renaissance International Equity Fund	6.6
RBC Canadian Dividend Fund	5.9
Invesco International Growth Class	5.2
Franklin Bissett Canadian Equity Fund	5.1
RBC Emerging Markets Equity Fund	4.6
Phillips, Hager & North High Yield Bond Fund	4.2
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	3.7
TD U.S. Mid-Cap Growth Fund	3.7
IA Clarington Canadian Small Cap Fund	3.3
Invesco International Growth Fund	1.5
RBC Canadian Money Market Fund	0.5
Cash & Cash Equivalents	0.2
Total	100.0

* The Fund holds fewer than 25 holdings.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.

The Simplified Prospectus and other information about the underlying funds are available on SEDAR website at www.sedar.com.



PORTFOLIO SOLUTION

RBC SELECT CHOICES GROWTH PORTFOLIO

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund is a strategic asset allocation fund, which focuses on providing long-term capital growth. The Fund maintains a balance of investments across several asset classes by investing in mutual funds managed by RBC GAM or an affiliate, as well as in mutual funds of other companies.

The Fund's target weightings for each asset class are 30% for fixed income, 25% for Canadian equities, 25% for U.S. equities and 20% for international equities. The actual allocation to each asset class will not be more than 15% above or below its target weighting for the fixed-income asset class, and no more than 10% above or below the target weighting for the equities asset classes.

Risk

The Fund has multiple risks associated with investing in various asset classes. These risks are similar to the risks of investing in the underlying funds. The Fund is suitable for investors who plan to hold their investments for the long term and can tolerate low-to-medium investment risk.

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$259 million as of December 31, 2014, from \$232 million at the end of 2013. Most of the change was due to investment returns.

Over the past year, the Fund's Series A units rose 10.7%, which underperformed the 12.0% rise in the benchmark. The broad-based index rose 10.6%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The economic climate in 2014 was characterized by gradually declining global growth and inflation expectations. U.S. economic growth accelerated in the second half of the year, but the strength was not mirrored worldwide. China's economic slowdown and the effect of falling commodity prices on many emerging-market economies dampened growth, while Europe faced a number of headwinds including too-low inflation and a Russian currency crisis caused by falling oil prices and economic sanctions imposed by the West.

The Fund was positioned to hold an overweight position in stocks and an underweight position in bonds, and this allocation had a positive effect on performance in 2014. Global stocks exhibited increased volatility during the second half of 2014. The decline in oil prices, which accelerated after OPEC's late-year decision to not cut production, touched off the instability. Regions with high exposure to energy, such as Canada, were most affected. The S&P 500 Index rose for the sixth straight year as accelerating U.S. economic growth helped boost corporate revenues and earnings. Stocks in other markets performed less well amid a more clouded economic-growth outlook. The Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund, the TD U.S. Mid-Cap Growth Fund and the Fidelity Canadian Disciplined Equity Fund all had a positive impact on performance.

Bond yields, both in Canada and globally, declined from the beginning of the year for a number of reasons including demand for safety amid geopolitical conflict; looser Eurozone and Japanese monetary policies; new regulatory requirements for banks; and demand from pension funds looking to match cash flows with retirement payouts. Canadian bonds performed in line with U.S. fixed income, with long-maturity bonds delivering double-digit returns and far outpacing returns on short-term securities. Provincial and corporate bonds, viewed generally as more risky than federal government bonds, had mixed performance. Prices of riskier assets such as U.S. high-yield corporate and some emerging-market bonds dropped due to exposure to the poorly performing Energy sector, where falling oil prices raised concerns about the ability of some issuers to honour their debts. The RBC Bond Fund and the Phillips, Hager & North Total Return Bond Fund contributed positively to returns.

Recent Developments

The world's major central banks are moving in different directions given the divergent economic conditions around the globe. The Bank of Japan and the European Central Bank are easing monetary conditions, while the U.S. Federal Reserve and the Bank of England have been reducing economic stimulus and are expected to raise benchmark interest rates sometime in 2015. Europe is plagued by too little economic growth and too-low inflation. However, the substantial drop in oil prices, if sustained, could boost growth in Europe and elsewhere in 2015.

With bond yields in all major markets now well below equilibrium, valuation risk is again evident in sovereign fixed-income markets, and bonds may be at risk of an abrupt upwards adjustment in yields. The portfolio manager has reduced return expectations for equities as markets have moved closer to fair value, but they remain positive and are especially attractive relative to potential returns for bonds. As a result, the portfolio manager has maintained overweight exposure to equities and an underweight position in bonds.



Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee as compensation for its services, which is included in the fixed MER paid by each series of the Fund.

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

Distributors

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

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank and RBC IS are the registrars of the Fund and keep records of who owns the units of the Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	11.97	0.42	(0.30)	0.79	0.36	1.27	(0.02)	(0.05)	—	—	(0.07)	13.20
Dec. 31, 2013	10.21	0.24	(0.26)	0.40	1.40	1.78	—	—	—	—	—	11.97
Dec. 31, 2012	9.37	0.19	(0.23)	0.22	0.67	0.85	—	—	—	—	—	10.21
Dec. 31, 2011	9.76	0.17	(0.22)	(0.06)	(0.29)	(0.40)	—	—	—	—	—	9.37
Dec. 31, 2010	8.92	0.15	(0.20)	(0.16)	1.04	0.83	—	—	—	—	—	9.76
Advisor Series												
Dec. 31, 2014	11.95	0.42	(0.30)	0.79	0.36	1.27	(0.02)	(0.04)	—	—	(0.06)	13.18
Dec. 31, 2013	10.19	0.24	(0.26)	0.39	1.40	1.77	—	—	—	—	—	11.95
Dec. 31, 2012	9.35	0.19	(0.23)	0.22	0.67	0.85	—	—	—	—	—	10.19
Dec. 31, 2011	9.75	0.17	(0.22)	(0.06)	(0.28)	(0.39)	—	—	—	—	—	9.35
Dec. 31, 2010	8.91	0.14	(0.20)	(0.16)	1.04	0.82	—	—	—	—	—	9.75

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	13.20	258 576	19 585	2.36	2.36	19.10	0.08
Dec. 31, 2013	11.97	231 820	19 337	2.36	2.36	21.26	0.05
Dec. 31, 2012	10.21	198 617	19 462	2.36	2.36	62.75	0.10
Dec. 31, 2011	9.37	198 169	21 155	2.37	2.37	28.12	0.17
Dec. 31, 2010	9.76	212 632	21 794	2.31	2.31	32.10	0.16
Advisor Series							
Dec. 31, 2014	13.18	593	45	2.39	2.39	19.10	0.08
Dec. 31, 2013	11.95	378	32	2.38	2.38	21.26	0.05
Dec. 31, 2012	10.19	409	40	2.38	2.38	62.75	0.10
Dec. 31, 2011	9.35	408	44	2.39	2.39	28.12	0.17
Dec. 31, 2010	9.75	460	47	2.32	2.32	32.10	0.16

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

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Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. The management fee payable in respect of each series of the Fund is a variable fee and is determined on a basis such that all fees and expenses that comprise the management expense ratio ("MER"), other than the additional cost of the GST/HST, will be equal to a specified percentage of the average net asset value of each series of the Fund ("Specified Percentage"). The Specified Percentage includes the management fee, administration fee, taxes (other than the additional cost of the GST/HST), other fund costs and any fees and expenses of the underlying funds. Since the additional cost of the GST/HST was not included in the Specified Percentage prior to July 1, 2010, the MER is higher than the Specified Percentage by the additional cost of the GST/HST.

The MER paid by each series of the Fund is calculated at the applicable annual Specified Percentage of the daily net asset value of each series of the Fund, plus the additional cost of the GST/HST as of July 1, 2010. The breakdown of the services received in consideration of the management fee component of the MER for each series, as a percentage of the management fees, is as follows:

	Management Fees*	Breakdown of Services	
		Distribution	Other [†]
Series A	2.07%	48%	52%
Advisor Series	2.07%	48%	52%

* Management fees represent the actual average management fee rate for the period ended December 31, 2014.

[†] Includes all costs related to management, trustee, investment advisory services, general administration and profit.

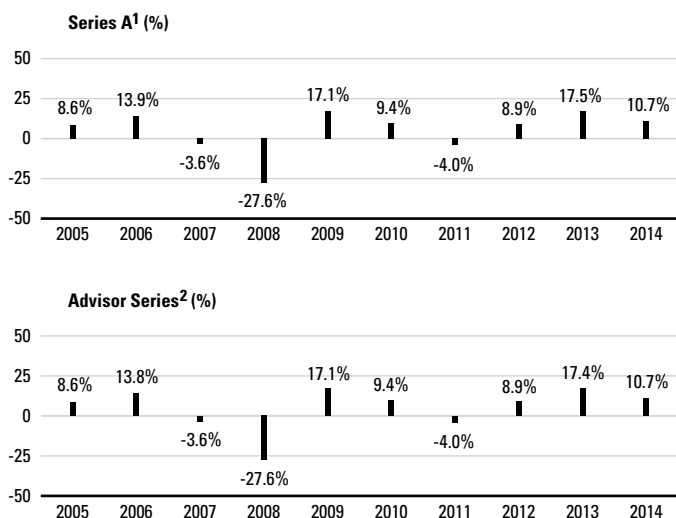


PAST PERFORMANCE

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Year-by-Year Returns (%)

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Annual Compound Returns (%)

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The new blended benchmark (the "New benchmark") is composed of:

- 30% FTSE TMX Canada Universe Bond Index
- 25% S&P 500 Total Return Index (CAD)
- 23% S&P/TSX Capped Composite Total Return Index
- 16% MSCI EAFE Total Return Net Index (CAD)
- 6% MSCI Emerging Markets Total Return Net Index (CAD)

The old blended benchmark (the "Old benchmark") is composed of:

- 30% FTSE TMX Canada Universe Bond Index
- 25% S&P 500 Total Return Index (CAD)
- 25% S&P/TSX Capped Composite Total Return Index
- 20% MSCI EAFE Total Return Net Index (CAD)

The change in benchmark better reflects the composition of the Fund.

The broad-based index is the S&P/TSX Capped Composite Total Return Index.

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	10.7	12.3	8.3	4.2	—
New benchmark	12.0	12.8	9.4	6.6	—
Old benchmark	12.0	13.2	9.6	6.4	—
Broad-based index	10.6	10.2	7.5	7.6	—
Advisor Series ²	10.7	12.3	8.2	4.1	—
New benchmark	12.0	12.8	9.4	6.6	—
Old benchmark	12.0	13.2	9.6	6.4	—
Broad-based index	10.6	10.2	7.5	7.6	—

The returns of each series may vary because of differences in management fees and expenses. The New benchmark, Old benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the New benchmark, Old benchmark and broad-based index.

¹ Inception date June 5, 2000.

² Inception date January 13, 2003.

INDEX DESCRIPTIONS

FTSE TMX Canada Universe Bond Index* This index is designed as a broad measure of the Canadian investment-grade fixed-income market and includes bonds with maturities of at least one year.

S&P 500 Total Return Index (CAD) This index is a capitalization-weighted index measuring the Canadian dollar performance of 500 widely held common stocks representing all major industries in the United States. The index gives investors a broad measure of the overall performance of the U.S. stock market.

S&P/TSX Capped Composite Total Return Index This index is the amended capitalization-weighted index measuring the performance of selected securities listed on the Toronto Stock Exchange, with no individual stock exceeding 10% of the overall weight.

MSCI EAFE Total Return Net Index (CAD) This index is a broad measure of the Canadian dollar performance of stocks from developed equity markets covering countries in Europe, Australasia and the Far East. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.



PAST PERFORMANCE (cont.)

MSCI Emerging Markets Total Return Net Index (CAD) This index is a broad measure of the Canadian dollar performance of emerging-market equities. As of May 2010, the index consisted of the following 21 emerging-market country indexes: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, South Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand and Turkey. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

* FTSE TMX fixed-income benchmarks were known as the DEX benchmarks before a name change.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
United States Equity Funds	27.5
Canadian Equity Funds	25.5
International Equity Funds	23.8
Income Funds	22.7
Cash/Other	0.5

Top 25 Holdings*

	% of Net Asset Value
RBC Bond Fund	13.4
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	9.9
RBC Canadian Equity Fund	9.4
Fidelity Canadian Disciplined Equity Fund	8.9
TD U.S. Mid-Cap Growth Fund	7.7
RBC Emerging Markets Equity Fund	6.6
Invesco International Growth Class	5.3
CI American Value Fund	5.0
RBC O'Shaughnessy U.S. Value Fund	4.9
Phillips, Hager & North Total Return Bond Fund	4.4
Phillips, Hager & North High Yield Bond Fund	4.4
Invesco European Growth Class	4.3
Phillips, Hager & North Canadian Growth Fund	3.8
IA Clarington Canadian Small Cap Fund	3.3
Renaissance International Equity Fund	3.2
TD Asian Growth Fund	3.2
Invesco International Growth Fund	1.2
Cash & Cash Equivalents	0.6
RBC Canadian Money Market Fund	0.5
Total	100.0

* The Fund holds fewer than 25 holdings.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.

The Simplified Prospectus and other information about the underlying funds are available on SEDAR website at www.sedar.com.



PORTFOLIO SOLUTION

**RBC SELECT CHOICES
AGGRESSIVE GROWTH PORTFOLIO**

December 31, 2014

Portfolio Manager *RBC Global Asset Management Inc. ("RBC GAM")*

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund is a strategic asset allocation fund, which focuses on providing long-term capital growth. The Fund maintains a balance of investments in mutual funds managed by RBC GAM or an affiliate, as well as in mutual funds of other companies.

The Fund's target weightings for each asset class are 35% for Canadian equities, 35% for U.S. equities and 30% for international equities. The actual allocation to each equities asset class will not be more than 10% above or below its target weighting.

Risk

The Fund has multiple risks, which are similar to the risks of investing in the underlying funds. The Fund's asset allocation model is aimed at achieving maximum growth and directs almost all assets to equity funds.

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$185 million as of December 31, 2014, from \$166 million at the end of 2013. Most of the change was due to investment returns.

Over the past year, the Fund's Series A units rose 11.3%, which underperformed the 13.5% rise in the benchmark. The broad-based index rose 10.6%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The economic climate in 2014 was characterized by gradually declining global growth and inflation expectations. U.S. economic growth accelerated in the second half of the year, but the strength was not mirrored worldwide. China's economic slowdown and the effect of falling commodity prices on many emerging-market economies dampened growth, while Europe faced a number of headwinds including too-low inflation and a Russian currency crisis caused by falling oil prices and economic sanctions imposed by the West.

Global stocks exhibited increased volatility during the second half of 2014. The decline in oil prices, which accelerated after OPEC's late-year decision to not cut production, touched off the instability. Regions with high exposure to energy, such as Canada, were most affected. The S&P 500 Index rose for the sixth straight year as accelerating U.S. economic growth helped boost corporate revenues and earnings.

Stocks in other markets performed less well amid a more clouded economic-growth outlook. The TD U.S. Mid-Cap Growth Fund, the Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund and the CI American Value Fund all had a positive impact on returns.

Recent Developments

The world's major central banks are moving in different directions given the divergent economic conditions around the globe. The Bank of Japan and the European Central Bank are easing monetary conditions, while the U.S. Federal Reserve and the Bank of England have been reducing economic stimulus and are expected to raise benchmark interest rates sometime in 2015. Europe is plagued by too little economic growth and too-low inflation. However, the substantial drop in oil prices, if sustained, could boost growth in Europe and elsewhere in 2015. The portfolio manager has reduced return expectations for equities as markets have moved closer to fair value, but they remain positive.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee as compensation for its services, which is included in the fixed MER paid by each series of the Fund.

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

Distributors

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

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank and RBC IS are the registrars of the Fund and keep records of who owns the units of the Fund.



Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors (“BoG”) in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund’s financial performance for the past five years or for the periods since inception. This information is derived from the Fund’s audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards (“IFRS”). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). “Net Assets,” for the periods prior to 2014, are calculated in accordance with GAAP, and “Net Asset Value” is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between “Net Assets” and “Net Asset Value” under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹						Annual Distributions ²				Net Assets End of Year/Period
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	10.73	0.29	(0.29)	0.77	0.44	1.21	–	–	–	–	–	11.97
Dec. 31, 2013	8.59	0.14	(0.24)	0.24	2.03	2.17	–	–	–	–	–	10.73
Dec. 31, 2012	7.78	0.10	(0.21)	0.10	0.82	0.81	–	–	–	–	–	8.59
Dec. 31, 2011	8.39	0.10	(0.20)	(0.12)	(0.39)	(0.61)	–	–	–	–	–	7.78
Dec. 31, 2010	7.61	0.07	(0.19)	(0.38)	1.27	0.77	–	–	–	–	–	8.39
Advisor Series												
Dec. 31, 2014	10.80	0.29	(0.29)	0.78	0.45	1.23	–	–	–	–	–	12.06
Dec. 31, 2013	8.62	0.14	(0.24)	0.24	2.04	2.18	–	–	–	–	–	10.80
Dec. 31, 2012	7.80	0.10	(0.20)	0.10	0.82	0.82	–	–	–	–	–	8.62
Dec. 31, 2011	8.41	0.10	(0.20)	(0.12)	(0.40)	(0.62)	–	–	–	–	–	7.80
Dec. 31, 2010	7.62	0.07	(0.19)	(0.38)	1.27	0.77	–	–	–	–	–	8.41

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	11.97	184 103	15 382	2.56	2.56	14.20	0.11
Dec. 31, 2013	10.73	165 262	15 369	2.57	2.57	15.25	0.11
Dec. 31, 2012	8.59	133 208	15 506	2.56	2.56	67.06	0.15
Dec. 31, 2011	7.78	126 381	16 238	2.57	2.57	25.46	0.22
Dec. 31, 2010	8.39	136 136	16 225	2.51	2.51	31.87	0.20
Advisor Series							
Dec. 31, 2014	12.06	1 034	86	2.52	2.52	14.20	0.11
Dec. 31, 2013	10.80	347	32	2.53	2.53	15.25	0.11
Dec. 31, 2012	8.62	129	15	2.50	2.50	67.06	0.15
Dec. 31, 2011	7.80	159	20	2.48	2.48	25.46	0.22
Dec. 31, 2010	8.41	132	16	2.48	2.48	31.87	0.20

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions. Effective January 1, 2008, the trading expense ratio is calculated for fund-on-fund transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. The management fee payable in respect of each series of the Fund is a variable fee and is determined on a basis such that all fees and expenses that comprise the management expense ratio ("MER"), other than the additional cost of the GST/HST, will be equal to a specified percentage of the average net asset value of each series of the Fund ("Specified Percentage"). The Specified Percentage includes the management fee, administration fee, taxes (other than the additional cost of the GST/HST), other fund costs and any fees and expenses of the underlying funds. Since the additional cost of the GST/HST was not included in the Specified Percentage prior to July 1, 2010, the MER is higher than the Specified Percentage by the additional cost of the GST/HST.

The MER paid by each series of the Fund is calculated at the applicable annual Specified Percentage of the daily net asset value of each series of the Fund, plus the additional cost of the GST/HST as of July 1, 2010. The breakdown of the services received in consideration of the management fee component of the MER for each series, as a percentage of the management fees, is as follows:

	Management Fees*	Breakdown of Services	
		Distribution	Other [†]
Series A	2.26%	44%	56%
Advisor Series	2.26%	44%	56%

* Management fees represent the actual average management fee rate for the period ended December 31, 2014.

[†] Includes all costs related to management, trustee, investment advisory services, general administration and profit.

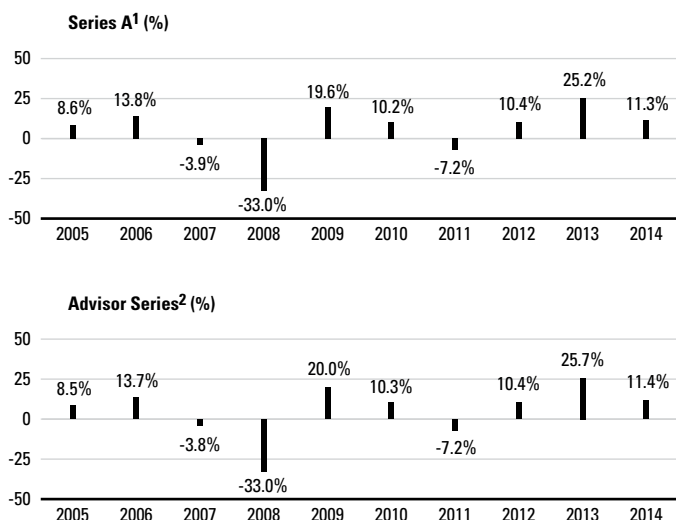


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

The new blended benchmark (the "New benchmark") is composed of:

- 35% S&P/TSX Capped Composite Total Return Index
- 35% S&P 500 Total Return Index (CAD)
- 20% MSCI EAFE Total Return Net Index (CAD)
- 10% MSCI Emerging Markets Total Return Net Index (CAD)

The old blended benchmark (the "Old benchmark") is composed of:

- 35% S&P/TSX Capped Composite Total Return Index
- 35% S&P 500 Total Return Index (CAD)
- 30% MSCI EAFE Total Return Net Index (CAD)

The change in benchmark better reflects the composition of the Fund.

The broad-based index is the S&P/TSX Capped Composite Total Return Index.

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	11.3	15.4	9.5	4.1	—
New benchmark	13.5	16.6	10.8	7.1	—
Old benchmark	13.1	17.3	11.1	6.7	—
Broad-based index	10.6	10.2	7.5	7.6	—
Advisor Series ²	11.4	15.6	9.6	4.2	—
New benchmark	13.5	16.6	10.8	7.1	—
Old benchmark	13.1	17.3	11.1	6.7	—
Broad-based index	10.6	10.2	7.5	7.6	—

The returns of each series may vary because of differences in management fees and expenses. The New benchmark, Old benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the New benchmark, Old benchmark and broad-based index.

¹ Inception date June 5, 2000.

² Inception date January 13, 2003.

INDEX DESCRIPTIONS

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MSCI EAFE Total Return Net Index (CAD) This index is a broad measure of the Canadian dollar performance of stocks from developed equity markets covering countries in Europe, Australasia and the Far East. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

MSCI Emerging Markets Total Return Net Index (CAD) This index is a broad measure of the Canadian dollar performance of emerging-market equities. As of May 2010, the index consisted of the following 21 emerging-market country indexes: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, South Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand and Turkey. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
United States Equity Funds	35.5
Canadian Equity Funds	33.3
International Equity Funds	30.1
Cash/Other	1.1

Top 25 Holdings*

	% of Net Asset Value
RBC Emerging Markets Equity Fund	8.9
RBC Canadian Equity Fund	8.6
AGF American Growth Class	8.1
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	8.1
Fidelity Canadian Disciplined Equity Fund	7.6
Synergy Canadian Corporate Class	7.5
TD U.S. Mid-Cap Growth Fund	7.1
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CI American Value Fund	6.1
RBC O'Shaughnessy U.S. Value Fund	6.1
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Invesco European Growth Class	5.5
Renaissance International Equity Fund	5.3
IA Clarington Canadian Small Cap Fund	4.0
TD Asian Growth Fund	3.0
Cash & Cash Equivalents	1.1
Invesco International Growth Fund	1.1
Total	100.0

* The Fund holds fewer than 25 holdings.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.

The Simplified Prospectus and other information about the underlying funds are available on SEDAR website at www.sedar.com.



PORTFOLIO SOLUTION

RBC TARGET 2015 EDUCATION FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

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Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

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MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund is an asset allocation fund specifically designed to meet the changing needs of investors who are saving money for the purpose of funding their child's post-secondary education that commences around 2015. The Fund gradually shifts its asset mix from an emphasis on equity funds in its early years, to an emphasis on money market funds as its "target" year of 2015 approaches. The Fund invests its assets primarily in units of other funds managed by RBC GAM or an affiliate.

Over the life of the Fund, its portfolio will shift from a focus on funds with growth potential to a focus on funds that preserve capital.

Risk

The Fund has multiple risks associated with investing in various asset classes. These risks are similar to the risks of investing in the underlying funds. The Fund's goal is to decrease portfolio risk each year to reduce the risk of capital erosion as the target year nears. By 2015, any investments in stock and fixed-income funds will be shifted to money-market funds.

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value fell to \$351 million as of December 31, 2014, from \$383 million at the end of 2013. Most of the change was due to net redemptions.

Over the past year, the Fund's Series A units gained 1.7%, which underperformed the 8.8% rise in the fixed-income benchmark. The equity benchmark rose 10.6%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

Recent Developments

As of January 1, 2015, the Fund was fully invested in the RBC Canadian Money Market Fund. On or about March 20, 2015 (the "termination date"), the Fund will have reached its target date and the Fund will terminate at that time. On the termination date, holders of units of the Fund will receive units of the RBC Canadian Money Market Fund with a value equal to the net asset value of the units on termination of the Fund. Effective January 1, 2015, the Specified Percentage for the Fund was reduced from 1.00% to up to 0.75%.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

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

Distributors

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

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank and RBC IS are the registrars of the Fund and keep records of who owns the units of the Fund.



Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Dec. 31, 2014	11.56	0.22	(0.12)	0.22	(0.12)	0.20	(0.11)	–	(0.18)	–	(0.29)	11.47
Dec. 31, 2013	11.81	0.30	(0.12)	0.41	(0.28)	0.31	(0.16)	(0.02)	(0.38)	–	(0.56)	11.56
Dec. 31, 2012	11.54	0.37	(0.19)	0.06	0.21	0.45	(0.13)	(0.05)	–	–	(0.18)	11.81
Dec. 31, 2011	11.37	0.38	(0.18)	0.06	0.11	0.37	(0.19)	–	–	–	(0.19)	11.54
Dec. 31, 2010	10.92	0.38	(0.17)	(0.09)	0.54	0.66	(0.14)	(0.05)	–	–	(0.19)	11.37

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	11.47	350 684	30 580	1.05	1.05	21.44	—
Dec. 31, 2013	11.56	382 510	33 101	1.05	1.05	67.95	0.01
Dec. 31, 2012	11.81	369 983	31 332	1.63	1.63	7.83	0.04
Dec. 31, 2011	11.54	329 609	28 563	1.63	1.63	12.09	0.07
Dec. 31, 2010	11.37	283 871	24 967	1.59	1.59	11.10	0.09

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions. Effective January 1, 2008, the trading expense ratio is calculated for fund-on-fund transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. The management fee payable in respect of each series of the Fund is a variable fee and is determined on a basis such that all fees and expenses that comprise the management expense ratio ("MER"), other than the additional cost of the GST/HST, will be equal to a specified percentage of the average net asset value of each series of the Fund ("Specified Percentage"). The Specified Percentage includes the management fee, administration fee, taxes (other than the additional cost of the GST/HST), other fund costs and any fees and expenses of the underlying funds. Since the additional cost of the GST/HST was not included in the Specified Percentage prior to July 1, 2010, the MER is higher than the Specified Percentage by the additional cost of the GST/HST.

The MER paid by each series of the Fund is calculated at the applicable annual Specified Percentage of the daily net asset value of each series of the Fund, plus the additional cost of the GST/HST as of July 1, 2010. The breakdown of the services received in consideration of the management fee component of the MER for each series, as a percentage of the management fees, is as follows:

	Management Fees*	Breakdown of Services	
		Distribution	Other [†]
Series A	0.88%	46%	54%

* Management fees represent the actual average management fee rate for the period ended December 31, 2014.

[†] Includes all costs related to management, trustee, investment advisory services, general administration and profit.

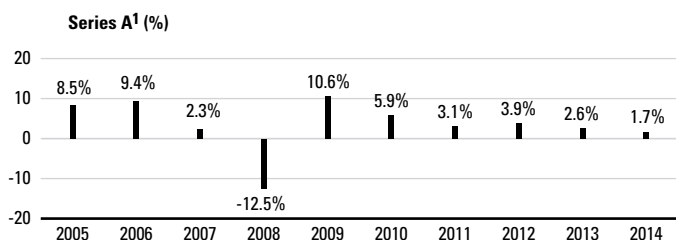


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for Series A of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

Benchmark 1 – FTSE TMX Canada Universe Bond Index

Benchmark 2 – S&P/TSX Capped Composite Total Return Index

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	1.7	2.7	3.4	3.3	–
Benchmark 1	8.8	3.7	5.4	5.3	–
Benchmark 2	10.6	10.2	7.5	7.6	–

The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark indexes.

¹ Inception date August 23, 2004.

INDEX DESCRIPTIONS

FTSE TMX Canada Universe Bond Index* This index is designed as a broad measure of the Canadian investment-grade fixed-income market and includes bonds with maturities of at least one year.

S&P/TSX Capped Composite Total Return Index This index is the amended capitalization-weighted index measuring the performance of selected securities listed on the Toronto Stock Exchange, with no individual stock exceeding 10% of the overall weight.

* FTSE TMX fixed-income benchmarks were known as the DEX benchmarks before a name change.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Income Funds	99.3
Cash/Other	0.7

Top 25 Holdings*

	% of Net Asset Value
RBC Canadian Money Market Fund	54.1
RBC Canadian Short-Term Income Fund	30.1
RBC Global Bond Fund	10.1
Phillips, Hager & North Short Term Bond & Mortgage Fund	5.0
Cash & Cash Equivalents	0.7
Total	100.0

* The Fund holds fewer than 25 holdings.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.

The Simplified Prospectus and other information about the underlying funds are available on SEDAR website at www.sedar.com.



PORTFOLIO SOLUTION

RBC TARGET 2020 EDUCATION FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund is an asset allocation fund specifically designed to meet the changing needs of investors who are saving money for the purpose of funding their child's post-secondary education that commences around 2020. The Fund gradually shifts its asset mix from an emphasis on equity funds in its early years, to an emphasis on money market funds as its "target" year of 2020 approaches. The Fund invests its assets primarily in units of other funds managed by RBC GAM or an affiliate.

Over the life of the Fund, its portfolio will shift from a focus on funds with growth potential to a focus on funds that preserve capital.

Risk

The Fund has multiple risks associated with investing in various asset classes. These risks are similar to the risks of investing in the underlying funds. The Fund's goal is to decrease portfolio risk each year to reduce the risk of capital erosion as the target year nears. By 2020, any investments in stock and fixed-income funds will be shifted to money-market funds.

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$681 million as of December 31, 2014, from \$556 million at the end of 2013. Of the change, \$81 million was due to net inflows and \$44 million to investment returns.

Over the past year, the Fund's Series A units gained 7.5%, which underperformed the 8.8% rise in the fixed-income benchmark. The equity benchmark rose 10.6%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The economic climate in 2014 was characterized by gradually declining global growth and inflation expectations. U.S. economic growth accelerated in the second half of the year, but the strength was not mirrored worldwide. China's economic slowdown and the effect of falling commodity prices on many emerging-market economies dampened growth, while Europe faced a number of headwinds including too-low inflation and a Russian currency crisis caused by falling oil prices and economic sanctions imposed by the West.

Bond yields, both in Canada and globally, declined from the beginning of the year for a number of reasons including demand for safety amid geopolitical conflict; looser Eurozone and Japanese monetary policies; new regulatory requirements for banks; and demand from pension funds looking to match cash flows with retirement payouts. Canadian bonds performed in line with U.S. fixed income, with long-maturity bonds delivering double-digit returns and far outpacing returns on short-term securities. Provincial and corporate bonds, viewed generally as more risky than federal-government bonds, had mixed performance. Prices of riskier assets such as U.S. high-yield corporate and some emerging-market bonds dropped due to exposure to the poorly performing Energy sector, where falling oil prices raised concerns about the ability of some issuers to honour their debts. The RBC Bond Fund, the Phillips, Hager & North Total Return Bond Fund and the RBC Canadian Short-Term Income Fund had a positive impact on returns.

Global stocks exhibited increased volatility during the second half of 2014. The decline in oil prices, which accelerated after OPEC's late-year decision to not cut production, touched off the instability. Regions with high exposure to energy, such as Canada, were most affected. The S&P 500 Index rose for the sixth straight year as accelerating U.S. economic growth helped boost corporate revenues and earnings. Stocks in other markets performed less well amid a more clouded economic-growth outlook. The RBC Canadian Equity Fund, the RBC QUBE Low Volatility Canadian Equity Fund and the RBC Private U.S. Large-Cap Core Equity Pool contributed positively to performance.

Recent Developments

The world's major central banks are moving in different directions given the divergent economic conditions around the globe. The Bank of Japan and the European Central Bank are easing monetary conditions, while the U.S. Federal Reserve and the Bank of England have been reducing economic stimulus and are expected to raise benchmark interest rates sometime in 2015. Europe is plagued by too little economic growth and too-low inflation. However, the substantial drop in oil prices, if sustained, could boost growth in Europe and elsewhere in 2015.

With bond yields in all major markets now well below equilibrium, valuation risk is again evident in sovereign fixed-income markets, and bonds may be at risk of an abrupt upwards adjustment in yields. The portfolio manager has reduced return expectations for equities as markets have moved closer to fair value, but they remain positive.



RBC GAM has established a timetable for changes to the Specified Percentage for the Fund (see "Management Fees"). Effective January 1, 2015, the Specified Percentage declined to 1.55% in respect of Series A units and 0.90% in respect of Series D units. Effective January 1, 2018, the Specified Percentage will decline to 1.00% in respect of Series A units and 0.80% in respect of Series D units. The Specified Percentage is reduced over time to reflect a gradual shift in asset mix from an emphasis on equity funds to drive growth in the early years to fixed-income and money-market funds as the target date approaches and capital preservation becomes key.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

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

Distributors

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

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank and RBC IS are the registrars of the Fund and keep records of who owns the units of the Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	11.90	0.45	(0.22)	0.48	0.18	0.89	(0.05)	(0.16)	(0.41)	–	(0.62)	12.17
Dec. 31, 2013	11.49	0.37	(0.22)	0.37	0.38	0.90	(0.06)	(0.09)	(0.33)	–	(0.48)	11.90
Dec. 31, 2012	11.02	0.35	(0.21)	0.05	0.46	0.65	(0.01)	(0.13)	(0.05)	–	(0.19)	11.49
Dec. 31, 2011	11.32	0.31	(0.20)	0.12	(0.31)	(0.08)	(0.10)	–	(0.13)	–	(0.23)	11.02
Dec. 31, 2010	10.67	0.32	(0.19)	–	0.69	0.82	(0.01)	(0.11)	–	–	(0.12)	11.32
Series D												
Dec. 31, 2014	11.87	0.45	(0.13)	0.47	0.18	0.97	(0.06)	(0.21)	(0.41)	–	(0.68)	12.18
Dec. 31, 2013	11.37	0.36	(0.12)	0.36	0.37	0.97	(0.06)	(0.10)	(0.33)	–	(0.49)	11.87
Dec. 31, 2012	10.84	0.34	(0.12)	0.05	0.44	0.71	(0.01)	(0.13)	(0.05)	–	(0.19)	11.37
Dec. 31, 2011 ³	11.18 [†]	0.05	(0.02)	0.02	(0.05)	–	(0.30)	–	(0.13)	–	(0.43)	10.84

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From November 1, 2011.

[†] Initial offering net asset value per unit.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	12.17	678 561	55 760	1.83	1.83	9.67	0.04
Dec. 31, 2013	11.90	554 660	46 598	1.84	1.84	33.41	0.07
Dec. 31, 2012	11.49	444 453	38 695	1.84	1.84	9.21	0.12
Dec. 31, 2011	11.02	357 412	32 435	1.84	1.84	14.74	0.16
Dec. 31, 2010	11.32	297 232	26 246	1.80	1.80	8.69	0.18
Series D							
Dec. 31, 2014	12.18	2 251	185	1.06	1.06	9.67	0.04
Dec. 31, 2013	11.87	1 207	102	1.06	1.06	33.41	0.07
Dec. 31, 2012	11.37	438	38	1.08	1.08	9.21	0.12
Dec. 31, 2011 ⁴	10.84	6	1	1.08	1.08	14.74	0.16

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions. Effective January 1, 2008, the trading expense ratio is calculated for fund-on-fund transactions.

⁴ From November 1, 2011.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. The management fee payable in respect of each series of the Fund is a variable fee and is determined on a basis such that all fees and expenses that comprise the management expense ratio ("MER"), other than the additional cost of the GST/HST, will be equal to a specified percentage of the average net asset value of each series of the Fund ("Specified Percentage"). The Specified Percentage includes the management fee, administration fee, taxes (other than the additional cost of the GST/HST), other fund costs and any fees and expenses of the underlying funds. Since the additional cost of the GST/HST was not included in the Specified Percentage prior to July 1, 2010, the MER is higher than the Specified Percentage by the additional cost of the GST/HST.

The MER paid by each series of the Fund is calculated at the applicable annual Specified Percentage of the daily net asset value of each series of the Fund, plus the additional cost of the GST/HST as of July 1, 2010. The breakdown of the services received in consideration of the management fee component of the MER for each series, as a percentage of the management fees, is as follows:

	Management Fees*	Breakdown of Services	
		Distribution	Other [†]
Series A	1.59%	53%	47%
Series D	0.89%	28%	72%

* Management fees represent the actual average management fee rate for the period ended December 31, 2014.

[†] Includes all costs related to management, trustee, investment advisory services, general administration and profit.

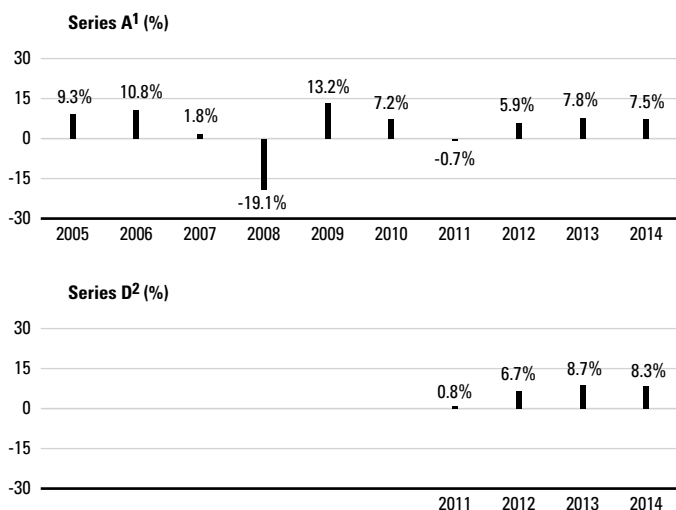


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

Benchmark 1 – FTSE TMX Canada Universe Bond Index
Benchmark 2 – S&P/TSX Capped Composite Total Return Index

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	7.5	7.1	5.5	4.0	–
Benchmark 1	8.8	3.7	5.4	5.3	–
Benchmark 2	10.6	10.2	7.5	7.6	–
Series D ²	8.3	7.9	–	–	7.7
Benchmark 1	8.8	3.7	–	–	4.1
Benchmark 2	10.6	10.2	–	–	9.3

The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark indexes.

¹ Inception date August 23, 2004.
² Inception date November 1, 2011.

INDEX DESCRIPTIONS

FTSE TMX Canada Universe Bond Index* This index is designed as a broad measure of the Canadian investment-grade fixed-income market and includes bonds with maturities of at least one year.

S&P/TSX Capped Composite Total Return Index This index is the amended capitalization-weighted index measuring the performance of selected securities listed on the Toronto Stock Exchange, with no individual stock exceeding 10% of the overall weight.

* FTSE TMX fixed-income benchmarks were known as the DEX benchmarks before a name change.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)
As at December 31, 2014

Investment Mix

	% of Net Asset Value
Income Funds	69.2
Canadian Equity Funds	11.1
United States Equity Funds	10.9
International Equity Funds	8.1
Cash/Other	0.7

Top 25 Holdings*

	% of Net Asset Value
RBC Bond Fund	35.3
RBC Canadian Short-Term Income Fund	19.2
Phillips, Hager & North Total Return Bond Fund	9.8
RBC Canadian Equity Fund	5.5
RBC Global Bond Fund	4.9
RBC European Equity Fund	4.4
RBC Canadian Dividend Fund	2.8
RBC QUBE Low Volatility Canadian Equity Fund	2.8
RBC O'Shaughnessy U.S. Value Fund	2.7
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	2.2
RBC U.S. Equity Fund	2.2
RBC Private U.S. Large-Cap Core Equity Pool	2.2
RBC U.S. Mid-Cap Equity Fund	1.6
RBC Emerging Markets Equity Fund	1.5
RBC Asia Pacific ex-Japan Equity Fund	1.3
RBC Japanese Equity Fund	0.9
Cash & Cash Equivalents	0.7
Total	100.0

* The Fund holds fewer than 25 holdings.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.

The Simplified Prospectus and other information about the underlying funds are available on SEDAR website at www.sedar.com.



PORTFOLIO SOLUTION

RBC TARGET 2025 EDUCATION FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund is an asset allocation fund specifically designed to meet the changing needs of investors who are saving money for the purpose of funding their child's post-secondary education that commences around 2025. The Fund gradually shifts its asset mix from an emphasis on equity funds in its early years, to an emphasis on money market funds as its "target" year of 2025 approaches. The Fund invests its assets primarily in units of other funds managed by RBC GAM or an affiliate.

Over the life of the Fund, its portfolio will shift from a focus on funds with growth potential to a focus on funds that preserve capital.

Risk

The Fund has multiple risks associated with investing in various asset classes. These risks are similar to the risks of investing in the underlying funds. The Fund's goal is to decrease portfolio risk each year to reduce the risk of capital erosion as the target year nears. By 2025, any investments in stock and fixed-income funds will be shifted to money-market funds.

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$672 million as of December 31, 2014, from \$506 million at the end of 2013. Of the change, \$113 million was due to net inflows and \$53 million to investment returns.

Over the past year, the Fund's Series A units gained 9.5%, which outperformed the 8.8% rise in the fixed-income benchmark. The equity benchmark rose 10.6%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The economic climate in 2014 was characterized by gradually declining global growth and inflation expectations. U.S. economic growth accelerated in the second half of the year, but the strength was not mirrored worldwide. China's economic slowdown and the effect of falling commodity prices on many emerging-market economies dampened growth, while Europe faced a number of headwinds including too-low inflation and a Russian currency crisis caused by falling oil prices and economic sanctions imposed by the West.

Bond yields, both in Canada and globally, declined from the beginning of the year for a number of reasons including demand for safety amid geopolitical conflict; looser Eurozone and Japanese monetary policies; new regulatory requirements for banks; and demand from pension funds looking to match cash flows with retirement payouts. Canadian bonds performed in line with U.S. fixed income, with long-maturity bonds delivering double-digit returns and far outpacing returns on short-term securities. Provincial and corporate bonds, viewed generally as more risky than federal government bonds, had mixed performance. Prices of riskier assets such as U.S. high-yield corporate and some emerging-market bonds dropped due to exposure to the poorly performing Energy sector, where falling oil prices raised concerns about the ability of some issuers to honour their debts. The RBC Bond Fund had a positive impact on the Fund's returns.

Global stocks exhibited increased volatility during the second half of 2014. The decline in oil prices, which accelerated after OPEC's late-year decision to not cut production, touched off the instability. Regions with high exposure to energy, such as Canada, were most affected. The S&P 500 Index rose for the sixth straight year as accelerating U.S. economic growth helped boost corporate revenues and earnings. Stocks in other markets performed less well amid a more clouded economic-growth outlook. The RBC Canadian Equity Fund, the RBC Private U.S. Large-Cap Core Equity Pool and the RBC QUBE Low Volatility Canadian Equity Fund contributed positively to performance.

Recent Developments

The world's major central banks are moving in different directions given the divergent economic conditions around the globe. The Bank of Japan and the European Central Bank are easing monetary conditions, while the U.S. Federal Reserve and the Bank of England have been reducing economic stimulus and are expected to raise benchmark interest rates sometime in 2015. Europe is plagued by too little economic growth and too-low inflation. However, the substantial drop in oil prices, if sustained, could boost growth in Europe and elsewhere in 2015.

With bond yields in all major markets now well below equilibrium, valuation risk is again evident in sovereign fixed-income markets, and bonds may be at risk of an abrupt upwards adjustment in yields. The portfolio manager has reduced return expectations for equities as markets have moved closer to fair value, but they remain positive.



RBC GAM has established a timetable for changes to the Specified Percentage for the Fund (see "Management Fees"). Effective January 1, 2015, the Specified Percentage declined to 1.75% in respect of Series A units and 1.00% in respect of Series D units. Effective January 1, 2020, the Specified Percentage will decline to 1.55% in respect of Series A units and 0.90% in respect of Series D units. Effective January 1, 2023, the Specified Percentage will decline to 1.00% in respect of Series A units and 0.80% in respect of Series D units. The Specified Percentage is reduced over time to reflect a gradual shift in asset mix from an emphasis on equity funds to drive growth in the early years to fixed-income and money-market funds as the target date approaches and capital preservation becomes key.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

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

Distributors

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

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank and RBC IS are the registrars of the Fund and keep records of who owns the units of the Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	9.96	0.45	(0.20)	0.60	0.08	0.93	–	(0.23)	(0.52)	–	(0.75)	10.16
Dec. 31, 2013	9.08	0.30	(0.18)	0.34	0.83	1.29	–	(0.12)	(0.28)	–	(0.40)	9.96
Dec. 31, 2012	8.62	0.27	(0.17)	0.04	0.43	0.57	–	(0.09)	(0.03)	–	(0.12)	9.08
Dec. 31, 2011	8.99	0.23	(0.16)	0.13	(0.41)	(0.21)	(0.05)	–	(0.12)	–	(0.17)	8.62
Dec. 31, 2010	8.48	0.25	(0.16)	0.09	0.59	0.77	–	(0.07)	(0.06)	–	(0.13)	8.99
Series D												
Dec. 31, 2014	9.90	0.44	(0.12)	0.60	0.08	1.00	–	(0.25)	(0.52)	–	(0.77)	10.15
Dec. 31, 2013	8.98	0.30	(0.11)	0.33	0.81	1.33	–	(0.15)	(0.28)	–	(0.43)	9.90
Dec. 31, 2012	8.47	0.25	(0.10)	0.04	0.41	0.60	–	(0.10)	(0.03)	–	(0.13)	8.98
Dec. 31, 2011 ³	8.74 [†]	0.03	(0.02)	0.02	(0.06)	(0.03)	(0.22)	–	(0.12)	–	(0.34)	8.47

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From November 1, 2011.

[†] Initial offering net asset value per unit.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	10.16	669 585	65 917	1.93	1.93	11.95	0.08
Dec. 31, 2013	9.96	504 952	50 673	1.94	1.94	39.20	0.11
Dec. 31, 2012	9.08	346 974	38 198	1.94	1.94	4.40	0.15
Dec. 31, 2011	8.62	234 493	27 189	1.94	1.94	10.11	0.20
Dec. 31, 2010	8.99	155 439	17 282	1.90	1.90	4.44	0.22
Series D							
Dec. 31, 2014	10.15	2 489	245	1.15	1.15	11.95	0.08
Dec. 31, 2013	9.90	979	99	1.18	1.18	39.20	0.11
Dec. 31, 2012	8.98	245	27	1.18	1.18	4.40	0.15
Dec. 31, 2011 ⁴	8.47	6	1	1.18	1.18	10.11	0.20

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions. Effective January 1, 2008, the trading expense ratio is calculated for fund-on-fund transactions.

⁴ From November 1, 2011.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. The management fee payable in respect of each series of the Fund is a variable fee and is determined on a basis such that all fees and expenses that comprise the management expense ratio ("MER"), other than the additional cost of the GST/HST, will be equal to a specified percentage of the average net asset value of each series of the Fund ("Specified Percentage"). The Specified Percentage includes the management fee, administration fee, taxes (other than the additional cost of the GST/HST), other fund costs and any fees and expenses of the underlying funds. Since the additional cost of the GST/HST was not included in the Specified Percentage prior to July 1, 2010, the MER is higher than the Specified Percentage by the additional cost of the GST/HST.

The MER paid by each series of the Fund is calculated at the applicable annual Specified Percentage of the daily net asset value of each series of the Fund, plus the additional cost of the GST/HST as of July 1, 2010. The breakdown of the services received in consideration of the management fee component of the MER for each series, as a percentage of the management fees, is as follows:

	Management Fees*	Breakdown of Services	
		Distribution	Other [†]
Series A	1.69%	57%	43%
Series D	0.98%	26%	74%

* Management fees represent the actual average management fee rate for the period ended December 31, 2014.

[†] Includes all costs related to management, trustee, investment advisory services, general administration and profit.

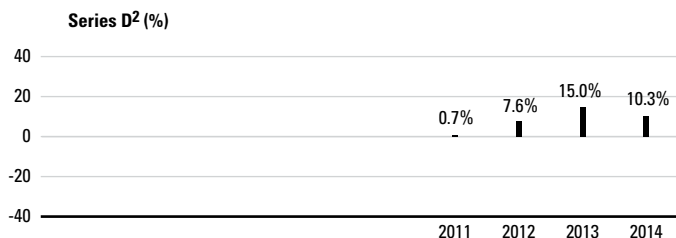
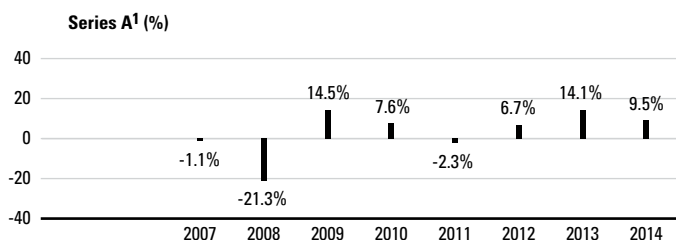


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

Benchmark 1 – FTSE TMX Canada Universe Bond Index

Benchmark 2 – S&P/TSX Capped Composite Total Return Index

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	9.5	10.1	7.0	–	3.0
Benchmark 1	8.8	3.7	5.4	–	5.9
Benchmark 2	10.6	10.2	7.5	–	3.7
Series D ²	10.3	10.9	–	–	10.6
Benchmark 1	8.8	3.7	–	–	4.1
Benchmark 2	10.6	10.2	–	–	9.3

The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark indexes.

¹ Inception date July 3, 2007.

² Inception date November 1, 2011.

INDEX DESCRIPTIONS

FTSE TMX Canada Universe Bond Index* This index is designed as a broad measure of the Canadian investment-grade fixed-income market and includes bonds with maturities of at least one year.

S&P/TSX Capped Composite Total Return Index This index is the amended capitalization-weighted index measuring the performance of selected securities listed on the Toronto Stock Exchange, with no individual stock exceeding 10% of the overall weight.

* FTSE TMX fixed-income benchmarks were known as the DEX benchmarks before a name change.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Income Funds	41.5
Canadian Equity Funds	21.3
United States Equity Funds	20.9
International Equity Funds	15.5
Cash/Other	0.8

Top 25 Holdings*

	% of Net Asset Value
RBC Bond Fund	30.5
RBC Canadian Equity Fund	10.5
RBC European Equity Fund	8.2
RBC High Yield Bond Fund	6.2
RBC Canadian Dividend Fund	5.1
RBC O'Shaughnessy U.S. Value Fund	4.9
Phillips, Hager & North Total Return Bond Fund	4.9
RBC QUBE Low Volatility Canadian Equity Fund	4.7
RBC Private U.S. Large-Cap Core Equity Pool	4.3
RBC U.S. Equity Fund	4.3
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	4.0
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RBC Asia Pacific ex-Japan Equity Fund	2.5
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Phillips, Hager & North Canadian Growth Fund	1.0
Cash & Cash Equivalents	0.7
Total	100.0

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PORTFOLIO SOLUTION

RBC TARGET 2030 EDUCATION FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

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MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund is an asset allocation fund specifically designed to meet the changing needs of investors who are saving money for the purpose of funding their child's post-secondary education that commences around 2030. The Fund gradually shifts its asset mix from an emphasis on equity funds in its early years, to an emphasis on money market funds as its "target" year of 2030 approaches. The Fund invests its assets primarily in units of other funds managed by RBC GAM or an affiliate.

Over the life of the Fund, its portfolio will shift from a focus on funds with growth potential to a focus on funds that preserve capital.

Risk

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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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	11.81	0.66	(0.25)	0.84	(0.20)	1.05	–	(0.30)	(0.60)	–	(0.90)	12.00
Dec. 31, 2013	10.29	0.46	(0.22)	0.20	1.50	1.94	–	(0.15)	(0.11)	–	(0.26)	11.81
Dec. 31, 2012 ³	10.00 [†]	0.40	(0.10)	0.07	0.14	0.51	–	(0.14)	(0.03)	–	(0.17)	10.29
Series D												
Dec. 31, 2014	11.82	0.65	(0.15)	0.83	(0.19)	1.14	(0.01)	(0.34)	(0.60)	–	(0.95)	12.07
Dec. 31, 2013	10.24	0.46	(0.14)	0.21	1.50	2.03	–	(0.17)	(0.11)	–	(0.28)	11.82
Dec. 31, 2012 ³	10.00 [†]	0.49	(0.06)	0.08	0.17	0.68	–	(0.23)	(0.03)	–	(0.26)	10.24

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From July 9, 2012.

[†] Initial offering net asset value per unit.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	12.00	134 600	11 213	2.03	2.03	5.75	0.10
Dec. 31, 2013	11.81	52 715	4 464	2.03	2.03	22.09	0.13
Dec. 31, 2012 ⁴	10.29	8 748	850	2.10	2.10	–	0.17
Series D							
Dec. 31, 2014	12.07	1 494	124	1.25	1.25	5.75	0.10
Dec. 31, 2013	11.82	389	33	1.28	1.28	22.09	0.13
Dec. 31, 2012 ⁴	10.24	64	6	1.30	1.30	–	0.17

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions. Effective January 1, 2008, the trading expense ratio is calculated for fund-on-fund transactions.

⁴ From July 9, 2012.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. The management fee payable in respect of each series of the Fund is a variable fee and is determined on a basis such that all fees and expenses that comprise the management expense ratio (“MER”), other than the additional cost of the GST/HST, will be equal to a specified percentage of the average net asset value of each series of the Fund (“Specified Percentage”). The Specified Percentage includes the management fee, administration fee, taxes (other than the additional cost of the GST/HST), other fund costs and any fees and expenses of the underlying funds. Since the additional cost of the GST/HST was not included in the Specified Percentage prior to July 1, 2010, the MER is higher than the Specified Percentage by the additional cost of the GST/HST.

The MER paid by each series of the Fund is calculated at the applicable annual Specified Percentage of the daily net asset value of each series of the Fund, plus the additional cost of the GST/HST as of July 1, 2010. The breakdown of the services received in consideration of the management fee component of the MER for each series, as a percentage of the management fees, is as follows:

	Management Fees*	Breakdown of Services	
		Distribution	Other†
Series A	1.79%	56%	44%
Series D	1.07%	23%	77%

* Management fees represent the actual average management fee rate for the period ended December 31, 2014.

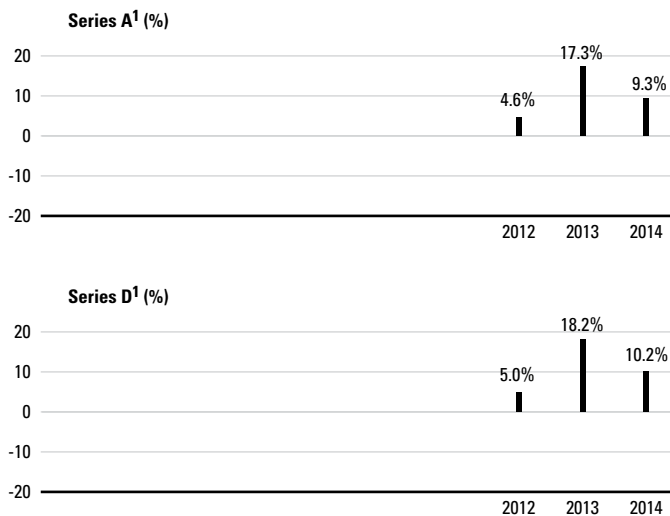
† Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund’s performance for each of the years shown, and illustrates how the Fund’s performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

Benchmark 1 – FTSE TMX Canada Universe Bond Index

Benchmark 2 – S&P/TSX Capped Composite Total Return Index

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	9.3	–	–	–	12.6
Benchmark 1	8.8	–	–	–	3.4
Benchmark 2	10.6	–	–	–	13.2
Series D ¹	10.2	–	–	–	13.4
Benchmark 1	8.8	–	–	–	3.4
Benchmark 2	10.6	–	–	–	13.2

The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark indexes.

¹ Inception date July 9, 2012.

INDEX DESCRIPTIONS

FTSE TMX Canada Universe Bond Index* This index is designed as a broad measure of the Canadian investment-grade fixed-income market and includes bonds with maturities of at least one year.

S&P/TSX Capped Composite Total Return Index This index is the amended capitalization-weighted index measuring the performance of selected securities listed on the Toronto Stock Exchange, with no individual stock exceeding 10% of the overall weight.

* FTSE TMX fixed-income benchmarks were known as the DEX benchmarks before a name change.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Income Funds	28.1
Canadian Equity Funds	25.5
United States Equity Funds	25.2
International Equity Funds	20.3
Cash/Other	0.9

Top 25 Holdings*

	% of Net Asset Value
RBC Bond Fund	15.2
RBC High Yield Bond Fund	12.9
RBC Canadian Equity Fund	12.2
RBC European Equity Fund	10.2
RBC Private U.S. Large-Cap Core Equity Pool	5.5
RBC U.S. Equity Fund	5.5
Phillips, Hager & North Canadian Growth Fund	5.1
RBC Canadian Dividend Fund	5.0
RBC U.S. Mid-Cap Equity Fund	5.0
RBC O'Shaughnessy U.S. Value Fund	5.0
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	4.1
RBC Emerging Markets Equity Fund	4.1
RBC Asia Pacific ex-Japan Equity Fund	3.6
RBC QUBE Low Volatility Canadian Equity Fund	3.1
RBC Japanese Equity Fund	2.4
Cash & Cash Equivalents	1.1
Total	100.0

* The Fund holds fewer than 25 holdings.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.

The Simplified Prospectus and other information about the underlying funds are available on SEDAR website at www.sedar.com.



CANADIAN EQUITY FUND

RBC CANADIAN DIVIDEND FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to achieve long-term returns consisting of regular dividend income and modest long-term capital growth.

The Fund invests primarily in common and preferred shares of major Canadian companies with above-average dividend yields, as well as income trusts. Stocks that qualify as investments will generally carry above-average dividend yields and offer the potential for increased payouts. The Fund may also invest in foreign securities with similar attributes.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$18.0 billion as of December 31, 2014, from \$16.6 billion at the end of 2013. Most of the change was due to investment returns.

Over the past year, the Fund's Series A units gained 12.1%, which outperformed the 10.6% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while the benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The S&P/TSX Composite Index rose through the first three quarters of 2014 and declined in the fourth quarter, trailing U.S. market returns for the year but outpacing those in other developed economies. A decline in commodity prices weighed on many global markets beginning in September, but the drop was more pronounced in the resource-heavy S&P/TSX index. Crude oil led the commodity-price declines, as OPEC opted to maintain production levels even with a global surplus caused by surging U.S. shale output. Slower economic growth in Europe and China also contributed to weaker demand for resources. Emerging-market economies broadly slowed during the year. The Canadian economy benefited from the steadily expanding U.S. economy, as gains in hiring and income boosted consumer spending.

In 2014, strong performance in the Financials, Materials and Consumer Discretionary sectors was offset by weaker performance in the Consumer Staples, Information Technology and Telecommunication Services sectors.

In the Financials sector, the Fund received a boost from overweight exposure to Brookfield Asset Management, as increased assets under management bolstered the outlook for fee revenue.

An overweight position in Brookfield Property Partners and a lack of exposure to IGM Financial also contributed to relative outperformance.

In the Materials sector, the largest contributor to relative performance was a lack of exposure to gold producer Barrick Gold, which fell significantly during the year. The company's profits were hurt by falling gold prices. A lack of exposure to Yamana Gold also proved beneficial.

Security selection drove outperformance in the Consumer Discretionary sector. The Fund benefited from holdings in Nike, Lowes and Walt Disney. The Fund has a small allocation to the U.S. stocks.

In the Consumer Staples sector, a lack of relative exposure to Alimentation Couche-Tard hurt returns as the stock benefited from improving sales excluding the effect of acquisitions, higher profit margins on gasoline sales and, late in the year, the proposed acquisition of The Pantry Inc., a U.S.-based convenience-store operator. A lack of exposure to cheesemaker Saputo and an underweight position in Metro Inc. also hurt the Fund's performance.

Below-benchmark exposure to the Information Technology sector weighed on the Fund's performance. Returns were negatively impacted by a lack of exposure to Constellation Software, whose success expanding profit margins helped offset a slowdown in acquisitions. A lack of exposure to Open Text also weighed on the Fund's performance.

In the Telecommunication Services sector, an underweight position in BCE had a negative impact on relative performance, as sector valuations continued to rise in the low-interest-rate environment.

Recent Developments

Recent Canadian economic data has been mixed, with the impact of falling crude-oil prices somewhat muted by a substantially weaker Canadian dollar. Oil prices are difficult to forecast in the short run, but it now appears that prices will be lower on average and more volatile than in the recent past. In the view of the portfolio manager, a weaker Canadian dollar, coupled with a stronger U.S. economy, suggests the potential for improving manufacturing exports. However, falling energy prices and a fully valued housing market are likely to remain headwinds for the Canadian economy. While the Bank of Canada cut interest rates in early 2015, many investors expect the U.S. Federal Reserve to raise the fed-funds rate as early as the middle of this year amid a strengthening economy and signs of accelerating wages.



Emerging-market economies are stabilizing, but Chinese economic growth has been slightly disappointing, and consumer confidence is declining across much of Asia.

Effective August 11, 2014, Advisor T5 Series and Series FT5 units of the Fund were launched.

Effective January 1, 2014, the administration fee for Series A units of the Fund was reduced from 0.12% to 0.10%.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series, Series T5, Series T8 and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$786,000 (2013 – \$1,186,000) or 16% (2013 – 21%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	57.70	1.81	(1.09)	2.87	3.48	7.07	–	(0.60)	(0.72)	–	(1.32)	63.36
Dec. 31, 2013	49.64	1.69	(0.94)	1.12	6.82	8.69	–	(0.60)	–	–	(0.60)	57.68
Dec. 31, 2012	45.44	1.54	(0.84)	1.23	2.96	4.89	–	(0.55)	(0.10)	–	(0.65)	49.64
Dec. 31, 2011	47.13	1.44	(0.80)	0.83	(2.67)	(1.20)	–	(0.54)	–	–	(0.54)	45.44
Dec. 31, 2010	42.74	1.45	(0.75)	0.73	3.42	4.85	–	(0.66)	–	–	(0.66)	47.13
Advisor Series												
Dec. 31, 2014	58.04	1.82	(1.10)	2.88	3.50	7.10	–	(0.60)	(0.72)	–	(1.32)	63.74
Dec. 31, 2013	49.93	1.70	(0.94)	1.12	6.86	8.74	–	(0.62)	–	–	(0.62)	58.03
Dec. 31, 2012	45.70	1.55	(0.84)	1.24	2.97	4.92	–	(0.55)	(0.10)	–	(0.65)	49.93
Dec. 31, 2011	47.38	1.45	(0.79)	0.83	(2.68)	(1.19)	–	(0.54)	–	–	(0.54)	45.70
Dec. 31, 2010	42.96	1.46	(0.75)	0.73	3.44	4.88	–	(0.66)	–	–	(0.66)	47.38
Advisor T5 Series												
Dec. 31, 2014³	64.74[†]	1.82	(1.10)	2.88	3.50	7.10	–	(0.24)	(0.65)	(0.46)	(1.35)	63.42
Series T5												
Dec. 31, 2014	55.24	1.70	(1.05)	2.69	3.26	6.60	–	(0.62)	(0.75)	(1.39)	(2.76)	59.08
Dec. 31, 2013	49.30	1.64	(0.96)	1.08	6.61	8.37	–	(0.65)	–	(1.82)	(2.47)	55.23
Dec. 31, 2012 ⁴	48.03 [†]	0.41	(0.24)	0.33	0.79	1.29	–	(0.08)	(0.10)	(0.51)	(0.69)	49.30
Series T8												
Dec. 31, 2014	10.97	0.33	(0.20)	0.53	0.64	1.30	–	(0.14)	(0.12)	(0.62)	(0.88)	11.39
Dec. 31, 2013	10.08	0.33	(0.18)	0.22	1.34	1.71	–	(0.15)	–	(0.66)	(0.81)	10.97
Dec. 31, 2012	9.86	0.33	(0.17)	0.26	0.63	1.05	–	(0.13)	(0.02)	(0.66)	(0.81)	10.08
Dec. 31, 2011	10.98	0.32	(0.18)	0.19	(0.60)	(0.27)	–	(0.13)	–	(0.75)	(0.88)	9.86
Dec. 31, 2010	10.63	0.34	(0.18)	0.17	0.81	1.14	–	(0.15)	–	(0.70)	(0.85)	10.98
Series D												
Dec. 31, 2014	57.76	1.81	(0.75)	2.87	3.48	7.41	–	(0.93)	(0.72)	–	(1.65)	63.44
Dec. 31, 2013	49.70	1.69	(0.64)	1.12	6.83	9.00	–	(0.91)	–	–	(0.91)	57.75
Dec. 31, 2012	45.49	1.54	(0.57)	1.24	2.97	5.18	–	(0.82)	(0.10)	–	(0.92)	49.70
Dec. 31, 2011	47.18	1.44	(0.54)	0.83	(2.67)	(0.94)	–	(0.81)	–	–	(0.81)	45.49
Dec. 31, 2010	42.78	1.45	(0.51)	0.73	3.43	5.10	–	(0.90)	–	–	(0.90)	47.18
Series F												
Dec. 31, 2014	59.40	1.86	(0.60)	2.95	3.58	7.79	–	(1.11)	(0.72)	–	(1.83)	65.27
Dec. 31, 2013	51.09	1.74	(0.51)	1.15	7.03	9.41	–	(1.07)	–	–	(1.07)	59.38
Dec. 31, 2012	46.77	1.58	(0.46)	1.27	3.05	5.44	–	(0.98)	(0.10)	–	(1.08)	51.09
Dec. 31, 2011	48.52	1.48	(0.43)	0.85	(2.75)	(0.85)	–	(0.97)	–	–	(0.97)	46.77
Dec. 31, 2010	43.96	1.49	(0.41)	0.74	3.52	5.34	–	(1.02)	–	–	(1.02)	48.52



FINANCIAL HIGHLIGHTS (cont.)

Change in Net Assets Per Unit (\$) (cont.)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series FT5												
Dec. 31, 2014³	66.32[†]	0.74	(0.24)	1.17	1.42	3.09	–	(0.32)	(1.35)	–	(1.67)	64.90
Series I												
Dec. 31, 2014	58.37	1.83	(0.32)	2.90	3.52	7.93	–	(1.40)	(0.72)	–	(2.12)	64.10
Dec. 31, 2013	50.24	1.71	(0.28)	1.13	6.91	9.47	–	(1.31)	–	–	(1.31)	58.35
Dec. 31, 2012	45.97	1.56	(0.24)	1.25	3.00	5.57	–	(1.15)	(0.10)	–	(1.25)	50.24
Dec. 31, 2011	47.64	1.46	(0.23)	0.84	(2.70)	(0.63)	–	(1.12)	–	–	(1.12)	45.97
Dec. 31, 2010	43.17	1.46	(0.22)	0.73	3.45	5.42	–	(1.19)	–	–	(1.19)	47.64
Series O												
Dec. 31, 2014	58.91	1.85	(0.01)	2.93	3.55	8.32	–	(1.73)	(0.72)	–	(2.45)	64.68
Dec. 31, 2013	50.70	1.73	(0.01)	1.14	6.97	9.83	–	(1.59)	–	–	(1.59)	58.89
Dec. 31, 2012	46.38	1.57	(0.01)	1.26	3.02	5.84	–	(1.38)	(0.10)	–	(1.48)	50.70
Dec. 31, 2011	48.09	1.47	(0.01)	0.84	(2.72)	(0.42)	–	(1.38)	–	–	(1.38)	46.38
Dec. 31, 2010	43.53	1.47	(0.01)	0.74	3.47	5.67	–	(1.37)	–	–	(1.37)	48.09

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From August 11, 2014.

⁴ From September 24, 2012.

[†] Initial offering net asset value per unit.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	63.36	11 865 196	187 269	1.76	1.76	17.39	0.03
Dec. 31, 2013	57.70	10 897 203	188 857	1.79	1.79	19.11	0.04
Dec. 31, 2012	49.71	9 520 335	191 524	1.78	1.78	18.42	0.04
Dec. 31, 2011	45.51	9 077 321	199 449	1.77	1.77	29.94	0.05
Dec. 31, 2010	47.21	9 209 648	195 090	1.74	1.74	24.89	0.06
Advisor Series							
Dec. 31, 2014	63.74	176 324	2 766	1.76	1.76	17.39	0.03
Dec. 31, 2013	58.04	154 034	2 654	1.77	1.77	19.11	0.04
Dec. 31, 2012	50.00	132 232	2 644	1.76	1.76	18.42	0.04
Dec. 31, 2011	45.77	127 267	2 781	1.76	1.76	29.94	0.05
Dec. 31, 2010	47.46	119 692	2 522	1.73	1.73	24.89	0.06
Advisor T5 Series							
Dec. 31, 2014⁴	63.42	44	1	1.81	1.81	17.39	0.03
Series T5							
Dec. 31, 2014	59.08	5 579	94	1.79	1.79	17.39	0.03
Dec. 31, 2013	55.24	1 753	32	1.83	1.83	19.11	0.04
Dec. 31, 2012 ⁵	49.37	50	1	1.81	1.81	18.42	0.04



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data (cont.)

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series T8							
Dec. 31, 2014	11.39	106 907	9 383	1.77	1.77	17.39	0.03
Dec. 31, 2013	10.97	74 547	6 796	1.76	1.76	19.11	0.04
Dec. 31, 2012	10.10	47 576	4 712	1.70	1.70	18.42	0.04
Dec. 31, 2011	9.88	81 130	8 212	1.71	1.71	29.94	0.05
Dec. 31, 2010	11.00	73 957	6 724	1.70	1.70	24.89	0.06
Series D							
Dec. 31, 2014	63.44	546 615	8 616	1.21	1.21	17.39	0.03
Dec. 31, 2013	57.76	437 312	7 571	1.21	1.21	19.11	0.04
Dec. 31, 2012	49.77	347 063	6 974	1.21	1.21	18.42	0.04
Dec. 31, 2011	45.56	323 957	7 110	1.20	1.20	29.94	0.05
Dec. 31, 2010	47.26	329 054	6 962	1.18	1.18	24.89	0.06
Series F							
Dec. 31, 2014	65.27	190 361	2 916	0.94	0.94	17.39	0.03
Dec. 31, 2013	59.40	142 427	2 398	0.94	0.94	19.11	0.04
Dec. 31, 2012	51.17	111 800	2 185	0.94	0.94	18.42	0.04
Dec. 31, 2011	46.84	102 203	2 182	0.94	0.94	29.94	0.05
Dec. 31, 2010	48.60	102 397	2 107	0.92	0.92	24.89	0.06
Series FT5							
Dec. 31, 2014⁴	64.90	213	3	0.96	0.96	17.39	0.03
Series I							
Dec. 31, 2014	64.10	317 544	4 954	0.51	0.51	17.39	0.03
Dec. 31, 2013	58.37	311 810	5 342	0.52	0.52	19.11	0.04
Dec. 31, 2012	50.31	268 939	5 346	0.50	0.50	18.42	0.04
Dec. 31, 2011	46.04	243 597	5 291	0.50	0.50	29.94	0.05
Dec. 31, 2010	47.72	206 146	4 320	0.50	0.50	24.89	0.06
Series O							
Dec. 31, 2014	64.68	4 813 115	74 409	0.02	0.02	17.39	0.03
Dec. 31, 2013	58.91	4 532 810	76 947	0.02	0.02	19.11	0.04
Dec. 31, 2012	50.77	3 660 954	72 105	0.02	0.02	18.42	0.04
Dec. 31, 2011	46.45	2 875 416	61 905	0.02	0.02	29.94	0.05
Dec. 31, 2010	48.17	2 698 592	56 020	0.02	0.02	24.89	0.06

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From August 11, 2014.

⁵ From September 24, 2012.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.50%	67%	33%
Advisor Series	1.50%	67%	33%
Advisor T5 Series	1.50%	67%	33%
Series T5	1.50%	67%	33%
Series T8	1.50%	67%	33%
Series D	1.00%	25%	75%
Series F	0.75%	–	100%
Series FT5	0.75%	–	100%
Series I	0.44%	–	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

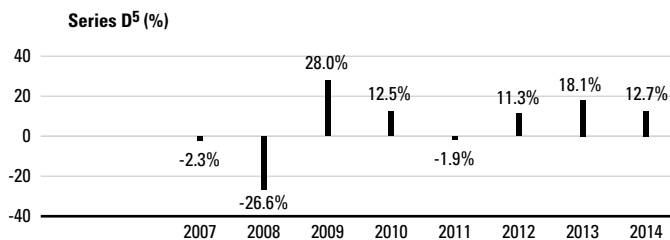
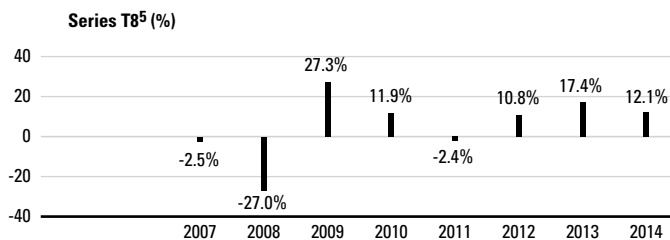
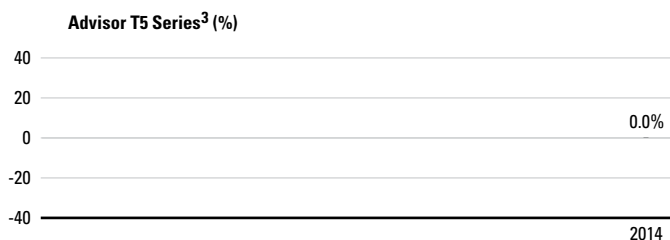
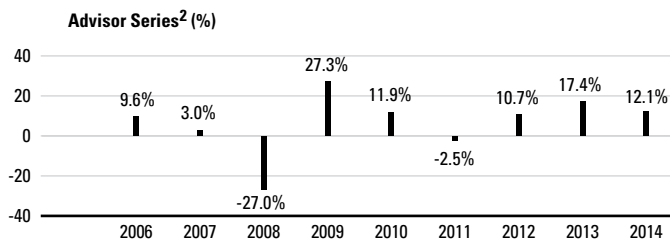
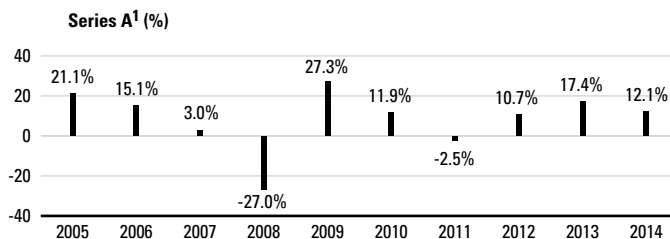
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

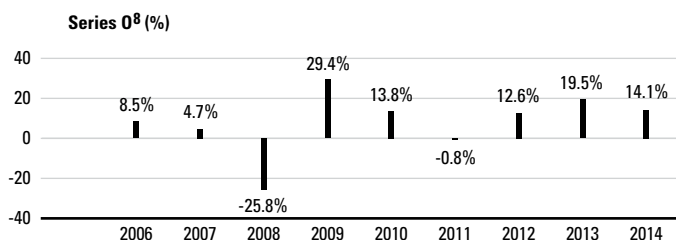
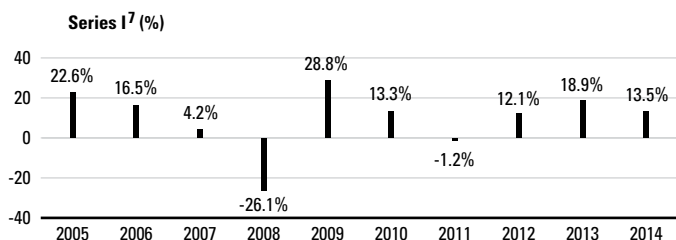
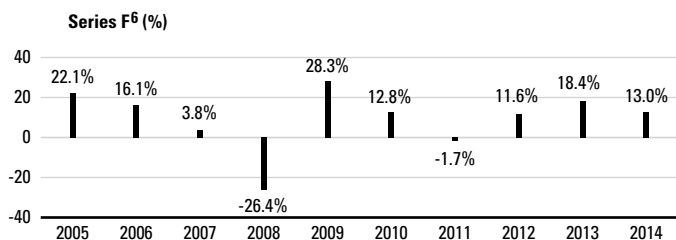
Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

S&P/TSX Capped Composite Total Return Index

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	12.1	13.4	9.7	7.8	—
Benchmark	10.6	10.2	7.5	7.6	—
Advisor Series ²	12.1	13.4	9.7	—	6.0
Benchmark	10.6	10.2	7.5	—	5.1
Advisor T5 Series ³	—	—	—	—	0.0
Benchmark	—	—	—	—	-5.4
Series T5 ⁴	12.1	—	—	—	14.9
Benchmark	10.6	—	—	—	11.2
Series T8 ⁵	12.1	13.4	9.8	—	5.0
Benchmark	10.6	10.2	7.5	—	3.7
Series D ⁵	12.7	14.0	10.3	—	5.6
Benchmark	10.6	10.2	7.5	—	3.7
Series F ⁶	13.0	14.3	10.6	8.7	—
Benchmark	10.6	10.2	7.5	7.6	—
Series FT5 ³	—	—	—	—	0.4
Benchmark	—	—	—	—	-5.4
Series I ⁷	13.5	14.8	11.1	9.1	—
Benchmark	10.6	10.2	7.5	7.6	—
Series O ⁸	14.1	15.4	11.6	—	8.0
Benchmark	10.6	10.2	7.5	—	5.7

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

- ¹ Inception date January 11, 1993.
- ² Inception date March 20, 2006.
- ³ Inception date August 11, 2014.
- ⁴ Inception date September 24, 2012.
- ⁵ Inception date July 3, 2007.
- ⁶ Inception date August 13, 2001.
- ⁷ Inception date February 4, 2004.
- ⁸ Inception date September 5, 2006.

INDEX DESCRIPTION

S&P/TSX Capped Composite Total Return Index This index is the amended capitalization-weighted index measuring the performance of selected securities listed on the Toronto Stock Exchange, with no individual stock exceeding 10% of the overall weight.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Financials	43.8
Energy	22.0
Industrials	8.0
Consumer Discretionary	6.8
Other Sectors	6.0
Telecommunication Services	3.9
Utilities	3.3
Bonds	0.1
Cash/Other	6.1

Top 25 Holdings

	% of Net Asset Value
Royal Bank of Canada	6.6
Toronto-Dominion Bank	6.5
Cash & Cash Equivalents	6.2
Bank of Nova Scotia	5.4
Canadian National Railway Co.	4.2
Enbridge Inc.	3.8
Bank of Montreal	3.6
Brookfield Asset Management Inc., Class A	3.6
Canadian Imperial Bank of Commerce	3.5
Suncor Energy Inc.	2.9
TransCanada Corp.	2.7
Canadian Natural Resources Ltd.	2.5
Manulife Financial Corporation	2.5
Canadian Pacific Railway Ltd.	1.9
Imperial Oil Ltd.	1.9
Magna International Inc., Class A	1.8
Power Corporation of Canada	1.8
Sun Life Financial Inc.	1.8
Loblaw Companies Ltd.	1.7
Shaw Communications Inc., Class B	1.7
TELUS Corp.	1.7
Husky Energy Inc.	1.4
Potash Corporation of Saskatchewan Inc.	1.4
Brookfield Property Partners LP	1.3
BCE Inc.	1.3
Top 25 Holdings	73.7

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



CANADIAN EQUITY FUND

RBC CANADIAN EQUITY FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term capital growth by investing in equity securities of major Canadian companies to provide broad exposure to economic growth opportunities in Canada.

The Fund seeks to identify the best potential for growth while limiting risk and may hold shares of smaller companies, income-trust units and securities of comparable foreign companies.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value fell to \$2.8 billion as of December 31, 2014, from \$4.5 billion at the end of 2013. The Fund is an underlying fund of certain portfolio solutions of the RBC Funds. Most of the change in the net asset value of the Fund was due to net redemptions from rebalancing activities of these portfolio solutions.

Over the past year, the Fund's Series A units rose 9.3%, which underperformed the 10.6% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The S&P/TSX Composite Index rose through the first three quarters of 2014 and declined in the fourth quarter, trailing U.S. market returns for the year but outpacing those in other developed economies. A decline in commodity prices weighed on many global markets beginning in September, but the drop was more pronounced in the resource-heavy S&P/TSX index. Crude oil led the commodity-price declines, as OPEC opted to maintain production levels even with a global surplus caused by surging U.S. shale output. Slower economic growth in Europe and China also contributed to weaker demand for resources. Emerging-market economies broadly slowed during the year. The Canadian economy benefited from the steadily expanding U.S. economy, as gains in hiring and income boosted consumer spending.

In 2014, strong performance in the Financials and Industrials sectors was offset by weak performance in the Energy and Health Care sectors.

Within the Financials sector, the Fund benefited from overweight exposure to Brookfield Asset Management as increased assets under management bolstered the outlook for fee revenue. An overweight position in Brookfield Property Partners and a lack of exposure to IGM Financial also contributed to relative outperformance.

In the Industrials sector, an overweight position in Canadian National Railway aided the Fund's performance, as the company benefited from strong rail volumes and growing earnings. An overweight position in WestJet also proved beneficial.

Minimal exposure to small- and mid-cap resources companies also contributed to relative performance. For example, the Fund steered clear of Lightstream Resources and Surge Energy, two small, highly levered, dividend-paying companies whose stocks were hit by the decline in oil prices. The Fund's underweight position in drilling companies Ensign and Savanna Energy also helped returns.

Another key contributor to performance was an overweight position in Loblaw. The company delivered industry-leading same-store sales and profitability amid improving conditions in the grocery industry.

In the Energy sector, the Fund's overweight position in Encana negatively impacted performance. A below-benchmark position in Inter Pipeline also weighed on performance, as the company benefited from oil-related shipments originating in Alberta's tar sands and expectations that the company would undertake further projects to increase cash flow and dividends.

A relative lack of exposure to Valeant Pharmaceuticals had a negative impact on the Fund's returns. The company, which pulled out of a takeover battle for Allergan, outperformed the broader market after a better-than-expected quarterly profit and a forecast of strong 2015 earnings.

Recent Developments

Recent Canadian economic data has been mixed, with the impact of falling crude-oil prices somewhat muted by a substantially weaker Canadian dollar. Oil prices are difficult to forecast in the short run, but it now appears that prices will be lower on average and more volatile than in the recent past. In the view of the portfolio manager, a weaker Canadian dollar, coupled with a stronger U.S. economy, suggests the potential for improving manufacturing exports. However, falling energy prices and a fully valued housing market are likely to remain headwinds for the Canadian economy. While the Bank of Canada cut interest rates in early 2015, many investors expect the U.S. Federal Reserve to raise the fed-funds rate as early as the middle of this year amid a strengthening economy and signs of accelerating wages. Emerging-market economies are stabilizing, but Chinese economic growth has been slightly disappointing, and consumer confidence is declining across much of Asia.



Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$167,000 (2013 – \$519,000) or 9% (2013 – 12%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	24.44	0.71	(0.54)	4.96	(1.53)	3.60	–	(0.08)	(3.26)	–	(3.34)	23.35
Dec. 31, 2013	21.82	0.67	(0.47)	0.97	1.21	2.38	–	(0.16)	–	–	(0.16)	24.44
Dec. 31, 2012	20.62	0.58	(0.43)	0.03	1.13	1.31	–	(0.06)	–	–	(0.06)	21.82
Dec. 31, 2011	24.58	0.54	(0.47)	1.05	(3.86)	(2.74)	–	–	(1.18)	–	(1.18)	20.62
Dec. 31, 2010	22.38	0.55	(0.45)	1.96	1.40	3.46	–	–	(1.42)	–	(1.42)	24.58
Advisor Series												
Dec. 31, 2014	24.55	0.71	(0.54)	4.97	(1.53)	3.61	–	(0.08)	(3.26)	–	(3.34)	23.47
Dec. 31, 2013	21.90	0.67	(0.47)	0.97	1.22	2.39	–	(0.16)	–	–	(0.16)	24.54
Dec. 31, 2012	20.68	0.58	(0.43)	0.03	1.13	1.31	–	(0.06)	–	–	(0.06)	21.90
Dec. 31, 2011	24.64	0.54	(0.46)	1.05	(3.87)	(2.74)	–	–	(1.18)	–	(1.18)	20.68
Dec. 31, 2010	22.43	0.55	(0.45)	1.97	1.40	3.47	–	–	(1.42)	–	(1.42)	24.64
Series D												
Dec. 31, 2014	25.08	0.74	(0.33)	5.13	(1.58)	3.96	–	(0.31)	(3.37)	–	(3.68)	23.93
Dec. 31, 2013	22.37	0.69	(0.28)	1.00	1.25	2.66	–	(0.36)	–	–	(0.36)	25.07
Dec. 31, 2012	21.14	0.60	(0.26)	0.03	1.16	1.53	–	(0.25)	–	–	(0.25)	22.37
Dec. 31, 2011	25.07	0.55	(0.28)	1.07	(3.95)	(2.61)	–	(0.06)	(1.22)	–	(1.28)	21.14
Dec. 31, 2010	22.80	0.56	(0.27)	2.00	1.43	3.72	–	(0.17)	(1.45)	–	(1.62)	25.07
Series F												
Dec. 31, 2014	26.90	0.80	(0.28)	5.60	(1.72)	4.40	–	(0.36)	(3.37)	–	(3.73)	25.96
Dec. 31, 2013	23.97	0.74	(0.24)	1.07	1.35	2.92	–	(0.43)	–	–	(0.43)	26.89
Dec. 31, 2012	22.66	0.64	(0.22)	0.04	1.25	1.71	–	(0.34)	–	–	(0.34)	23.97
Dec. 31, 2011	26.85	0.59	(0.23)	1.15	(4.24)	(2.73)	–	(0.11)	(1.30)	–	(1.41)	22.66
Dec. 31, 2010	24.38	0.60	(0.23)	2.15	1.53	4.05	–	(0.23)	(1.55)	–	(1.78)	26.85
Series I												
Dec. 31, 2014	27.35	0.81	(0.07)	5.64	(1.73)	4.65	–	(0.62)	(3.70)	–	(4.32)	26.07
Dec. 31, 2013	24.38	0.75	(0.06)	1.09	1.37	3.15	–	(0.64)	–	–	(0.64)	27.34
Dec. 31, 2012	23.04	0.66	(0.06)	0.04	1.27	1.91	–	(0.50)	–	–	(0.50)	24.38
Dec. 31, 2011	27.19	0.60	(0.06)	1.16	(4.29)	(2.59)	–	(0.19)	(1.32)	–	(1.51)	23.04
Dec. 31, 2010	24.43	0.60	(0.06)	2.14	1.53	4.21	–	(0.04)	(1.56)	–	(1.60)	27.19



FINANCIAL HIGHLIGHTS (cont.)

Change in Net Assets Per Unit (\$) (cont.)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series O												
Dec. 31, 2014	26.16	0.65	(0.01)	4.53	(1.39)	3.78	–	(4.00)	(3.51)	–	(7.51)	21.59
Dec. 31, 2013	23.51	0.70	(0.01)	1.01	1.27	2.97	–	(0.88)	–	–	(0.88)	26.15
Dec. 31, 2012	22.18	0.63	(0.01)	0.04	1.22	1.88	–	(0.50)	–	–	(0.50)	23.51
Dec. 31, 2011	26.20	0.58	–	1.13	(4.15)	(2.44)	–	(0.25)	(1.28)	–	(1.53)	22.18
Dec. 31, 2010	23.79	0.59	(0.01)	2.10	1.50	4.18	–	(0.45)	(1.53)	–	(1.98)	26.20

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	23.35	2 268 583	97 169	2.06	2.06	24.24	0.07
Dec. 31, 2013	24.44	2 326 759	95 185	2.06	2.06	41.26	0.12
Dec. 31, 2012	21.86	2 357 629	107 850	2.05	2.05	46.00	0.12
Dec. 31, 2011	20.66	2 492 473	120 626	2.05	2.05	58.58	0.13
Dec. 31, 2010	24.63	3 031 451	123 098	2.01	2.01	65.52	0.15
Advisor Series							
Dec. 31, 2014	23.47	16 285	694	2.04	2.04	24.24	0.07
Dec. 31, 2013	24.55	16 307	664	2.05	2.05	41.26	0.12
Dec. 31, 2012	21.95	16 413	748	2.03	2.03	46.00	0.12
Dec. 31, 2011	20.73	16 278	785	2.03	2.03	58.58	0.13
Dec. 31, 2010	24.69	16 875	683	1.99	1.99	65.52	0.15
Series D							
Dec. 31, 2014	23.93	128 683	5 378	1.21	1.21	24.24	0.07
Dec. 31, 2013	25.08	120 365	4 800	1.22	1.22	41.26	0.12
Dec. 31, 2012	22.41	116 599	5 202	1.21	1.21	46.00	0.12
Dec. 31, 2011	21.19	120 207	5 673	1.20	1.20	58.58	0.13
Dec. 31, 2010	25.12	140 643	5 598	1.18	1.18	65.52	0.15
Series F							
Dec. 31, 2014	25.96	14 653	564	0.95	0.95	24.24	0.07
Dec. 31, 2013	26.90	10 452	389	0.94	0.94	41.26	0.12
Dec. 31, 2012	24.02	9 119	380	0.94	0.94	46.00	0.12
Dec. 31, 2011	22.71	9 544	420	0.93	0.93	58.58	0.13
Dec. 31, 2010	26.90	10 690	397	0.92	0.92	65.52	0.15
Series I							
Dec. 31, 2014	26.07	152 917	5 865	0.25	0.25	24.24	0.07
Dec. 31, 2013	27.35	135 874	4 968	0.25	0.25	41.26	0.12
Dec. 31, 2012	24.43	121 403	4 969	0.24	0.24	46.00	0.12
Dec. 31, 2011	23.09	111 961	4 849	0.22	0.22	58.58	0.13
Dec. 31, 2010	27.24	6 677	245	0.24	0.24	65.52	0.15



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data (cont.)

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series O							
Dec. 31, 2014	21.59	244 885	11 344	0.02	0.02	24.24	0.07
Dec. 31, 2013	26.16	1 892 407	72 348	0.02	0.02	41.26	0.12
Dec. 31, 2012	23.55	2 747 119	116 643	0.02	0.02	46.00	0.12
Dec. 31, 2011	22.23	2 272 998	102 255	0.02	0.02	58.58	0.13
Dec. 31, 2010	26.25	2 158 780	82 233	0.02	0.02	65.52	0.15

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

Management Fees	Breakdown of Services		
	Distribution	Other*	
Series A	1.75%	66%	34%
Advisor Series	1.75%	66%	34%
Series D	1.00%	25%	75%
Series F	0.75%	–	100%
Series I	0.60%	–	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

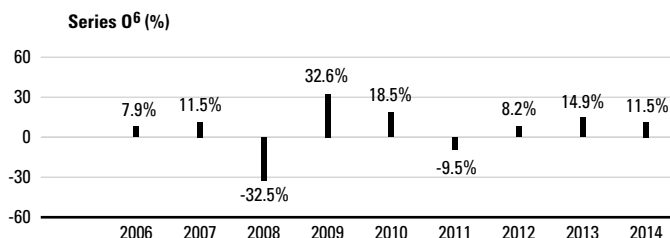
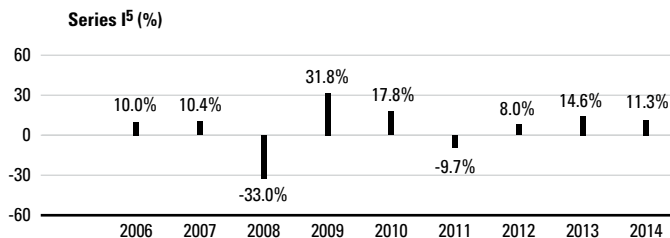
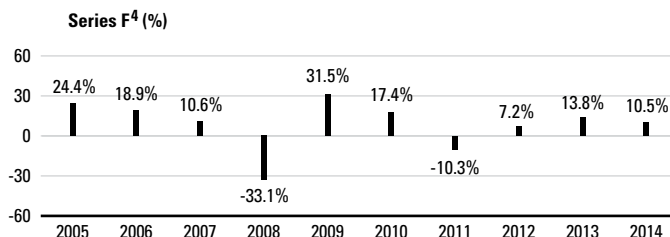
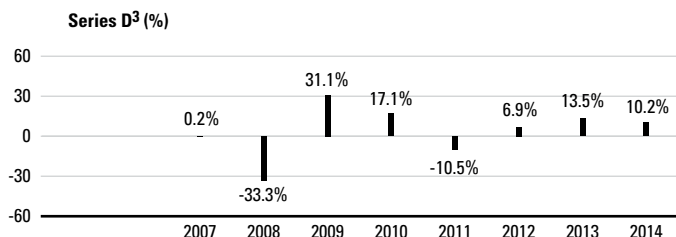
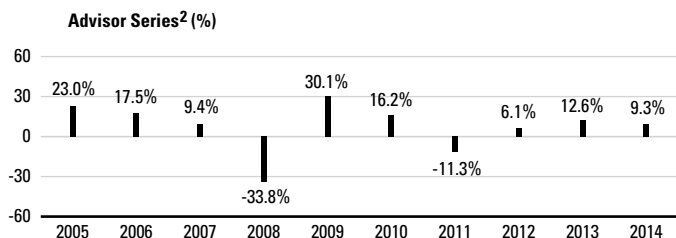
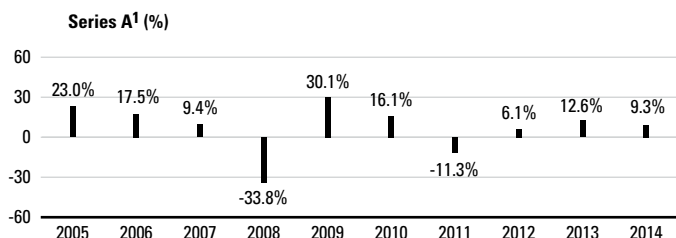


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

S&P/TSX Capped Composite Total Return Index

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	9.3	9.3	6.1	6.2	–
Benchmark	10.6	10.2	7.5	7.6	–
Advisor Series ²	9.3	9.3	6.1	6.3	–
Benchmark	10.6	10.2	7.5	7.6	–
Series D ³	10.2	10.2	7.0	–	2.8
Benchmark	10.6	10.2	7.5	–	3.7
Series F ⁴	10.5	10.5	7.3	7.4	–
Benchmark	10.6	10.2	7.5	7.6	–
Series I ⁵	11.3	11.3	7.9	–	5.5
Benchmark	10.6	10.2	7.5	–	5.3
Series O ⁶	11.5	11.5	8.3	–	5.8
Benchmark	10.6	10.2	7.5	–	5.7

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date April 17, 1967.

² Inception date January 13, 2003.

³ Inception date July 3, 2007.

⁴ Inception date August 13, 2001.

⁵ Inception date August 8, 2006.

⁶ Inception date September 5, 2006.

INDEX DESCRIPTION

S&P/TSX Capped Composite Total Return Index This index is the amended capitalization-weighted index measuring the performance of selected securities listed on the Toronto Stock Exchange, with no individual stock exceeding 10% of the overall weight.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Financials	37.2
Energy	20.1
Industrials	8.7
Materials	7.8
Other Sectors	7.6
Consumer Discretionary	6.2
Telecommunication Services	4.4
Investment Funds	5.4
Cash/Other	2.6

Top 25 Holdings

	% of Net Asset Value
Royal Bank of Canada	6.7
Toronto-Dominion Bank	5.6
RBC Canadian Small & Mid-Cap Resources Fund	4.9
Bank of Nova Scotia	4.5
Suncor Energy Inc.	3.8
Canadian National Railway Co.	3.6
Bank of Montreal	3.2
Enbridge Inc.	3.2
Canadian Natural Resources Ltd.	2.9
Manulife Financial Corporation	2.9
Brookfield Asset Management Inc., Class A	2.6
Canadian Pacific Railway Ltd.	2.4
TransCanada Corp.	2.3
Canadian Imperial Bank of Commerce	2.2
Potash Corporation of Saskatchewan Inc.	1.9
Power Corporation of Canada	1.9
BCE Inc.	1.7
TELUS Corp.	1.6
Magna International Inc., Class A	1.6
Cash & Cash Equivalents	1.5
Sun Life Financial Inc.	1.4
Loblaw Companies Ltd.	1.4
Brookfield Property Partners LP	1.3
Alimentation Couche-Tard Inc.	1.2
Cenovus Energy Inc.	1.2
Top 25 Holdings	67.5

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



CANADIAN EQUITY FUND

RBC QUBE CANADIAN EQUITY FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term capital growth by investing primarily in equity securities of Canadian companies using a quantitative approach.

The Fund is managed using a quantitative investment model designed to select individual stocks while controlling portfolio-level risk. This involves building a portfolio that maximizes exposure to factors associated with outperformance, while controlling for exposure to risk factors. The portfolio manager will diversify across industries within the Canadian market.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$685 million as of December 31, 2014, from \$3 million as of December 31, 2013. Most of the change was due to net inflows.

Over the past 12 months, the Fund's Series O units gained 11.4%, which outperformed the 10.6% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while the benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The Fund's gains were due to good stock selection in the Consumer Discretionary, Energy and Utilities sectors. In the Consumer Discretionary sector, strong returns in auto-parts makers and media stocks aided performance. The Fund's subpar stock selection in the Materials sector hurt returns. In Materials, a fall in commodities prices contributed to weakness in gold producers and other mining companies. Gold stocks, in particular, hurt returns during the period.

Individual stocks that contributed the most to the Fund's relative returns were auto-parts manufacturers Magna International and Linamar; cable company Cogeco Cable; and convenience-store operator Alimentation Couche-Tard. A lack of relative exposure to Crescent Point Energy also contributed to returns. The stocks that had the most negative impact were Encana and Enbridge.

Recent Developments

Equities continued to rally through 2014, but valuations for most major equity markets are not yet expensive by historical comparison. Fuller valuations, however, mean that the odds of lower average returns and greater volatility increase. As a result, the portfolio manager is more cautious about the potential for stock gains at current valuations.

Uneven global economic growth was one of the hallmarks of 2014. For 2015, the portfolio manager expects growth to come from a broader set of global economies. As the global economic recovery becomes self-sustaining, the portfolio manager expects rising corporate profits to sustain stock prices.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributor

RBC GAM is the principal distributor of, or distributes certain series of the units of, the Fund.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$12,000 (2013 – \$0) or 4% (2013 – 0%) of the total transaction costs paid for this Fund.



Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Dec. 31, 2014	9.87	0.34	–	0.04	0.17	0.55	–	(0.05)	(0.02)	–	(0.07)	10.92
Dec. 31, 2013 ³	9.90 [†]	0.37	(0.01)	0.26	1.15	1.77	(1.45)	(0.35)	–	–	(1.80)	9.87

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From June 27, 2013. Although Series O units of the Fund were created in November 2011, units were not offered for sale under a simplified prospectus until June 27, 2013.

[†] Initial offering net asset value per unit.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Dec. 31, 2014	10.92	685 012	62 726	0.02	0.02	30.18	0.19
Dec. 31, 2013 ⁴	9.87	2 658	269	0.03	0.13	76.14	0.06

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From June 27, 2013. Although Series O units of the Fund were created in November 2011, units were not offered for sale under a simplified prospectus until June 27, 2013.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. No management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.



PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for Series 0 of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

S&P/TSX Capped Composite Total Return Index

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series 0 ¹	11.4	—	—	—	18.7
Benchmark	10.6	—	—	—	9.3

The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date June 27, 2013.

INDEX DESCRIPTION

S&P/TSX Capped Composite Total Return Index This index is the amended capitalization-weighted index measuring the performance of selected securities listed on the Toronto Stock Exchange, with no individual stock exceeding 10% of the overall weight.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Financials	36.5
Energy	20.8
Materials	9.2
Consumer Discretionary	8.8
Industrials	8.0
Other Sectors	7.1
Utilities	6.3
Consumer Staples	3.0
Cash/Other	0.3

Top 25 Holdings

	% of Net Asset Value
Royal Bank of Canada	7.1
Canadian National Railway Co.	5.4
Bank of Montreal	4.5
Canadian Imperial Bank of Commerce	4.3
Brookfield Asset Management Inc., Class A	4.2
Canadian Natural Resources Ltd.	3.8
Magna International Inc., Class A	3.6
Suncor Energy Inc.	3.6
National Bank of Canada	3.4
Valeant Pharmaceuticals International Inc.	2.8
Toronto-Dominion Bank	2.7
BCE Inc.	2.5
Fairfax Financial Holdings Ltd.	2.5
Cogeco Cable Inc.	2.4
Manulife Financial Corporation	2.2
TransCanada Corp.	2.1
Goldcorp Inc.	2.0
Encana Corp.	1.7
Alimentation Couche-Tard Inc.	1.6
Bank of Nova Scotia	1.5
Emera Inc.	1.5
Fortis Inc.	1.4
Agrium Inc.	1.4
Shaw Communications Inc., Class B	1.3
Enbridge Income Fund Holdings Inc.	1.2
Top 25 Holdings	70.7

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



CANADIAN EQUITY FUND

**RBC QUBE LOW VOLATILITY
CANADIAN EQUITY FUND**

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term capital growth by investing primarily in equity securities of Canadian companies using a quantitative approach. The Fund seeks to achieve a reduced level of volatility of returns compared with the broader Canadian equity market.

The Fund is managed using a quantitative investment model designed to select individual stocks while controlling portfolio-level risk. This involves building a portfolio that maximizes exposure to factors associated with outperformance, while controlling for exposure to risk factors. The portfolio manager will diversify across industries within the Canadian market.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$868 million as of December 31, 2014, from \$687 million at the end of 2013. Most of the change was due to investment returns.

Over the past year, the Fund's Series A units gained 18.5%, which outperformed the 10.6% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while the benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The Consumer Staples, Consumer Discretionary and Financials sectors contributed significantly to the Fund's performance. In the Consumer Staples sector, food and drug-retail stocks had the most significant positive impact on returns as investors favoured stable businesses. Banks and real estate stocks also contributed to performance.

Individual stocks that contributed the most to the Fund's returns were Alimentation Couche-Tard and Jean Coutu in the Consumer Staples sector. In the Consumer Discretionary sector, Tim Hortons was a major contributor, benefiting from its takeover by Burger King. Investors looking for income and stability in a low-yield environment increased demand for stocks in the Financials sector, which also contributed to returns. Husky Energy and Vermilion Energy in the Energy sector hurt the Fund's returns most.

Recent Developments

Equities continued to rally through 2014, but valuations for most major equity markets are not yet expensive by historical comparison. Fuller valuations, however, mean that the odds of lower average returns and greater volatility increase. As a result, the portfolio manager is more cautious about the potential for stock gains at current valuations.

Uneven global economic growth was one of the hallmarks of 2014. For 2015, the portfolio manager expects growth to come from a broader set of global economies. As the global economic recovery becomes self-sustaining, the portfolio manager expects rising corporate profits to aid stock prices.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series, Series H and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$71,000 (2013 – \$20,000) or 35% (2013 – 15%) of the total transaction costs paid for this Fund.



Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	11.34	0.41	(0.26)	0.77	1.20	2.12	(0.01)	(0.09)	(0.59)	–	(0.69)	12.74
Dec. 31, 2013	10.30	0.39	(0.22)	0.17	1.03	1.37	(0.01)	(0.06)	(0.12)	–	(0.19)	11.34
Dec. 31, 2012 ³	10.00 [†]	0.01	(0.03)	–	0.04	0.02	–	(0.01)	(0.03)	–	(0.04)	10.30
Advisor Series												
Dec. 31, 2014	11.35	0.41	(0.24)	0.77	1.20	2.14	(0.02)	(0.14)	(0.61)	–	(0.77)	12.68
Dec. 31, 2013	10.30	0.33	(0.22)	0.14	0.86	1.11	(0.01)	(0.06)	(0.12)	–	(0.19)	11.34
Dec. 31, 2012 ³	10.00 [†]	0.01	(0.03)	–	0.04	0.02	–	(0.01)	(0.03)	–	(0.04)	10.30
Series H												
Dec. 31, 2014	11.37	0.41	(0.21)	0.77	1.20	2.17	(0.02)	(0.18)	(0.62)	–	(0.82)	12.68
Dec. 31, 2013 ⁴	10.67 [†]	0.11	(0.07)	0.05	0.29	0.38	(0.01)	(0.05)	(0.12)	–	(0.18)	11.36
Series D												
Dec. 31, 2014	11.41	0.41	(0.15)	0.78	1.21	2.25	(0.01)	(0.14)	(0.61)	–	(0.76)	12.86
Dec. 31, 2013	10.30	0.43	(0.13)	0.18	1.13	1.61	(0.01)	(0.10)	(0.12)	–	(0.23)	11.40
Dec. 31, 2012 ³	10.00 [†]	0.01	(0.02)	–	0.04	0.03	–	(0.01)	(0.03)	–	(0.04)	10.30
Series F												
Dec. 31, 2014	11.36	0.41	(0.11)	0.78	1.21	2.29	(0.03)	(0.29)	(0.64)	–	(0.96)	12.64
Dec. 31, 2013	10.31	0.43	(0.10)	0.19	1.13	1.65	(0.02)	(0.18)	(0.12)	–	(0.32)	11.35
Dec. 31, 2012 ³	10.00 [†]	0.01	(0.01)	–	0.04	0.04	–	(0.01)	(0.03)	–	(0.04)	10.31
Series I												
Dec. 31, 2014	11.47	0.41	(0.08)	0.78	1.22	2.33	(0.03)	(0.30)	(0.63)	–	(0.96)	12.80
Dec. 31, 2013 ⁴	10.75 [†]	0.11	(0.03)	0.05	0.30	0.43	(0.01)	(0.09)	(0.12)	–	(0.22)	11.46
Series O												
Dec. 31, 2014	12.29	0.44	–	0.84	1.31	2.59	(0.04)	(0.39)	(0.67)	–	(1.10)	13.75
Dec. 31, 2013	11.11	0.42	–	0.18	1.10	1.70	(0.03)	(0.24)	(0.12)	–	(0.39)	12.29
Dec. 31, 2012	10.03	0.44	–	0.08	1.21	1.73	–	(0.08)	(0.03)	–	(0.11)	11.11
Dec. 31, 2011 ⁵	10.00 [†]	0.05	–	(0.01)	0.43	0.47	–	–	–	–	–	10.03

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From November 19, 2012.

⁴ From August 12, 2013.

⁵ From November 19, 2011. Although Series O units of the Fund were created in November 2011, units were not offered for sale under a simplified prospectus until November 19, 2012.

[†] Initial offering net asset value per unit.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	12.74	25 574	2 007	2.05	2.05	51.57	0.03
Dec. 31, 2013	11.34	9 339	823	2.05	2.05	40.52	0.03
Dec. 31, 2012 ⁴	10.32	418	41	2.09	2.09	46.58	0.11
Advisor Series							
Dec. 31, 2014	12.68	3 056	241	1.96	1.96	51.57	0.03
Dec. 31, 2013	11.35	2 313	204	1.98	1.98	40.52	0.03
Dec. 31, 2012 ⁴	10.32	28	3	2.09	2.09	46.58	0.11
Series H							
Dec. 31, 2014	12.68	1	–	1.79	1.79	51.57	0.03
Dec. 31, 2013 ⁵	11.37	1	–	1.92	1.92	40.52	0.03
Series D							
Dec. 31, 2014	12.86	7 752	603	1.19	1.19	51.57	0.03
Dec. 31, 2013	11.41	2 171	190	1.18	1.18	40.52	0.03
Dec. 31, 2012 ⁴	10.32	170	16	1.24	1.24	46.58	0.11
Series F							
Dec. 31, 2014	12.64	1 321	105	0.90	0.90	51.57	0.03
Dec. 31, 2013	11.36	1 220	107	0.90	0.90	40.52	0.03
Dec. 31, 2012 ⁴	10.32	40	4	0.96	0.96	46.58	0.11
Series I							
Dec. 31, 2014	12.80	1	–	0.74	0.74	51.57	0.03
Dec. 31, 2013 ⁵	11.47	1	–	0.79	0.79	40.52	0.03
Series O							
Dec. 31, 2014	13.75	830 140	60 389	0.02	0.02	51.57	0.03
Dec. 31, 2013	12.29	672 183	54 672	0.02	0.02	40.52	0.03
Dec. 31, 2012	11.13	155 660	13 990	0.02	0.02	46.58	0.11
Dec. 31, 2011 ⁶	10.04	1 304	130	0.02	0.02	20.87	0.03

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From November 19, 2012.

⁵ From August 12, 2013.

⁶ From November 19, 2011. Although Series O units of the Fund were created in November 2011, units were not offered for sale under a simplified prospectus until November 19, 2012.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.75%	57%	43%
Advisor Series	1.75%	57%	43%
Series H	1.60%	63%	37%
Series D	1.00%	25%	75%
Series F	0.75%	–	100%
Series I	0.60%	–	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

S&P/TSX Capped Composite Total Return Index

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	18.5	–	–	–	16.1
Benchmark	10.6	–	–	–	12.3
Advisor Series ¹	18.6	–	–	–	16.2
Benchmark	10.6	–	–	–	12.3
Series H ²	18.9	–	–	–	20.0
Benchmark	10.6	–	–	–	14.8
Series D ¹	19.6	–	–	–	17.1
Benchmark	10.6	–	–	–	9.3
Series F ¹	19.9	–	–	–	17.4
Benchmark	10.6	–	–	–	12.3
Series I ²	20.2	–	–	–	21.2
Benchmark	10.6	–	–	–	14.8
Series O ¹	20.9	–	–	–	18.5
Benchmark	10.6	–	–	–	9.3

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date November 19, 2012.

² Inception date August 12, 2013.

INDEX DESCRIPTION

S&P/TSX Capped Composite Total Return Index This index is the amended capitalization-weighted index measuring the performance of selected securities listed on the Toronto Stock Exchange, with no individual stock exceeding 10% of the overall weight.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Financials	27.7
Energy	20.6
Consumer Discretionary	15.4
Consumer Staples	14.0
Utilities	7.5
Telecommunication Services	6.9
Industrials	5.9
Other Sectors	1.5
Cash/Other	0.5

Top 25 Holdings

	% of Net Asset Value
Alimentation Couche-Tard Inc.	4.4
TransCanada Corp.	4.0
Bank of Montreal	4.0
Royal Bank of Canada	4.0
Canadian National Railway Co.	3.9
BCE Inc.	3.8
Toronto-Dominion Bank	3.8
Saputo Group Inc.	3.8
Fortis Inc.	3.6
Inter Pipeline Ltd.	3.5
Magna International Inc., Class A	3.5
Imperial Oil Ltd.	3.3
Canadian Tire Corp. Ltd., Class A	3.1
RioCan Real Estate Investment Trust	3.1
TELUS Corp.	3.0
Jean Coutu Group, Class A	2.8
CI Financial Corp.	2.8
Canadian Real Estate Investment Trust	2.4
Dollarama Inc.	2.2
Husky Energy Inc.	1.9
Shaw Communications Inc., Class B	1.8
Cineplex Inc.	1.6
Vermilion Energy Inc.	1.6
Suncor Energy Inc.	1.6
Canadian Imperial Bank of Commerce	1.4
Top 25 Holdings	74.9

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



CANADIAN EQUITY FUND

RBC JANTZI CANADIAN EQUITY FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

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MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund provides the potential for long-term capital growth to investors seeking exposure to “socially responsible investing.” Investments that qualify for inclusion in the portfolio must possess strong environmental, social and governance practices relative to industry peers, as defined by Sustainalytics Best-of-Sector™ methodology. The Fund invests primarily in equities of Canadian companies.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund’s overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund’s net asset value rose to \$39 million as of December 31, 2014, from \$34 million at the end of 2013. Most of the change was due to investment returns.

Over the past year, the Fund’s Series A units gained 9.3%, which underperformed the 10.6% rise in the benchmark. The Fund’s return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The S&P/TSX Composite Index rose through the first three quarters of 2014 and declined in the fourth quarter, trailing U.S. market returns for the year but outpacing those in other developed economies. A decline in commodity prices weighed on many global markets beginning in September, but the drop was more pronounced in the resource-heavy S&P/TSX index. Crude oil led the commodity-price declines, as OPEC opted to maintain production levels even with a global surplus caused by surging U.S. shale output. Slower economic growth in Europe and China also contributed to weaker demand for resources. Emerging-market economies broadly slowed during the year. The Canadian economy benefited from the steadily expanding U.S. economy, as gains in hiring and income boosted consumer spending.

In 2014, strong performance in the Materials, Industrials and Consumer Discretionary sectors was offset by weaker performance in the Consumer Staples, Information Technology and Health Care sectors.

In the Materials sector, the largest contributor to relative performance was the lack of exposure to Barrick Gold and Goldcorp. The profits of both companies declined amid falling gold prices. Both stocks have been declared ineligible for inclusion in the portfolio by Sustainalytics.

Outperformance in the Industrials sector was driven by an overweight position in Canadian National Railway, as the company benefited from strong rail volumes and rising earnings. An overweight position in Air Canada also proved beneficial: strong traffic growth, continued cost reductions and lower fuel prices pushed the shares higher.

In the Consumer Discretionary sector, strong North American vehicle sales and improved profit margins boosted the shares of auto-parts manufacturers Magna International and Linamar. Overweight positions in both companies proved beneficial to the Fund’s performance.

An underweight allocation to the Consumer Staples sector hurt the Fund’s returns. A lack of exposure to Alimentation Couche-Tard negatively impacted performance as the stock benefited from improving sales excluding the effect of acquisitions, higher profit margins on gasoline sales and, late in the year, the proposed acquisition of Pantry Inc., a U.S.-based convenience-store operator. A lack of exposure to cheesemaker Saputo and grocery chain Metro Inc. also dragged on the Fund’s performance.

In the Information Technology sector, a position in Redknee Solutions hampered performance. The company’s shares declined on investor scepticism surrounding its acquisition of Nokia Siemens’s billing business. An overweight position in surveillance-camera maker Avigilon also had a negative impact on the Fund’s performance after executive departures weighed on sentiment.

A relative lack of exposure to Valeant Pharmaceuticals had a negative impact on the Fund’s returns. The company, which pulled out of a takeover battle for Allergan, outperformed the broader market after a better-than-expected quarterly profit and a forecast of strong 2015 earnings.

Sustainalytics conducted two reviews covering the Fund’s holdings in 2014. Eligibility was determined in relation to the Environmental, Social and Governance (“ESG”) criteria developed for the Jantzi Social Index. In the opinion of Sustainalytics, all holdings in the Fund were eligible in the latest review, based on the above criteria. However, during the year, two companies were removed from the Fund as they no longer met certain ESG criteria.

Recent Developments

Recent Canadian economic data has been mixed, with the impact of falling crude-oil prices somewhat muted by a substantially weaker Canadian dollar. Oil prices are difficult to forecast in the short run, but it now appears that prices will be lower on average and more volatile than in the recent past. In the view of the portfolio manager, a weaker Canadian dollar, coupled with a stronger U.S. economy, suggests

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the potential for improving manufacturing exports. However, falling energy prices and a fully valued housing market are likely to remain headwinds for the Canadian economy. While the Bank of Canada cut interest rates in early 2015, many investors expect the U.S. Federal Reserve to raise the fed-funds rate as early as the middle of this year amid a strengthening economy and signs of accelerating wages. Emerging-market economies are stabilizing, but Chinese economic growth has been slightly disappointing, and consumer confidence is declining across much of Asia.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$2,000 (2013 – \$4,000) or 6% (2013 – 12%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	11.23	0.32	(0.26)	0.20	0.71	0.97	–	(0.01)	–	–	(0.01)	12.26
Dec. 31, 2013	9.87	0.31	(0.22)	0.21	1.07	1.37	–	(0.04)	–	–	(0.04)	11.22
Dec. 31, 2012	9.06	0.27	(0.20)	(0.12)	0.89	0.84	–	(0.01)	–	–	(0.01)	9.87
Dec. 31, 2011	10.32	0.25	(0.20)	0.31	(1.31)	(0.95)	–	–	(0.37)	–	(0.37)	9.06
Dec. 31, 2010	9.02	0.25	(0.19)	0.33	0.93	1.32	–	–	(0.04)	–	(0.04)	10.32
Advisor Series												
Dec. 31, 2014	11.26	0.32	(0.25)	0.20	0.71	0.98	–	(0.01)	–	–	(0.01)	12.30
Dec. 31, 2013	9.90	0.31	(0.21)	0.21	1.07	1.38	–	(0.04)	–	–	(0.04)	11.25
Dec. 31, 2012	9.08	0.26	(0.19)	(0.12)	0.89	0.84	–	(0.01)	–	–	(0.01)	9.90
Dec. 31, 2011	10.34	0.25	(0.20)	0.31	(1.32)	(0.96)	–	–	(0.37)	–	(0.37)	9.08
Dec. 31, 2010	9.03	0.24	(0.19)	0.32	0.91	1.28	–	–	(0.04)	–	(0.04)	10.34
Series D												
Dec. 31, 2014	11.68	0.33	(0.15)	0.21	0.74	1.13	–	(0.12)	–	–	(0.12)	12.76
Dec. 31, 2013	10.27	0.32	(0.13)	0.22	1.11	1.52	–	(0.13)	–	–	(0.13)	11.68
Dec. 31, 2012	9.40	0.28	(0.12)	(0.13)	0.93	0.96	–	(0.09)	–	–	(0.09)	10.27
Dec. 31, 2011	10.63	0.25	(0.12)	0.33	(1.36)	(0.90)	–	–	(0.40)	–	(0.40)	9.40
Dec. 31, 2010	9.21	0.25	(0.11)	0.33	0.94	1.41	–	–	(0.04)	–	(0.04)	10.63
Series F												
Dec. 31, 2014	11.84	0.34	(0.12)	0.21	0.75	1.18	–	(0.19)	–	–	(0.19)	12.90
Dec. 31, 2013	10.39	0.33	(0.10)	0.22	1.13	1.58	–	(0.15)	–	–	(0.15)	11.84
Dec. 31, 2012	9.52	0.28	(0.10)	(0.13)	0.94	0.99	–	(0.11)	–	–	(0.11)	10.39
Dec. 31, 2011	10.73	0.26	(0.10)	0.33	(1.37)	(0.88)	–	–	(0.40)	–	(0.40)	9.52
Dec. 31, 2010	9.27	0.26	(0.09)	0.34	0.96	1.47	–	–	(0.04)	–	(0.04)	10.73
Series I												
Dec. 31, 2014	11.91	0.34	(0.09)	0.22	0.76	1.23	–	(0.05)	–	–	(0.05)	13.16
Dec. 31, 2013	10.46	0.33	(0.07)	0.23	1.14	1.63	–	(0.19)	–	–	(0.19)	11.91
Dec. 31, 2012	9.57	0.28	(0.07)	(0.13)	0.95	1.03	–	(0.13)	–	–	(0.13)	10.46
Dec. 31, 2011	10.75	0.26	(0.07)	0.33	(1.37)	(0.85)	–	–	(0.40)	–	(0.40)	9.57
Dec. 31, 2010	9.26	0.26	(0.06)	0.34	0.96	1.50	–	–	(0.04)	–	(0.04)	10.75

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	12.26	30 631	2 498	2.09	2.10	31.99	0.08
Dec. 31, 2013	11.23	26 752	2 383	2.10	2.10	45.26	0.10
Dec. 31, 2012	9.89	25 044	2 532	2.10	2.10	55.48	0.17
Dec. 31, 2011	9.08	23 872	2 629	2.11	2.11	83.04	0.20
Dec. 31, 2010	10.34	23 609	2 284	2.06	2.06	53.43	0.14
Advisor Series							
Dec. 31, 2014	12.30	4 080	332	2.02	2.03	31.99	0.08
Dec. 31, 2013	11.26	4 139	368	2.04	2.04	45.26	0.10
Dec. 31, 2012	9.91	3 428	346	2.07	2.07	55.48	0.17
Dec. 31, 2011	9.10	6 160	677	2.08	2.08	83.04	0.20
Dec. 31, 2010	10.35	6 956	672	2.03	2.03	53.43	0.14
Series D							
Dec. 31, 2014	12.76	2 527	198	1.20	1.21	31.99	0.08
Dec. 31, 2013	11.68	1 639	140	1.21	1.21	45.26	0.10
Dec. 31, 2012	10.29	1 269	123	1.22	1.22	55.48	0.17
Dec. 31, 2011	9.43	956	101	1.22	1.22	83.04	0.20
Dec. 31, 2010	10.65	1 178	111	1.20	1.20	53.43	0.14
Series F							
Dec. 31, 2014	12.90	1 572	122	0.94	0.95	31.99	0.08
Dec. 31, 2013	11.84	1 641	139	0.96	0.96	45.26	0.10
Dec. 31, 2012	10.41	1 145	110	0.96	0.96	55.48	0.17
Dec. 31, 2011	9.54	813	85	0.96	0.96	83.04	0.20
Dec. 31, 2010	10.75	703	65	0.93	0.93	53.43	0.14
Series I							
Dec. 31, 2014	13.16	280	21	0.66	0.67	31.99	0.08
Dec. 31, 2013	11.91	40	3	0.66	0.66	45.26	0.10
Dec. 31, 2012	10.48	28	3	0.66	0.66	55.48	0.17
Dec. 31, 2011	9.59	15	2	0.65	0.65	83.04	0.20
Dec. 31, 2010	10.77	1	–	0.65	0.65	53.43	0.14

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.75%	66%	34%
Advisor Series	1.75%	66%	34%
Series D	1.00%	25%	75%
Series F	0.75%	—	100%
Series I	0.60%	—	100%

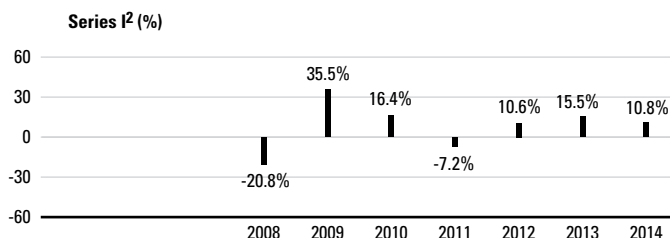
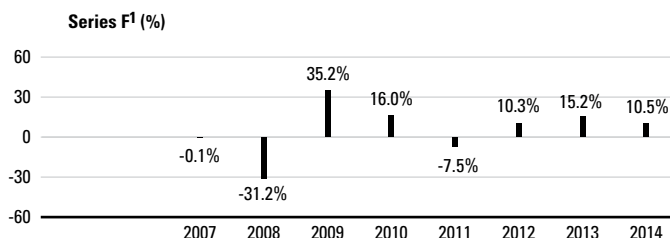
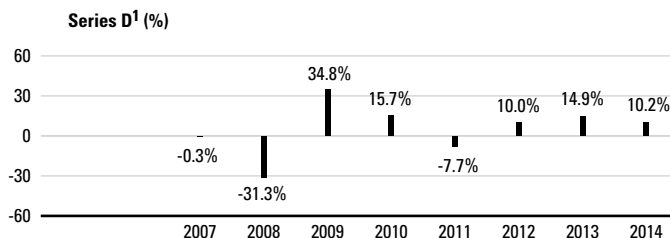
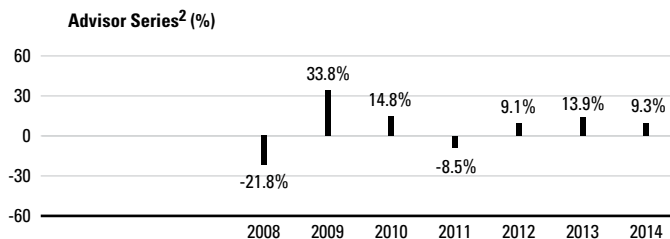
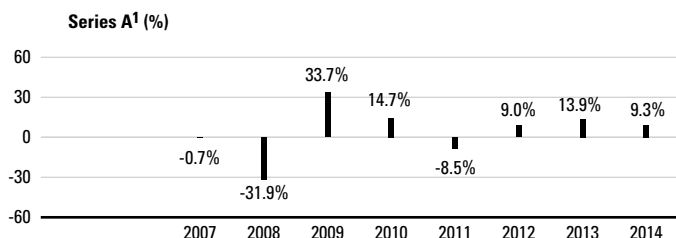
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

S&P/TSX Capped Composite Total Return Index

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	9.3	10.7	7.3	–	3.4
Benchmark	10.6	10.2	7.5	–	3.7
Advisor Series ²	9.3	10.8	7.4	–	5.9
Benchmark	10.6	10.2	7.5	–	4.6
Series D ¹	10.2	11.7	8.3	–	4.3
Benchmark	10.6	10.2	7.5	–	3.7
Series F ¹	10.5	12.0	8.5	–	4.6
Benchmark	10.6	10.2	7.5	–	3.7
Series I ²	10.8	12.3	8.9	–	7.4
Benchmark	10.6	10.2	7.5	–	4.6

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date July 3, 2007.

² Inception date January 21, 2008.

INDEX DESCRIPTION

S&P/TSX Capped Composite Total Return Index This index is the amended capitalization-weighted index measuring the performance of selected securities listed on the Toronto Stock Exchange, with no individual stock exceeding 10% of the overall weight.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Financials	36.7
Energy	20.4
Other Sectors	13.4
Materials	9.7
Industrials	9.7
Consumer Discretionary	7.7
Cash/Other	2.4

Top 25 Holdings

	% of Net Asset Value
Royal Bank of Canada	7.0
Toronto-Dominion Bank	5.7
Bank of Nova Scotia	4.5
Canadian National Railway Co.	4.5
Bank of Montreal	3.3
Suncor Energy Inc.	3.3
Canadian Natural Resources Ltd.	2.9
Manulife Financial Corporation	2.9
Cash & Cash Equivalents	2.4
Canadian Pacific Railway Ltd.	2.3
Canadian Imperial Bank of Commerce	2.2
Brookfield Asset Management Inc., Class A	2.1
Potash Corporation of Saskatchewan Inc.	2.1
Magna International Inc., Class A	1.9
TELUS Corp.	1.8
BCE Inc.	1.6
Power Corporation of Canada	1.5
Thomson Corp.	1.4
Sun Life Financial Inc.	1.4
Atco Ltd., Class I, Non-Voting	1.3
Franco-Nevada Corp.	1.3
Valeant Pharmaceuticals International Inc.	1.3
Pembina Pipeline Corp.	1.3
Loblaw Companies Ltd.	1.3
Rogers Communications Inc., Class B	1.2
Top 25 Holdings	62.5

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



CANADIAN EQUITY FUND

RBC CANADIAN INDEX FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor: State Street Global Advisors, Ltd.

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks 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.

The Fund makes investment decisions aimed at replicating the composition of the index and adjusts holdings to reflect changes in the underlying index as they occur.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$681 million as of December 31, 2014, from \$629 million at the end of 2013. Most of the change was due to investment returns.

Over the past year, the Fund's Series A units gained 9.8%, which underperformed the 10.6% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while the benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The S&P/TSX Composite Index comprises about 95% of the market capitalization of Canadian-based, Toronto Stock Exchange-listed companies. The index contained 250 issues as of December 31, 2014.

The best-performing sectors in the index were Financials, Industrials and Consumer Discretionary. The worst-performing sectors were Energy, Utilities and Information Technology.

Recent Developments

The sub-advisor has no recent developments to report.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$3,000 (2013 – \$8,000) or 18% (2013 – 24%) of the total transaction costs paid for this Fund.



Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Dec. 31, 2014	25.34	0.78	(0.20)	0.57	1.33	2.48	–	(0.54)	–	–	(0.54)	27.28
Dec. 31, 2013	23.07	0.76	(0.17)	0.37	1.87	2.83	–	(0.58)	–	–	(0.58)	25.33
Dec. 31, 2012	22.10	0.67	(0.16)	0.19	0.72	1.42	–	(0.45)	–	–	(0.45)	23.07
Dec. 31, 2011	24.87	0.60	(0.16)	0.49	(3.24)	(2.31)	–	(0.46)	–	–	(0.46)	22.10
Dec. 31, 2010	21.64	0.65	(0.15)	0.44	2.51	3.45	–	(0.42)	–	–	(0.42)	24.87

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Dec. 31, 2014	27.28	680 908	24 962	0.72	0.72	7.80	–
Dec. 31, 2013	25.34	628 845	24 812	0.72	0.72	7.28	0.01
Dec. 31, 2012	23.11	599 873	25 954	0.72	0.72	6.37	–
Dec. 31, 2011	22.15	594 578	26 848	0.71	0.71	13.98	0.01
Dec. 31, 2010	24.91	651 483	26 157	0.70	0.70	8.83	0.01

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

Series A	Management Fees	Breakdown of Services	
		Distribution	Other*
	0.50%	20%	80%

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

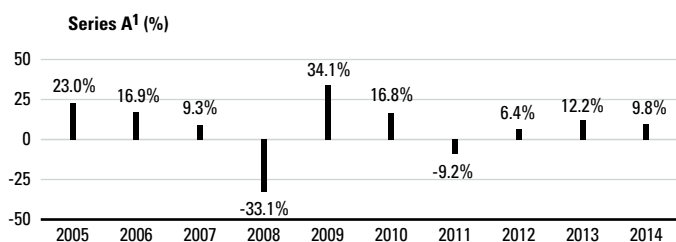


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for Series A of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

S&P/TSX Capped Composite Total Return Index

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	9.8	9.4	6.8	7.0	—
Benchmark	10.6	10.2	7.5	7.6	—

The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date October 13, 1998.

This is a continuing fund resulting from the merger of certain RBC Funds on June 28, 2002.

INDEX DESCRIPTION

S&P/TSX Capped Composite Total Return Index This index is the amended capitalization-weighted index measuring the performance of selected securities listed on the Toronto Stock Exchange, with no individual stock exceeding 10% of the overall weight.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Financials	35.6
Energy	21.9
Other Sectors	16.5
Materials	10.6
Industrials	8.7
Consumer Discretionary	6.4
Cash/Other	0.3

Top 25 Holdings

	% of Net Asset Value
Royal Bank of Canada	6.3
Toronto-Dominion Bank	5.6
Bank of Nova Scotia	4.4
Canadian National Railway Co.	3.6
Suncor Energy Inc.	2.9
Bank of Montreal	2.9
Valeant Pharmaceuticals International Inc.	2.8
Enbridge Inc.	2.8
BCE Inc.	2.4
Manulife Financial Corporation	2.3
TransCanada Corp.	2.2
Canadian Imperial Bank of Commerce	2.2
Canadian Natural Resources Ltd.	2.1
Canadian Pacific Railway Ltd.	1.9
Potash Corporation of Saskatchewan Inc.	1.9
Brookfield Asset Management Inc., Class A	1.8
Magna International Inc., Class A	1.4
Sun Life Financial Inc.	1.4
TELUS Corp.	1.4
Alimentation Couche-Tard Inc.	1.1
Cenovus Energy Inc.	1.0
Goldcorp Inc.	1.0
Rogers Communications Inc., Class B	0.9
National Bank of Canada	0.9
Thomson Corp.	0.9
Top 25 Holdings	58.1

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



CANADIAN EQUITY FUND

**RBC O'SHAUGHNESSY
CANADIAN EQUITY FUND**

December 31, 2014

Portfolio Manager *RBC Global Asset Management Inc. ("RBC GAM")*

Sub-Advisor: O'Shaughnessy Asset Management, L.L.C., Stamford, Connecticut

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term returns consisting of capital growth and current income by investing primarily in equity securities of Canadian and U.S. companies based on Strategy Indexing[®], an investment portfolio management model developed in 1995 by Jim O'Shaughnessy.

The Fund invests in securities with the most attractive valuations based on a variety of measures, including a company's market capitalization ratios and financial statement metrics. The Fund also selects securities with the most attractive momentum based on a number of measures, such as six-month total return and nine-month total return. The Fund may hold up to 30% of its assets in U.S. stocks and uses currency hedges to reduce exposure to changes in the Canadian dollar versus the U.S. dollar.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value fell to \$949 million as of December 31, 2014, from \$982 million at the end of 2013. Of the change, \$101 million was due to net redemptions, offset by \$69 million of investment returns.

Over the past year, the Fund's Series A units gained 7.3%, which underperformed the 10.6% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

In 2014, global equity markets did not match the huge gains of 2013. The U.S. market continued to do well, while markets in Canada and elsewhere had only moderate gains. Volatility picked up at times during the year, especially in energy, which was hit hard by a swift decline in the price of oil. Earnings continued to grow, but stocks remained more expensive than they have been in recent years.

Stocks with low valuations, like those invested in by the sub-advisor, significantly outperformed during the period. The sub-advisor favours stocks with strong price momentum, and these stocks performed poorly during the period. The sub-advisor places an emphasis on stocks with low price volatility, which performed well. However, this emphasis was not enough to offset the negative performance of momentum. The

sub-advisor's emphasis on high-quality stocks, which excluded companies with poor financial strength and earnings quality, had a negative impact on performance, as low-quality stocks outperformed.

Security selection hurt overall performance, while allocation among sectors was generally positive for returns. Overweight allocations to the Consumer Staples and Consumer Discretionary sectors had a positive impact on returns, as did security selection in Consumer Discretionary. Within Consumer Discretionary, Magna International and Linamar were the main drivers of performance. Underweight positions in the Financials and Utilities sectors detracted from performance. Stock selection in the Energy and Financials sectors had an overall negative impact, offset somewhat by security selection in the Materials sector.

The Fund has a 20% allocation to U.S. securities. It is the policy of the Fund to maintain currency hedges at all times in order to neutralize exchange-rate movements between the U.S. dollar and the Canadian dollar. This policy had a negative effect on returns during the period.

Recent Developments

To identify the most attractive investments, the sub-advisor uses historically proven characteristics such as low valuations, strong balance sheets and earnings quality, and strong but stable momentum.

Due to the Fund's investment process and market conditions over the course of 2014, the Fund decreased allocations to the Financials sector and increased allocations to Consumer Staples stocks.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

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

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Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$87,000 (2013 – \$42,000) or 8% (2013 – 4%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	18.94	0.46	(0.30)	2.36	(1.13)	1.39	–	(0.11)	–	–	(0.11)	20.22
Dec. 31, 2013	14.47	0.43	(0.26)	1.79	2.63	4.59	–	(0.16)	–	–	(0.16)	18.93
Dec. 31, 2012	12.86	0.45	(0.21)	0.54	1.05	1.83	–	(0.21)	–	–	(0.21)	14.47
Dec. 31, 2011	14.20	0.38	(0.20)	0.48	(1.84)	(1.18)	–	(0.09)	–	–	(0.09)	12.86
Dec. 31, 2010	12.63	0.37	(0.19)	1.45	(0.03)	1.60	–	(0.14)	–	–	(0.14)	14.20
Advisor Series												
Dec. 31, 2014	19.54	0.48	(0.31)	2.44	(1.17)	1.44	–	(0.11)	–	–	(0.11)	20.87
Dec. 31, 2013	14.87	0.45	(0.26)	1.86	2.73	4.78	–	(0.10)	–	–	(0.10)	19.53
Dec. 31, 2012	13.19	0.46	(0.21)	0.56	1.09	1.90	–	(0.19)	–	–	(0.19)	14.87
Dec. 31, 2011	14.56	0.39	(0.20)	0.49	(1.89)	(1.21)	–	(0.09)	–	–	(0.09)	13.19
Dec. 31, 2010	12.97	0.38	(0.19)	1.49	(0.03)	1.65	–	(0.16)	–	–	(0.16)	14.56
Series D												
Dec. 31, 2014	19.12	0.47	(0.24)	2.39	(1.14)	1.48	–	(0.18)	–	–	(0.18)	20.41
Dec. 31, 2013	14.58	0.44	(0.20)	1.81	2.66	4.71	–	(0.20)	–	–	(0.20)	19.11
Dec. 31, 2012	12.95	0.45	(0.17)	0.55	1.06	1.89	–	(0.25)	–	–	(0.25)	14.58
Dec. 31, 2011	14.31	0.39	(0.16)	0.48	(1.86)	(1.15)	–	(0.14)	–	–	(0.14)	12.95
Dec. 31, 2010	12.73	0.37	(0.15)	1.47	(0.03)	1.66	–	(0.18)	–	–	(0.18)	14.31
Series F												
Dec. 31, 2014	18.94	0.46	(0.19)	2.37	(1.13)	1.51	–	(0.22)	–	–	(0.22)	20.22
Dec. 31, 2013	14.43	0.43	(0.16)	1.79	2.64	4.70	–	(0.24)	–	–	(0.24)	18.92
Dec. 31, 2012	12.83	0.45	(0.13)	0.54	1.05	1.91	–	(0.30)	–	–	(0.30)	14.43
Dec. 31, 2011	14.23	0.38	(0.12)	0.48	(1.84)	(1.10)	–	(0.23)	–	–	(0.23)	12.83
Dec. 31, 2010	12.69	0.37	(0.12)	1.46	(0.03)	1.68	–	(0.26)	–	–	(0.26)	14.23

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	20.22	890 504	44 041	1.54	1.54	63.92	0.11
Dec. 31, 2013	18.94	929 987	49 093	1.55	1.55	65.38	0.12
Dec. 31, 2012	14.51	809 137	55 757	1.54	1.54	79.17	0.15
Dec. 31, 2011	12.90	841 354	65 202	1.52	1.52	78.58	0.17
Dec. 31, 2010	14.22	1 091 569	76 739	1.50	1.50	93.68	0.23
Advisor Series							
Dec. 31, 2014	20.87	2 392	115	1.51	1.51	63.92	0.11
Dec. 31, 2013	19.54	1 949	100	1.51	1.51	65.38	0.12
Dec. 31, 2012	14.92	618	41	1.50	1.50	79.17	0.15
Dec. 31, 2011	13.24	476	36	1.49	1.49	78.58	0.17
Dec. 31, 2010	14.59	738	51	1.46	1.46	93.68	0.23
Series D							
Dec. 31, 2014	20.41	50 500	2 474	1.21	1.21	63.92	0.11
Dec. 31, 2013	19.12	44 712	2 338	1.21	1.21	65.38	0.12
Dec. 31, 2012	14.62	31 565	2 158	1.21	1.21	79.17	0.15
Dec. 31, 2011	13.00	30 920	2 379	1.19	1.19	78.58	0.17
Dec. 31, 2010	14.34	39 533	2 757	1.18	1.18	93.68	0.23
Series F							
Dec. 31, 2014	20.22	6 095	301	0.94	0.94	63.92	0.11
Dec. 31, 2013	18.94	5 142	272	0.94	0.94	65.38	0.12
Dec. 31, 2012	14.48	4 061	280	0.94	0.94	79.17	0.15
Dec. 31, 2011	12.87	4 405	342	0.91	0.91	78.58	0.17
Dec. 31, 2010	14.25	8 140	571	0.91	0.91	93.68	0.23

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

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Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.25%	52%	48%
Advisor Series	1.25%	52%	48%
Series D	1.00%	25%	75%
Series F	0.75%	—	100%

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

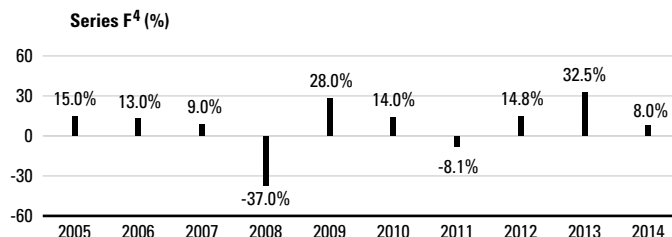
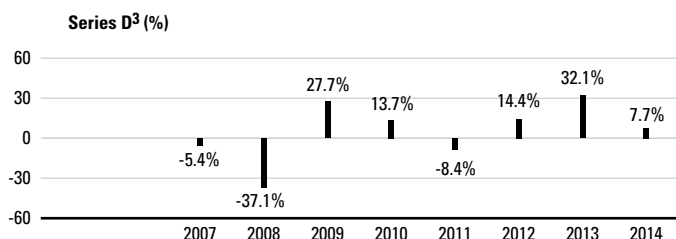
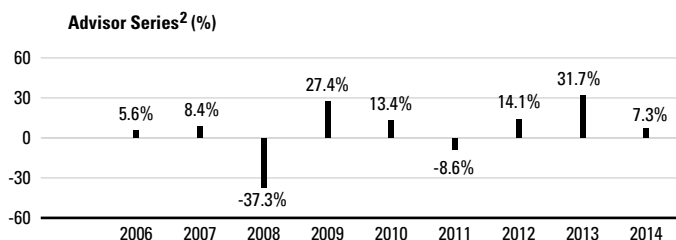
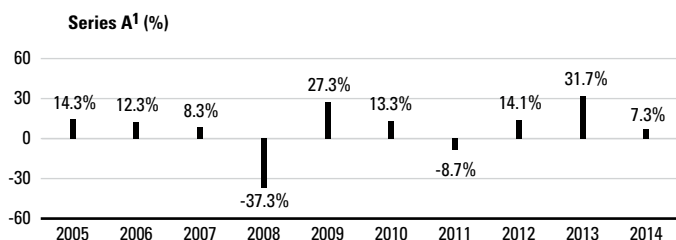


PAST PERFORMANCE

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Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

S&P/TSX Capped Composite Total Return Index

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	7.3	17.3	10.8	6.4	—
Benchmark	10.6	10.2	7.5	7.6	—
Advisor Series ²	7.3	17.3	10.8	—	5.2
Benchmark	10.6	10.2	7.5	—	5.3
Series D ³	7.7	17.6	11.1	—	3.4
Benchmark	10.6	10.2	7.5	—	3.7
Series F ⁴	8.0	18.0	11.5	7.0	—
Benchmark	10.6	10.2	7.5	7.6	—

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date November 4, 1997.

² Inception date August 28, 2006.

³ Inception date July 3, 2007.

⁴ Inception date August 13, 2001.

INDEX DESCRIPTION

S&P/TSX Capped Composite Total Return Index This index is the amended capitalization-weighted index measuring the performance of selected securities listed on the Toronto Stock Exchange, with no individual stock exceeding 10% of the overall weight.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Financials	20.3
Consumer Discretionary	18.1
Materials	13.7
Energy	12.0
Consumer Staples	11.9
Industrials	9.6
Other Sectors	7.6
Health Care	5.4
Cash/Other	1.4

Top 25 Holdings

	% of Net Asset Value
Magna International Inc., Class A	5.2
Metro Inc., Class A	4.9
Linamar Corp.	4.9
Royal Bank of Canada	3.4
Jean Coutu Group, Class A	3.3
Suncor Energy Inc.	2.8
Bank of Montreal	2.7
Genworth MI Canada Inc.	2.5
Manulife Financial Corporation	2.4
Concordia Healthcare Corp.	2.2
Canfor Corp.	2.2
Agrium Inc.	2.1
WestJet Airlines Ltd.	2.0
Cash & Cash Equivalents	2.0
Finning International Inc.	1.9
Great-West Lifeco Inc.	1.7
Canadian Tire Corp. Ltd., Class A	1.6
TELUS Corp.	1.4
Enbridge Income Fund Holdings Inc.	1.2
Empire Co. Ltd., Class A	1.1
Great Canadian Gaming Corp.	1.0
Lucara Diamond Corp.	1.0
Seagate Technology	1.0
Power Corporation of Canada	1.0
Western Forest Products Inc.	1.0
Top 25 Holdings	56.5

The Summary of Investment Portfolio may change due to ongoing portfolio transactions. A segment of the Fund is rebalanced around the end of the period. The Top 25 holdings may not reflect current positions. A quarterly update is available at www.rbcgam.com/funds.



CANADIAN EQUITY FUND

**RBC O'SHAUGHNESSY
ALL-CANADIAN EQUITY FUND**

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor: O'Shaughnessy Asset Management, L.L.C., Stamford, Connecticut

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term returns consisting of capital growth and current income by investing primarily in equity securities of Canadian companies based on Strategy Indexing[®], an investment portfolio management model developed in 1995 by Jim O'Shaughnessy.

The Fund invests in securities with the most attractive valuations based on a variety of measures, including a company's market capitalization ratios and financial statement metrics. The Fund also selects securities with the most attractive momentum based on a number of measures, such as six-month total return and nine-month total return.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$492 million as of December 31, 2014, from \$312 million at the end of 2013. Most of the change came from net inflows.

Over the past year, the Fund's Series A units gained 3.6%, which underperformed the 10.6% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

In 2014, global equity markets did not match the huge gains of 2013. The U.S. market continued to do well, while markets in Canada and elsewhere had only moderate gains. Volatility picked up at times during the year, especially in energy prices, which were hit hard by a swift decline in the price of oil. Earnings continued to grow, but stocks remained more expensive than they have been in recent years.

Stocks with low valuations, like those invested in by the sub-advisor, outperformed during the period. The sub-advisor favours stocks with strong price momentum, which performed poorly during the period. The sub-advisor places an emphasis on stocks with low price volatility, which performed well during the period. However, this emphasis was not enough to offset the negative performance of momentum. The sub-advisor's emphasis on high-quality stocks, which excluded companies with poor financial strength and earnings quality, contributed negatively to performance, as low-quality stocks outperformed.

The negative impact of security selection more than offset the generally positive impact of allocation among sectors. Parex Resources and Canadian National Railway, in the Energy and Industrials sectors, respectively, were among the Fund's worst performers. An overweight allocation to the Consumer Discretionary sector and underweight allocation to Energy were beneficial for performance, while underweight allocations to Financials and Health Care had a negative impact. Security selection aided performance in the Materials and Consumer Staples sectors, but hurt returns in the Industrials and Financials sectors. Jean Coutu in the Consumer Staples sector and Linamar in the Consumer Discretionary sector were among the Fund's strongest performers.

Recent Developments

To identify the most attractive investments, the sub-advisor uses historically proven characteristics such as low valuations, strong balance sheets and earnings quality, and strong but stable momentum.

Due to the Fund's investment process and market conditions over the course of 2014, the Fund increased allocations to the consumer sectors and decreased allocations to the Information Technology, Industrials and Financials sectors.

Effective June 27, 2014, the RBC Private O'Shaughnessy Canadian Equity Pool merged into the Fund, and unitholders of the RBC Private O'Shaughnessy Canadian Equity Pool received units of the Fund on a dollar-for-dollar, tax-deferred basis.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series and Series D units.

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Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$47,000 (2013 – \$17,000) or 8% (2013 – 5%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	14.86	0.44	(0.27)	2.00	(1.85)	0.32	–	(0.09)	(1.90)	–	(1.99)	13.38
Dec. 31, 2013	11.27	0.36	(0.23)	1.27	2.27	3.67	–	(0.07)	–	–	(0.07)	14.85
Dec. 31, 2012	10.37	0.32	(0.20)	0.33	0.50	0.95	–	(0.06)	–	–	(0.06)	11.27
Dec. 31, 2011	11.02	0.26	(0.19)	1.06	(1.79)	(0.66)	–	–	–	–	–	10.37
Dec. 31, 2010	8.96	0.30	(0.17)	1.10	0.86	2.09	–	(0.11)	–	–	(0.11)	11.02
Advisor Series												
Dec. 31, 2014	14.92	0.45	(0.27)	2.01	(1.86)	0.33	–	(0.10)	(1.90)	–	(2.00)	13.44
Dec. 31, 2013	11.32	0.36	(0.23)	1.28	2.28	3.69	–	(0.08)	–	–	(0.08)	14.91
Dec. 31, 2012	10.41	0.33	(0.19)	0.33	0.50	0.97	–	(0.07)	–	–	(0.07)	11.32
Dec. 31, 2011	11.05	0.26	(0.18)	1.07	(1.80)	(0.65)	–	–	–	–	–	10.41
Dec. 31, 2010	8.98	0.30	(0.16)	1.10	0.86	2.10	–	(0.11)	–	–	(0.11)	11.05
Series D												
Dec. 31, 2014	15.16	0.46	(0.18)	2.05	(1.89)	0.44	–	(0.19)	(1.93)	–	(2.12)	13.65
Dec. 31, 2013	11.47	0.37	(0.16)	1.30	2.31	3.82	–	(0.12)	–	–	(0.12)	15.15
Dec. 31, 2012	10.54	0.33	(0.13)	0.33	0.51	1.04	–	(0.12)	–	–	(0.12)	11.47
Dec. 31, 2011	11.13	0.26	(0.13)	1.08	(1.81)	(0.60)	–	–	–	–	–	10.54
Dec. 31, 2010	9.01	0.30	(0.11)	1.11	0.87	2.17	–	(0.13)	–	–	(0.13)	11.13
Series F												
Dec. 31, 2014	15.16	0.45	(0.14)	2.02	(1.87)	0.46	–	(0.22)	(1.95)	–	(2.17)	13.65
Dec. 31, 2013	11.49	0.37	(0.12)	1.30	2.32	3.87	–	(0.18)	–	–	(0.18)	15.16
Dec. 31, 2012	10.56	0.33	(0.11)	0.33	0.51	1.06	–	(0.15)	–	–	(0.15)	11.49
Dec. 31, 2011	11.12	0.26	(0.10)	1.08	(1.81)	(0.57)	–	–	–	–	–	10.56
Dec. 31, 2010	9.04	0.30	(0.09)	1.11	0.87	2.19	–	(0.20)	–	–	(0.20)	11.12
Series O												
Dec. 31, 2014	15.90	0.38	–	1.72	(1.59)	0.51	–	(0.36)	(2.04)	–	(2.40)	14.33
Dec. 31, 2013	12.01	0.39	–	1.37	2.43	4.19	–	(0.28)	–	–	(0.28)	15.89
Dec. 31, 2012	11.21	0.35	–	0.36	0.54	1.25	–	(0.46)	–	–	(0.46)	12.01
Dec. 31, 2011	11.70	0.28	–	1.14	(1.92)	(0.50)	–	–	–	–	–	11.21
Dec. 31, 2010	9.48	0.32	–	1.17	0.92	2.41	–	(0.30)	–	–	(0.30)	11.70

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	13.38	248 841	18 602	1.82	1.82	81.87	0.14
Dec. 31, 2013	14.86	260 650	17 545	1.82	1.82	72.29	0.12
Dec. 31, 2012	11.31	186 884	16 528	1.81	1.81	77.11	0.16
Dec. 31, 2011	10.40	188 051	18 083	1.82	1.82	90.46	0.18
Dec. 31, 2010	11.03	209 644	19 005	1.78	1.78	99.81	0.24
Advisor Series							
Dec. 31, 2014	13.44	6 779	505	1.78	1.78	81.87	0.14
Dec. 31, 2013	14.92	7 414	497	1.79	1.79	72.29	0.12
Dec. 31, 2012	11.35	5 953	524	1.76	1.76	77.11	0.16
Dec. 31, 2011	10.44	5 546	531	1.76	1.76	90.46	0.18
Dec. 31, 2010	11.07	6 406	579	1.73	1.73	99.81	0.24
Series D							
Dec. 31, 2014	13.65	22 425	1 643	1.21	1.21	81.87	0.14
Dec. 31, 2013	15.16	21 848	1 441	1.22	1.22	72.29	0.12
Dec. 31, 2012	11.50	10 813	940	1.21	1.21	77.11	0.16
Dec. 31, 2011	10.57	9 377	887	1.21	1.21	90.46	0.18
Dec. 31, 2010	11.14	7 782	698	1.19	1.19	99.81	0.24
Series F							
Dec. 31, 2014	13.65	7 446	546	0.94	0.94	81.87	0.14
Dec. 31, 2013	15.16	6 769	446	0.95	0.95	72.29	0.12
Dec. 31, 2012	11.52	4 695	407	0.96	0.96	77.11	0.16
Dec. 31, 2011	10.59	4 075	385	0.96	0.96	90.46	0.18
Dec. 31, 2010	11.14	4 579	411	0.93	0.93	99.81	0.24
Series O							
Dec. 31, 2014	14.33	206 957	14 439	0.02	0.02	81.87	0.14
Dec. 31, 2013	15.90	15 524	976	0.02	0.02	72.29	0.12
Dec. 31, 2012	12.04	9 820	815	0.02	0.02	77.11	0.16
Dec. 31, 2011	11.24	15 996	1 423	0.02	0.02	90.46	0.18
Dec. 31, 2010	11.71	10 397	888	0.02	0.02	99.81	0.24

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.50%	50%	50%
Advisor Series	1.50%	50%	50%
Series D	1.00%	25%	75%
Series F	0.75%	—	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

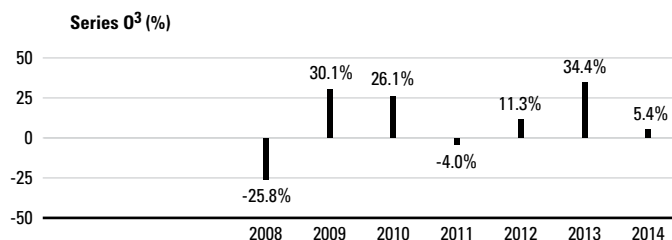
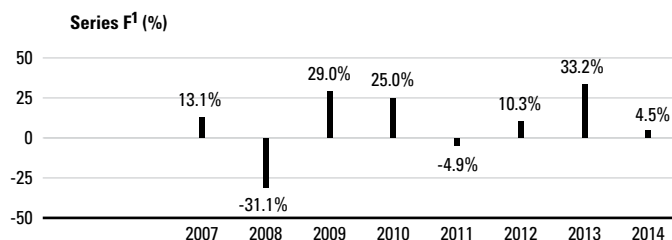
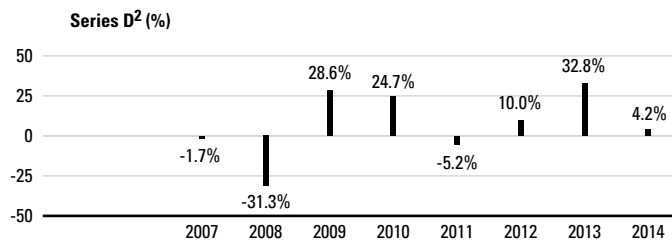
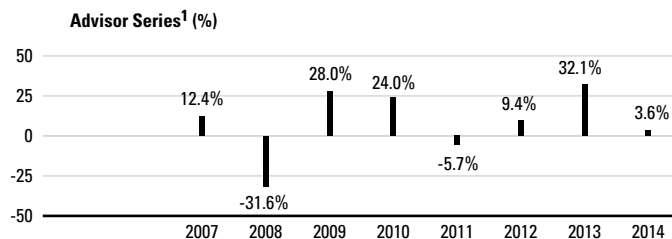
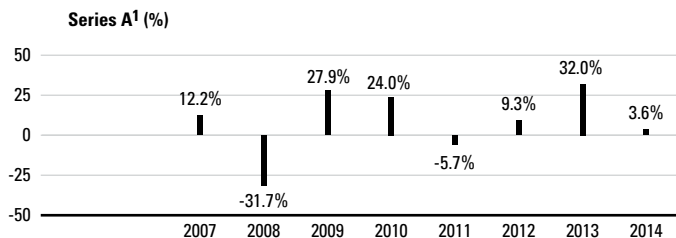
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

S&P/TSX Capped Composite Total Return Index

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	3.6	14.3	11.8	–	7.0
Benchmark	10.6	10.2	7.5	–	4.5
Advisor Series ¹	3.6	14.4	11.9	–	7.1
Benchmark	10.6	10.2	7.5	–	4.5
Series D ²	4.2	15.0	12.5	–	6.1
Benchmark	10.6	10.2	7.5	–	3.7
Series F ¹	4.5	15.3	12.8	–	7.9
Benchmark	10.6	10.2	7.5	–	4.5
Series O ³	5.4	16.4	13.8	–	9.9
Benchmark	10.6	10.2	7.5	–	4.2

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date January 22, 2007.

² Inception date July 3, 2007.

³ Inception date July 18, 2008.

INDEX DESCRIPTION

S&P/TSX Capped Composite Total Return Index This index is the amended capitalization-weighted index measuring the performance of selected securities listed on the Toronto Stock Exchange, with no individual stock exceeding 10% of the overall weight.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Financials	21.8
Consumer Discretionary	19.8
Industrials	17.3
Materials	12.4
Energy	10.0
Consumer Staples	9.9
Other Sectors	6.1
Cash/Other	2.7

Top 25 Holdings

	% of Net Asset Value
Jean Coutu Group, Class A	4.4
Linamar Corp.	4.2
Magna International Inc., Class A	3.7
Western Forest Products Inc.	3.6
Royal Bank of Canada	3.4
Finning International Inc.	3.2
Bank of Montreal	2.8
Metro Inc., Class A	2.7
Cash & Cash Equivalents	2.7
Altus Group Ltd.	2.6
Alimentation Couche-Tard Inc.	2.5
Centerra Gold Inc.	2.5
Suncor Energy Inc.	2.4
Canadian Tire Corp. Ltd., Class A	2.4
WSP Global Inc.	2.1
Genworth MI Canada Inc.	2.1
Gluskin Sheff + Associates Inc.	2.0
Manulife Financial Corporation	1.8
Enbridge Income Fund Holdings Inc.	1.8
Parex Resources Inc.	1.7
Chemtrade Logistics Income Fund	1.6
Chorus Aviation Inc.	1.6
First Service Corp.	1.5
TransForce Inc.	1.5
Yellow Media Ltd.	1.5
Top 25 Holdings	62.3

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



CANADIAN EQUITY FUND

RBC CANADIAN EQUITY INCOME FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

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Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide a high level of monthly cash flow, relatively tax-efficient distributions consisting primarily of returns of capital, capital gains and interest income, as well as the potential for modest capital growth.

To achieve its objective, the Fund invests primarily in a diversified portfolio of Canadian equity securities including common and preferred shares, real estate investment trusts and income trusts. The Fund may also invest in fixed-income securities, such as government and corporate bonds, debentures and notes.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$4.2 billion as of December 31, 2014, from \$3.1 billion at the end of 2013. Of the change, \$766 million was due to net inflows and \$320 million to investment returns.

Over the past year, the Fund's Series A units gained 9.6%, which underperformed the 10.6% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The Fund made monthly distributions of 9.00 cents per Series A unit in 2014. For the year, the Fund made distributions of \$2.16 per Series A unit, consisting of \$1.74 per unit of capital gains including an additional year-end distribution and 42 cents per unit from dividends.

The S&P/TSX Composite Index rose through the first three quarters of 2014 and declined in the fourth quarter, trailing U.S. market returns for the year but outpacing those in other developed economies. A decline in commodity prices weighed on many global markets beginning in September, but the drop was more pronounced in the resource-heavy S&P/TSX index. Crude oil led the commodity-price declines, as OPEC opted to maintain production levels even with a global surplus caused by surging U.S. shale output. Slower economic growth in Europe and China also contributed to weaker demand for resources. Emerging-market economies broadly slowed during the year. The Canadian economy benefited from the steadily expanding U.S. economy, as gains in hiring and income boosted consumer spending.

In the Utilities sector, the Fund benefited from an overweight position in Algonquin Power & Utilities. Aiding the stock were better-than-expected earnings, which were driven by the positive effect of acquisitions on earnings per share and growth of long-time businesses. Above-benchmark allocations to Brookfield Renewable Energy Partners and Fortis also had a positive impact on performance. In Financials, an overweight position in Brookfield Property Partners benefited returns as the company outperformed the benchmark during the period. A below-benchmark position in Bank of Nova Scotia also aided performance.

An underweight position in the Industrials sector hindered performance. Below-benchmark exposure to Canadian National Railway had a negative impact on performance as the company benefited from strong rail volumes and rising earnings. A position in KBR, a U.S.-based engineering, construction and services firm, and a lack of exposure to Canadian Pacific Railway had a negative impact on performance during the year. In the Energy sector, a significant decline in commodity prices in the latter half of 2014 weighed on energy stocks. As a result, overweight positions in both Encana and Trinidad Drilling weighed on returns.

Recent Developments

Recent Canadian economic data has been mixed, with the impact of falling crude-oil prices somewhat muted by a substantially weaker Canadian dollar. Oil prices are difficult to forecast in the short run, but it now appears that prices will be lower on average and more volatile than in the recent past. In the view of the portfolio manager, a weaker Canadian dollar, coupled with a stronger U.S. economy, suggests the potential for improving manufacturing exports. However, falling energy prices and a fully valued housing market are likely to remain headwinds for the Canadian economy. While the Bank of Canada cut interest rates in early 2015, many investors expect the U.S. Federal Reserve to raise the fed-funds rate as early as the middle of this year amid a strengthening economy and signs of accelerating wages. Emerging-market economies are stabilizing, but Chinese economic growth has been slightly disappointing, and consumer confidence is declining across much of Asia.

Effective August 11, 2014, Series H and Series I units of the Fund were launched.



Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

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

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$699,000 (2013 – \$929,000) or 11% (2013 – 17%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	26.13	0.90	(0.58)	1.84	0.07	2.23	–	(0.42)	(1.74)	–	(2.16)	26.48
Dec. 31, 2013	23.61	0.86	(0.52)	1.26	2.26	3.86	–	(0.39)	(0.95)	–	(1.34)	26.11
Dec. 31, 2012	22.77	0.82	(0.49)	0.62	0.66	1.61	–	(0.11)	(0.66)	(0.31)	(1.08)	23.61
Dec. 31, 2011	22.07	0.75	(0.46)	1.35	0.27	1.91	(0.13)	(0.15)	(1.25)	–	(1.53)	22.77
Dec. 31, 2010	19.43	0.91	(0.41)	2.45	1.96	4.91	(0.07)	(0.31)	(1.51)	–	(1.89)	22.07
Advisor Series												
Dec. 31, 2014	26.27	0.90	(0.57)	1.85	0.07	2.25	–	(0.42)	(1.74)	–	(2.16)	26.64
Dec. 31, 2013	23.72	0.86	(0.51)	1.26	2.27	3.88	–	(0.39)	(0.95)	–	(1.34)	26.25
Dec. 31, 2012	22.85	0.81	(0.48)	0.62	0.65	1.60	–	(0.11)	(0.66)	(0.31)	(1.08)	23.72
Dec. 31, 2011	22.13	0.72	(0.45)	1.30	0.26	1.83	(0.13)	(0.15)	(1.25)	–	(1.53)	22.85
Dec. 31, 2010	19.46	0.88	(0.40)	2.37	1.90	4.75	(0.07)	(0.31)	(1.51)	–	(1.89)	22.13
Series H												
Dec. 31, 2014³	28.99[†]	0.32	(0.22)	0.66	0.02	0.78	–	(0.17)	(1.30)	–	(1.47)	26.71
Series D												
Dec. 31, 2014	27.90	0.96	(0.36)	1.97	0.07	2.64	–	(0.42)	(1.83)	–	(2.25)	28.58
Dec. 31, 2013	24.93	0.91	(0.32)	1.33	2.39	4.31	–	(0.39)	(0.96)	–	(1.35)	27.88
Dec. 31, 2012	23.78	0.88	(0.30)	0.66	0.70	1.94	–	(0.12)	(0.66)	(0.31)	(1.09)	24.93
Dec. 31, 2011	22.82	0.78	(0.27)	1.41	0.28	2.20	(0.14)	(0.15)	(1.26)	–	(1.55)	23.78
Dec. 31, 2010	19.90	0.94	(0.25)	2.53	2.02	5.24	(0.08)	(0.31)	(1.53)	–	(1.92)	22.82
Series F												
Dec. 31, 2014	28.79	0.99	(0.29)	2.04	0.07	2.81	–	(0.43)	(1.88)	–	(2.31)	29.60
Dec. 31, 2013	25.64	0.94	(0.25)	1.38	2.47	4.54	–	(0.40)	(0.97)	–	(1.37)	28.77
Dec. 31, 2012	24.38	0.87	(0.24)	0.66	0.70	1.99	–	(0.11)	(0.68)	(0.32)	(1.11)	25.64
Dec. 31, 2011	23.34	0.73	(0.22)	1.33	0.26	2.10	(0.13)	(0.16)	(1.30)	–	(1.59)	24.38
Dec. 31, 2010	20.27	0.93	(0.20)	2.49	2.00	5.22	(0.07)	(0.29)	(1.60)	–	(1.96)	23.34
Series I												
Dec. 31, 2014³	32.04[†]	0.36	(0.10)	0.73	0.03	1.02	–	(0.18)	(1.52)	–	(1.70)	29.58



FINANCIAL HIGHLIGHTS (cont.)

Change in Net Assets Per Unit (\$) (cont.)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series O												
Dec. 31, 2014	27.60	0.94	(0.01)	1.92	0.07	2.92	–	(0.42)	(1.81)	–	(2.23)	28.62
Dec. 31, 2013	24.38	0.89	(0.01)	1.31	2.35	4.54	–	(0.39)	(0.95)	–	(1.34)	27.57
Dec. 31, 2012	22.99	0.87	(0.01)	0.58	0.62	2.06	–	(0.11)	(0.66)	(0.31)	(1.08)	24.38
Dec. 31, 2011 ⁴	23.61 [†]	0.28	–	0.50	0.10	0.88	(0.06)	(0.08)	(0.85)	–	(0.99)	22.99

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From August 11, 2014.

⁴ From July 11, 2011.

[†] Initial offering net asset value per unit.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	26.48	2 033 414	76 803	2.09	2.09	70.40	0.16
Dec. 31, 2013	26.13	1 663 346	63 662	2.09	2.09	87.91	0.21
Dec. 31, 2012	23.66	1 219 564	51 540	2.10	2.10	134.31	0.38
Dec. 31, 2011	22.84	589 877	25 830	2.09	2.09	251.21	0.67
Dec. 31, 2010	22.11	210 950	9 541	2.06	2.06	311.99	0.97
Advisor Series							
Dec. 31, 2014	26.64	1 013 100	38 027	2.02	2.02	70.40	0.16
Dec. 31, 2013	26.27	830 298	31 609	2.04	2.04	87.91	0.21
Dec. 31, 2012	23.77	604 605	25 437	2.04	2.04	134.31	0.38
Dec. 31, 2011	22.92	202 803	8 848	2.05	2.05	251.21	0.67
Dec. 31, 2010	22.17	44 038	1 986	2.01	2.01	311.99	0.97
Series H							
Dec. 31, 2014⁴	26.71	26 845	1 005	1.98	1.98	70.40	0.16
Series D							
Dec. 31, 2014	28.58	304 050	10 637	1.21	1.21	70.40	0.16
Dec. 31, 2013	27.90	217 303	7 789	1.21	1.21	87.91	0.21
Dec. 31, 2012	24.98	139 710	5 593	1.21	1.21	134.31	0.38
Dec. 31, 2011	23.86	78 188	3 277	1.21	1.21	251.21	0.67
Dec. 31, 2010	22.87	29 738	1 301	1.19	1.19	311.99	0.97
Series F							
Dec. 31, 2014	29.60	290 113	9 801	0.93	0.93	70.40	0.16
Dec. 31, 2013	28.79	200 234	6 954	0.94	0.94	87.91	0.21
Dec. 31, 2012	25.69	141 939	5 525	0.94	0.94	134.31	0.38
Dec. 31, 2011	24.46	45 887	1 876	0.95	0.95	251.21	0.67
Dec. 31, 2010	23.38	4 477	192	0.94	0.94	311.99	0.97
Series I							
Dec. 31, 2014⁴	29.58	14 111	477	0.79	0.79	70.40	0.16



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data (cont.)

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series O							
Dec. 31, 2014	28.62	495 332	17 305	0.02	0.02	70.40	0.16
Dec. 31, 2013	27.60	179 938	6 521	0.02	0.02	87.91	0.21
Dec. 31, 2012	24.43	112 346	4 599	0.02	0.02	134.31	0.38
Dec. 31, 2011 ⁵	23.07	32	1	0.02	0.02	251.21	0.67

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From August 11, 2014.

⁵ From July 11, 2011.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.75%	66%	34%
Advisor Series	1.75%	66%	34%
Series H	1.65%	70%	30%
Series D	1.00%	25%	75%
Series F	0.75%	–	100%
Series I	0.60%	–	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

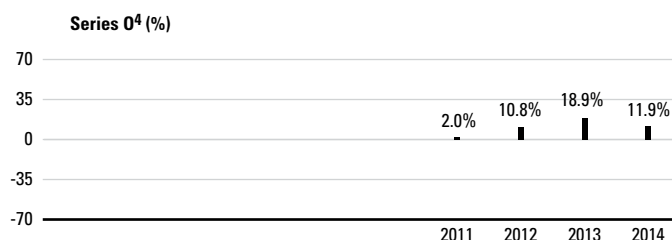
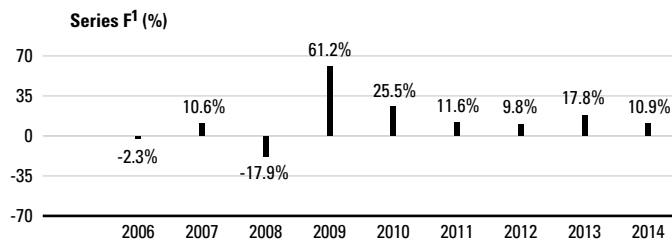
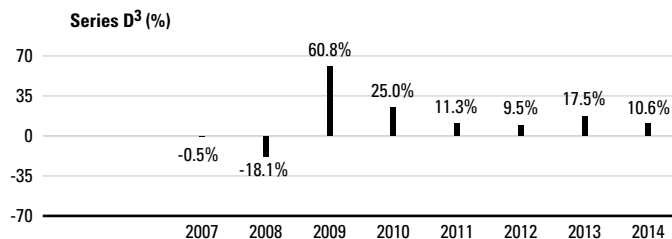
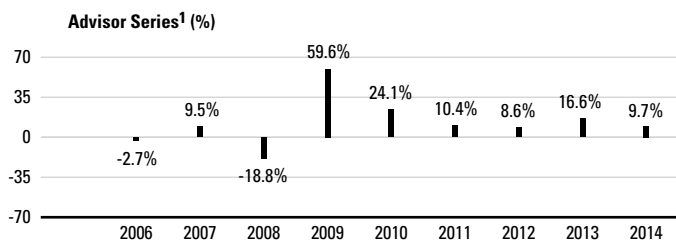
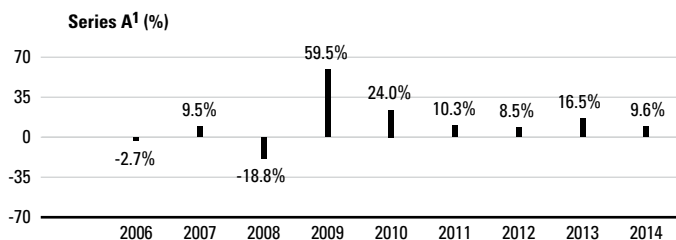


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

S&P/TSX Capped Composite Total Return Index

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	9.6	11.5	13.7	–	12.2
Benchmark	10.6	10.2	7.5	–	5.3
Advisor Series ¹	9.7	11.6	13.7	–	12.3
Benchmark	10.6	10.2	7.5	–	5.3
Series H ²	–	–	–	–	-2.8
Benchmark	–	–	–	–	-5.4
Series D ³	10.6	12.5	14.6	–	13.6
Benchmark	10.6	10.2	7.5	–	3.7
Series F ¹	10.9	12.8	15.0	–	13.5
Benchmark	10.6	10.2	7.5	–	5.3
Series I ²	–	–	–	–	-2.4
Benchmark	–	–	–	–	-5.4
Series O ⁴	11.9	13.8	–	–	12.5
Benchmark	10.6	10.2	–	–	6.8

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date August 28, 2006.

² Inception date August 11, 2014.

³ Inception date July 3, 2007.

⁴ Inception date July 11, 2011.

INDEX DESCRIPTION

S&P/TSX Capped Composite Total Return Index This index is the amended capitalization-weighted index measuring the performance of selected securities listed on the Toronto Stock Exchange, with no individual stock exceeding 10% of the overall weight.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Financials	34.4
Energy	27.0
Industrials	8.6
Utilities	7.5
Telecommunication Services	4.8
Materials	4.3
Other Sectors	4.0
Consumer Discretionary	3.5
Cash/Other	5.9

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	5.9
Royal Bank of Canada	4.7
Bank of Nova Scotia	3.8
Manulife Financial Corporation	3.6
Suncor Energy Inc.	3.6
Enbridge Inc.	3.5
Toronto-Dominion Bank	2.8
TransCanada Corp.	2.7
Canadian Natural Resources Ltd.	2.6
Brookfield Property Partners LP	2.4
Canadian Imperial Bank of Commerce	2.0
Brookfield Asset Management Inc., Class A	1.8
BCE Inc.	1.6
TELUS Corp.	1.6
Potash Corporation of Saskatchewan Inc.	1.5
Bank of Montreal	1.5
Magna International Inc., Class A	1.4
Sun Life Financial Inc.	1.3
Pembina Pipeline Corp.	1.3
Brookfield Infrastructure Partners LP	1.2
Brookfield Renewable Energy Partners LP	1.2
Veresen Inc.	1.1
AltaGas Ltd.	1.1
Russel Metals Inc.	1.1
Encana Corp.	1.0
Top 25 Holdings	56.3

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



CANADIAN EQUITY FUND

**RBC CANADIAN SMALL & MID-CAP
RESOURCES FUND**

December 31, 2014

Portfolio Manager *RBC Global Asset Management Inc. ("RBC GAM")*

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term capital growth by investing primarily in small- and mid-cap equity securities of companies that are listed on an exchange in Canada, within the Energy and Materials sectors.

The Fund's investment process is primarily based on fundamental research, although the portfolio manager will also consider quantitative and technical factors. Stock selection decisions are ultimately based on an understanding of the company, its business and its outlook. The portfolio manager invests in companies that are involved directly or indirectly in the exploration, development, production or distribution of natural or other resources. This includes companies that provide services to, use, or may benefit from, developments in the natural resources sector or companies that develop, design or provide products and services significant to a country's or region's infrastructure and its future evolution.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value fell to \$410 million as of December 31, 2014, from \$526 million at the end of 2013. Of the change, \$78 million was due to investment losses and \$38 million to net redemptions.

Over the past year, the Fund's Series O units lost 17.7%, which underperformed the 2.3% decline in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

Crude-oil prices finished 2014 significantly below where they started the year, falling to the lowest levels since the financial crisis after plunging in the second half of the year. Earlier in the year, crude oil's global benchmark price, the London-traded Brent, had climbed to a five-year high of US\$111 per barrel amid geopolitical concerns and upheaval in energy-producing countries such as Iraq offsetting the effect of rising supplies. The second half of the year was a completely different story, with oil prices falling about 50% due to uncertainty about growth in Europe and emerging-market economies at the same time that supply surged after a decade of high prices.

Natural-gas prices also started the year strong following a severely cold winter that depleted inventories. However, inventories quickly rose as rising prices spurred production growth in the eastern U.S. By the end of 2014, a combination of strong year-over-year production growth and relatively moderate temperatures had caused a 30% drop in benchmark prices.

The Fund is composed of small-cap companies in the Energy and Materials sectors. Stocks in the Energy sector fell significantly on the declines of oil and natural-gas prices. The Fund underperformed its benchmark substantially given that the two sectors represent less than half of the benchmark, and that the balance of the benchmark performed significantly better.

In the Energy segment of the portfolio, the Fund benefited from a decision to avoid exploration and production companies such as Lightstream Resources and Surge Energy, debt-heavy companies that were forced to cut their dividends. The outlook for sales and profit margins of energy-service companies deteriorated given expectations that producers would reduce capital spending. The Fund's underweight position in drilling companies such as Ensign and Savanna Energy helped relative performance.

The Fund's Materials-sector allocation, which accounted for about one-quarter of the Fund's assets, rose during the period to help offset the negative performance of the Energy sector. Overweight positions in West Fraser Timber and CCL Industries boosted returns. Avoiding Labrador Iron Ore, which declined significantly, contributed to the Fund's performance.

Recent Developments

Global crude-oil inventories are not as high as one might assume given the recent drop in oil prices, exceeding demand by no more than 2 million barrels in a market of 93 million barrels. Several high-profile shale-oil producers have cut capital spending and drilling-rig activity for 2015, which should reduce North American supply growth later in the year. Geopolitical risks to supply are also possible and could cause the gap between supply and demand to tighten again.

The swift drop in oil prices has arguably pushed prices below fair value, though it is difficult to anticipate how long the deviation may last. Longer term, the portfolio manager continues to believe that a Brent oil price of US\$75 per barrel represents a reasonable target given the cost structure of major producers. While the portfolio manager does not expect a quick return to the boom days for unconventional shale companies, valuations of energy equities appear to be attractive.



Mining companies have focused on improving productivity by reducing costs. The steep decline in oil prices will likely translate into lower diesel and power costs, benefiting mining companies with large open-pit operations and those that generate their own electricity. Furthermore, producers with foreign operations whose costs are largely in local currencies will have lower costs, offsetting some of the negative impact that a strong U.S. dollar has on commodity prices.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$144,000 (2013 – 47,000) or 7% (2013 – 10%) the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Dec. 31, 2014	10.59	0.22	–	0.54	(2.40)	(1.64)	–	(0.21)	(0.63)	–	(0.84)	7.87
Dec. 31, 2013 ³	10.00 [†]	0.06	–	0.06	0.63	0.75	–	(0.04)	(0.07)	–	(0.11)	10.58

Series 0

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From October 3, 2013.

[†] Initial offering net asset value per unit.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Dec. 31, 2014	7.87	410 095	52 089	0.02	0.02	85.79	0.35
Dec. 31, 2013 ⁴	10.59	526 184	49 679	0.03	0.03	27.67	0.10

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From October 3, 2013.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. No management fees are paid by the Fund with respect to Series 0 units. Series 0 unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.



PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for Series O of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

S&P/TSX SmallCap Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series O ¹	-17.7	—	—	—	-9.7
Benchmark	-2.3	—	—	—	3.5

The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date October 3, 2013.

INDEX DESCRIPTION

S&P/TSX SmallCap Index (CAD) This index is a measure of performance for smaller-capitalization stocks that trade on the Toronto Stock Exchange.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Oil, Gas and Consumable Fuels	52.5
Energy Equipment and Services	16.8
Metals and Mining	11.4
Containers and Packaging	5.5
Paper and Forest Products	5.1
Chemicals	4.1
Cash/Other	4.6

Top 25 Holdings

	% of Net Asset Value
Tourmaline Oil Corp.	7.6
Vermilion Energy Inc.	7.1
Peyto Exploration & Development Corp.	5.6
CCL Industries, Class B	5.5
Lundin Mining Corp.	4.6
West Fraser Timber Co. Ltd.	4.5
Cash & Cash Equivalents	4.4
Whitecap Resources Inc.	4.3
Methanex Corp.	4.1
ShawCor Ltd.	3.5
Pengrowth Energy Corp.	3.1
HudBay Minerals Inc.	3.0
Baytex Energy Corp.	3.0
Secure Energy Services Inc.	2.9
MEG Energy Corp.	2.7
Raging River Exploration Inc.	2.5
Bankers Petroleum Ltd.	2.5
Sherritt International Corp.	2.5
Enerflex Ltd.	2.3
Paramount Resources Ltd., Class A	2.2
Nuvista Energy Ltd.	2.0
Precision Drilling Corp.	1.9
Canadian Energy Services & Technology Corp.	1.9
Parex Resources Inc.	1.9
Crew Energy Inc.	1.7
Top 25 Holdings	87.3

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



NORTH AMERICAN EQUITY FUND

RBC NORTH AMERICAN VALUE FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term capital growth by investing primarily in equity securities of Canadian and U.S. companies that are priced below their true value.

To achieve its objective, the Fund identifies quality companies that are undervalued based on criteria such as assets, earnings and cash flow. The approach provides for a lower level of volatility than a portfolio of growth companies. The Fund may also invest in income trusts.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$2.3 billion as of December 31, 2014, from \$1.6 billion at the end of 2013. Of the change, \$487 million was due to net inflows and \$245 million to investment returns.

Over the past year, the Fund's Series A units gained 12.9%, which underperformed the 24.3% rise in the S&P 500 Total Return Index and outperformed the 10.6% rise in the S&P/TSX Capped Composite Total Return Index. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The S&P/TSX Composite Index rose through the first three quarters of 2014 and declined in the fourth quarter. The Canadian benchmark stock index trailed the S&P 500 but outpaced other developed economies. A decline in commodity prices weighed on both the Canadian and U.S. benchmarks beginning in September, but the drop was more pronounced in the resource-heavy S&P/TSX index. Crude oil led the commodity-price declines, as OPEC opted to maintain production levels even with a global surplus caused by surging U.S. shale output. Slower economic growth in Europe and China also contributed to weaker demand for resources. Emerging-market economies broadly slowed during the year. The Canadian economy benefited from the steadily expanding U.S. economy, as gains in hiring and income boosted consumer spending.

In 2014, the Fund benefited from strong performance in the Financials and Energy sectors in the U.S. and Canada, and the Materials sector in Canada.

Strong security selection in the Financials sector in Canada and the U.S. contributed to relative performance. Overweight exposure to Brookfield Asset Management proved beneficial as increased assets under management bolstered the outlook for fee revenue. Overweight positions in Bank of Nova Scotia, Berkshire Hathaway and Onex also boosted the Fund's performance.

In the Canadian Energy sector, the Fund benefited from a lack of exposure to Crescent Point Energy and Canadian Oil Sands, which both fell significantly. In the U.S., a decision to hold no shares of Chevron or Exxon Mobil also contributed to performance. In the Canadian Materials sector, below-benchmark exposure to Barrick Gold and Teck Resources proved beneficial.

An underweight position in the U.S. Information Technology sector was a negative for relative performance. Below-benchmark exposure to Apple Inc. and no exposure to Facebook weighed on the Fund's performance. In the U.S. Industrials sector, an overweight position in Fluor and Rockwell Automation held back performance. The Consumer Discretionary sector in both the U.S. and Canada had a negative impact on relative returns.

Portfolio turnover was high for the Fund as the portfolio manager attempted to generate better returns through active fund management.

Recent Developments

Recent Canadian economic data has been mixed, with the impact of falling crude-oil prices somewhat muted by a substantially weaker Canadian dollar. Meanwhile, the U.S. economy is strengthening. Oil prices are difficult to forecast in the short run, but it now appears that prices will be lower on average and more volatile than in the recent past. In the view of the portfolio manager, a weaker Canadian dollar, coupled with the stronger U.S. economy, suggests the potential for improving manufacturing exports. However, falling energy prices and a fully valued housing market are likely to remain headwinds for the Canadian economy. While the Bank of Canada cut interest rates in early 2015, many investors expect the U.S. Federal Reserve to raise the fed-funds rate as early as the middle of this year amid a strengthening economy and signs of accelerating wages. Emerging-market economies are stabilizing, but Chinese economic growth has been slightly disappointing, and consumer confidence is declining across much of Asia.

Effective August 11, 2014, Advisor T5 Series, Series T5, Series H, Series FT5 and Series I units of the Fund were launched.



Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$294,000 (2013 – \$293,000) or 7% (2013 – 8%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	19.40	0.44	(0.43)	1.24	1.22	2.47	–	–	(0.95)	–	(0.95)	20.94
Dec. 31, 2013	16.63	0.37	(0.39)	1.53	2.39	3.90	–	–	(1.07)	–	(1.07)	19.39
Dec. 31, 2012	15.43	0.42	(0.34)	0.87	0.86	1.81	–	(0.01)	(0.61)	–	(0.62)	16.63
Dec. 31, 2011	16.23	0.32	(0.32)	0.01	(0.82)	(0.81)	–	–	(0.21)	–	(0.21)	15.43
Dec. 31, 2010	15.17	0.36	(0.32)	1.61	0.83	2.48	–	–	(1.26)	–	(1.26)	16.23
Advisor Series												
Dec. 31, 2014	19.76	0.45	(0.44)	1.27	1.25	2.53	–	–	(0.95)	–	(0.95)	21.35
Dec. 31, 2013	16.92	0.37	(0.39)	1.56	2.43	3.97	–	–	(1.08)	–	(1.08)	19.75
Dec. 31, 2012	15.68	0.43	(0.34)	0.88	0.87	1.84	–	(0.01)	(0.61)	–	(0.62)	16.92
Dec. 31, 2011	16.50	0.32	(0.32)	0.01	(0.83)	(0.82)	–	–	(0.21)	–	(0.21)	15.68
Dec. 31, 2010	15.39	0.34	(0.32)	1.54	0.79	2.35	–	–	(1.27)	–	(1.27)	16.50
Advisor T5 Series												
Dec. 31, 2014³	21.35[†]	0.45	(0.44)	1.27	1.25	2.53	–	–	(1.12)	–	(1.12)	21.18
Series T5												
Dec. 31, 2014³	21.35[†]	0.16	(0.18)	0.46	0.45	0.89	–	–	(1.11)	–	(1.11)	21.19
Series H												
Dec. 31, 2014³	21.35[†]	0.16	(0.17)	0.46	0.45	0.90	–	–	(0.95)	–	(0.95)	21.36
Series D												
Dec. 31, 2014	20.45	0.47	(0.26)	1.32	1.30	2.83	–	–	(1.00)	–	(1.00)	22.28
Dec. 31, 2013	17.35	0.38	(0.24)	1.60	2.50	4.24	–	–	(1.10)	–	(1.10)	20.44
Dec. 31, 2012	16.06	0.44	(0.21)	0.91	0.90	2.04	–	(0.14)	(0.62)	–	(0.76)	17.35
Dec. 31, 2011	16.74	0.33	(0.19)	0.01	(0.85)	(0.70)	–	–	(0.21)	–	(0.21)	16.06
Dec. 31, 2010	15.50	0.36	(0.19)	1.65	0.84	2.66	–	–	(1.29)	–	(1.29)	16.74
Series F												
Dec. 31, 2014	21.99	0.50	(0.22)	1.42	1.39	3.09	–	–	(1.08)	–	(1.08)	24.02
Dec. 31, 2013	18.63	0.41	(0.20)	1.72	2.68	4.61	–	–	(1.20)	–	(1.20)	21.98
Dec. 31, 2012	17.23	0.47	(0.17)	0.97	0.96	2.23	–	(0.19)	(0.67)	–	(0.86)	18.63
Dec. 31, 2011	17.92	0.35	(0.16)	0.01	(0.90)	(0.70)	–	–	(0.22)	–	(0.22)	17.23
Dec. 31, 2010	16.54	0.39	(0.16)	1.75	0.90	2.88	–	–	(1.37)	–	(1.37)	17.92
Series FT5												
Dec. 31, 2014³	23.92[†]	0.18	(0.09)	0.51	0.50	1.10	–	(0.08)	(1.10)	–	(1.18)	23.92
Series I												
Dec. 31, 2014³	23.92[†]	0.18	(0.08)	0.52	0.51	1.13	–	–	(0.98)	–	(0.98)	24.14



FINANCIAL HIGHLIGHTS (cont.)

Change in Net Assets Per Unit (\$) (cont.)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series O												
Dec. 31, 2014	20.21	0.46	–	1.31	1.28	3.05	–	–	(1.00)	–	(1.00)	22.28
Dec. 31, 2013	16.98	0.37	–	1.54	2.41	4.32	–	–	(1.12)	–	(1.12)	20.20
Dec. 31, 2012	15.57	0.47	–	0.84	0.83	2.14	–	(0.17)	(0.62)	–	(0.79)	16.98
Dec. 31, 2011 ⁴	16.61 [†]	0.14	–	–	(0.36)	(0.22)	–	–	(0.22)	–	(0.22)	15.57

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From August 11, 2014.

⁴ From July 11, 2011.

[†] Initial offering net asset value per unit.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	20.94	1 422 902	67 956	2.10	2.10	129.63	0.22
Dec. 31, 2013	19.40	973 884	50 213	2.11	2.11	169.00	0.34
Dec. 31, 2012	16.64	446 983	26 859	2.10	2.10	224.54	0.49
Dec. 31, 2011	15.45	305 919	19 802	2.09	2.09	283.38	0.61
Dec. 31, 2010	16.25	233 557	14 373	2.05	2.05	216.77	0.48
Advisor Series							
Dec. 31, 2014	21.35	466 748	21 857	2.06	2.06	129.63	0.22
Dec. 31, 2013	19.76	348 505	17 640	2.08	2.08	169.00	0.34
Dec. 31, 2012	16.94	155 592	9 186	2.06	2.06	224.54	0.49
Dec. 31, 2011	15.71	85 657	5 453	2.07	2.07	283.38	0.61
Dec. 31, 2010	16.52	54 274	3 286	2.03	2.03	216.77	0.48
Advisor T5 Series							
Dec. 31, 2014⁴	21.18	162	8	2.09	2.09	129.63	0.22
Series T5							
Dec. 31, 2014⁴	21.19	124	6	2.09	2.09	129.63	0.22
Series H							
Dec. 31, 2014⁴	21.36	13 111	614	1.98	1.98	129.63	0.22
Series D							
Dec. 31, 2014	22.28	73 952	3 319	1.20	1.20	129.63	0.22
Dec. 31, 2013	20.45	53 844	2 633	1.21	1.21	169.00	0.34
Dec. 31, 2012	17.37	22 023	1 268	1.21	1.21	224.54	0.49
Dec. 31, 2011	16.08	14 109	877	1.21	1.21	283.38	0.61
Dec. 31, 2010	16.76	9 425	562	1.19	1.19	216.77	0.48
Series F							
Dec. 31, 2014	24.02	122 563	5 103	0.95	0.95	129.63	0.22
Dec. 31, 2013	21.99	77 665	3 532	0.95	0.95	169.00	0.34
Dec. 31, 2012	18.65	30 763	1 650	0.95	0.95	224.54	0.49
Dec. 31, 2011	17.26	18 672	1 082	0.95	0.95	283.38	0.61
Dec. 31, 2010	17.94	11 329	632	0.93	0.93	216.77	0.48



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data (cont.)

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series FT5							
Dec. 31, 2014⁴	23.92	91	4	0.96	0.96	129.63	0.22
Series I							
Dec. 31, 2014⁴	24.14	3 777	156	0.79	0.79	129.63	0.22
Series O							
Dec. 31, 2014	22.28	202 087	9 070	0.02	0.02	129.63	0.22
Dec. 31, 2013	20.21	119 520	5 914	0.02	0.02	169.00	0.34
Dec. 31, 2012	17.00	31 569	1 857	0.02	0.02	224.54	0.49
Dec. 31, 2011 ⁵	15.59	—	—	0.02	0.02	283.38	0.61

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From August 11, 2014.

⁵ From July 11, 2011.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.75%	66%	34%
Advisor Series	1.75%	66%	34%
Advisor T5 Series	1.75%	66%	34%
Series T5	1.75%	66%	34%
Series H	1.65%	70%	30%
Series D	1.00%	25%	75%
Series F	0.75%	—	100%
Series FT5	0.75%	—	100%
Series I	0.60%	—	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

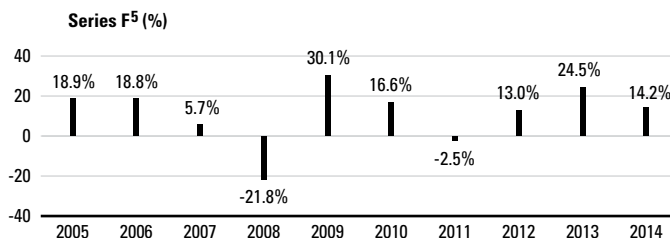
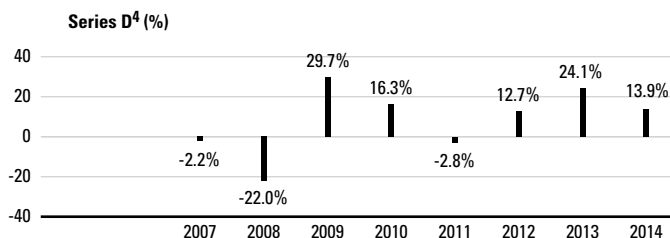
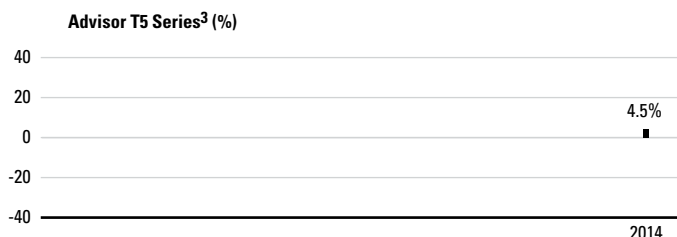
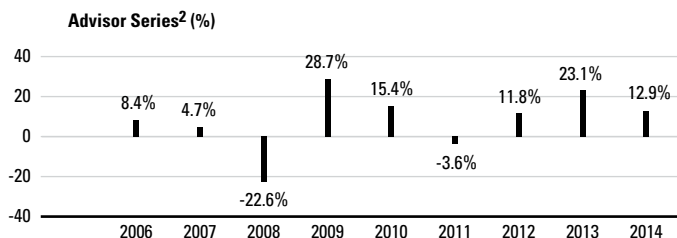
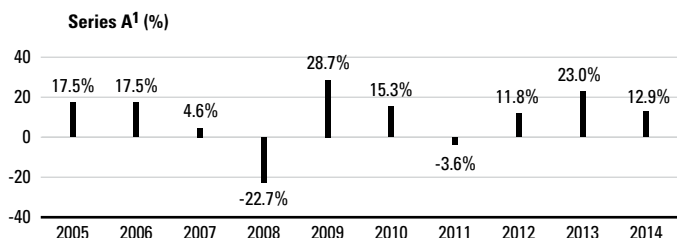


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

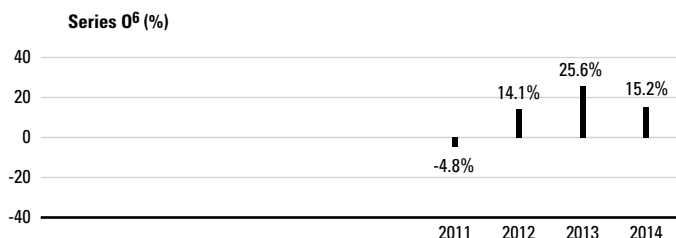
Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

Benchmark 1 – S&P 500 Total Return Index (CAD)

Benchmark 2 – S&P/TSX Capped Composite Total Return Index

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	12.9	15.8	11.5	9.5	–
Benchmark 1	24.3	25.8	17.8	7.3	–
Benchmark 2	10.6	10.2	7.5	7.6	–
Advisor Series ²	12.9	15.8	11.6	–	8.3
Benchmark 1	24.3	25.8	17.8	–	8.6
Benchmark 2	10.6	10.2	7.5	–	5.3
Advisor T5 Series ³	–	–	–	–	4.5
Benchmark 1	–	–	–	–	10.6
Benchmark 2	–	–	–	–	-5.4
Series T5 ³	–	–	–	–	4.5
Benchmark 1	–	–	–	–	10.6
Benchmark 2	–	–	–	–	-5.4
Series H ³	–	–	–	–	4.5
Benchmark 1	–	–	–	–	10.6
Benchmark 2	–	–	–	–	-5.4
Series D ⁴	13.9	16.8	12.5	–	8.0
Benchmark 1	24.3	25.8	17.8	–	8.4
Benchmark 2	10.6	10.2	7.5	–	3.7
Series F ⁵	14.2	17.1	12.8	10.7	–
Benchmark 1	24.3	25.8	17.8	7.3	–
Benchmark 2	10.6	10.2	7.5	7.6	–
Series FT5 ³	–	–	–	–	5.0
Benchmark 1	–	–	–	–	10.6
Benchmark 2	–	–	–	–	-5.4
Series I ³	–	–	–	–	5.0
Benchmark 1	–	–	–	–	10.6
Benchmark 2	–	–	–	–	-5.4
Series O ⁶	15.2	18.2	–	–	13.9
Benchmark 1	24.3	25.8	–	–	24.0
Benchmark 2	10.6	10.2	–	–	6.8

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark indexes.

¹ Inception date April 20, 1998.
² Inception date August 28, 2006.
³ Inception date August 11, 2014.
⁴ Inception date July 3, 2007.
⁵ Inception date August 13, 2001.
⁶ Inception date July 11, 2011.

INDEX DESCRIPTIONS

S&P 500 Total Return Index (CAD) This index is a capitalization-weighted index measuring the Canadian dollar performance of 500 widely held common stocks representing all major industries in the United States. The index gives investors a broad measure of the overall performance of the U.S. stock market.

S&P/TSX Capped Composite Total Return Index This index is the amended capitalization-weighted index measuring the performance of selected securities listed on the Toronto Stock Exchange, with no individual stock exceeding 10% of the overall weight.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix – Sectors

	% of Net Asset Value
Financials	27.1
Energy	14.1
Health Care	10.9
Industrials	9.0
Consumer Discretionary	7.5
Consumer Staples	7.5
Information Technology	7.0
Materials	4.8
Other Sectors	3.5
Cash/Other	8.6

Investment Mix – Countries/Regions

	% of Net Asset Value
Canada	47.1
United States	44.2
Cash/Other	8.7

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	9.2
Royal Bank of Canada	2.8
Brookfield Asset Management Inc., Class A	2.6
Bank of Nova Scotia	2.3
Toronto-Dominion Bank	1.8
Canadian Natural Resources Ltd.	1.7
Suncor Energy Inc.	1.6
Enbridge Inc.	1.6
Canadian National Railway Co.	1.5
Berkshire Hathaway Inc., Class B	1.4
Manulife Financial Corporation	1.4
Microsoft Corp.	1.3
TransCanada Corp.	1.3
Apple Inc.	1.2
Husky Energy Inc.	1.2
Bank of America Corp.	1.1
Brookfield Residential Properties Inc.	1.1
Imperial Oil Ltd.	1.0
Loblaw Companies Ltd.	1.0
Canadian Pacific Railway Ltd.	1.0
TELUS Corp.	1.0
Brookfield Property Partners LP	1.0
Abbott Laboratories	1.0
Potash Corporation of Saskatchewan Inc.	1.0
Canadian Imperial Bank of Commerce	0.9
Top 25 Holdings	43.0

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



NORTH AMERICAN EQUITY FUND

RBC NORTH AMERICAN GROWTH FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term capital growth by investing in equity securities of Canadian and U.S. companies that offer above-average prospects for growth.

To achieve its goal, the Fund searches for companies with a history of sales and earnings growth and prospects for continued expansion. The Fund may invest in equities of large, medium and small companies, and may also invest in income-trust units.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$558 million as of December 31, 2014, from \$547 million at the end of 2013. Of the change, \$54 million was due to investment returns, offset by \$43 million of net redemptions.

Over the past year, the Fund's Series A units rose 10.1%, which underperformed both the 24.3% rise in the S&P 500 Total Return Index and the 10.6% rise in the S&P/TSX Capped Composite Total Return Index. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

Equity markets in the developed world climbed in 2014, with the U.S. and Asia excluding Japan leading the way. The Canadian stock benchmark, the S&P/TSX Composite Index, outperformed most global markets in the first half of the year, but performed worse than most in the latter half after oil prices plunged. Base and precious metals fell modestly, but it was the approximately 50% drop in the oil price from the June high that had the most negative impact on Canadian equities.

Concerns about the end of extraordinary economic stimulus, known as quantitative easing, by the U.S. Federal Reserve was the driver of the heightened volatility later in 2014. Some equity-market investors focused on slowing global growth outside of the U.S. and financial concerns caused by the slump in oil prices. While the decline in oil prices benefits consumers, it is raising concerns about the ability of some North American energy producers to service debt taken on when oil prices were much higher.

The Fund held a modest overweight position in Canadian equities versus the U.S. in 2014, which negatively affected performance. U.S. security selection also had a relative negative impact on returns.

Stock selection in Canada performed in line with the S&P/TSX Composite. The best relative-performing sectors were Financials and Energy, while Information Technology and Consumer Staples lagged. Stocks that contributed positively to performance included Altus Group, Amaya and Magna International. Positions in Bellatrix Exploration, Canexus and Trinidad Drilling negatively affected Fund returns.

Stock selection in the U.S. underperformed the S&P 500. The best-performing sectors were Energy and Telecommunication Services, while Financials and Health Care lagged. Stocks that contributed positively to performance included Halliburton, L Brands and NXP Semiconductor. Intel, Lowe's and Prudential Financial negatively affected returns.

The currency's decline during the first half of 2014 was due in part to the decreasing likelihood that the Bank of Canada would raise benchmark interest rates as the Canadian economy slowed. In the second half of the year, the drop in energy prices was another negative for Canada's oil-reliant economy. The presence of U.S. stocks in the portfolio had a positive impact on the Fund's overall performance. However, the currency effect was negative in relative terms because of the Fund's modest underweight position in U.S. equities.

As of December 31, 2014, 51.2% of the Fund was invested in Canadian equities, and 46.2% in U.S. equities. The rest was held in cash.

Portfolio turnover is high for the Fund as the portfolio manager attempts to generate better returns through active fund management.

Recent Developments

In the U.S., a durable/low-inflation expansion rolls on. Recovering real estate and capital markets and firming job creation have restored confidence, bolstering consumption. Low rates have increased flexibility for households, and corporate balance sheets are strong.

In emerging markets, slower global growth and domestic structural constraints have reduced sustainable growth rates, but they are supported by significant monetary and regulatory relief in China. Europe is struggling as a too-strong currency, too-timid monetary stimulus, too-low inflation rate and economic ties to Russia are operating as economic headwinds. The threat of a fall back into recession, though, appears contained in the view of the portfolio manager as the European Central Bank contemplates more aggressive monetary policy.



In the view of the portfolio manager, the outlook for economic growth and corporate profits continues to favour stocks. Even in a sluggish growth environment, corporate profits and profit margins are solid and surprising still-cautious analysts, providing fuel for further gains. However, as the bull market moves into its sixth year, valuations are becoming less attractive, especially in the U.S. Higher valuations and other factors indicate the likelihood of more market swings such as those that occurred in 2014's second half.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$53,000 (2013 – \$63,000) or 7% (2013 – 8%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	28.07	0.96	(0.62)	2.51	0.02	2.87	–	(0.30)	(0.40)	–	(0.70)	30.22
Dec. 31, 2013	23.46	1.05	(0.54)	2.72	1.88	5.11	–	(0.53)	–	–	(0.53)	28.06
Dec. 31, 2012	22.10	0.81	(0.48)	1.34	0.05	1.72	–	(0.34)	–	–	(0.34)	23.46
Dec. 31, 2011	24.05	0.51	(0.46)	0.90	(2.84)	(1.89)	–	–	–	–	–	22.10
Dec. 31, 2010	21.89	0.51	(0.44)	2.93	(1.31)	1.69	–	(0.33)	–	–	(0.33)	24.05
Advisor Series												
Dec. 31, 2014	29.04	1.00	(0.63)	2.60	0.02	2.99	–	(0.29)	(0.40)	–	(0.69)	31.30
Dec. 31, 2013	24.14	1.09	(0.55)	2.81	1.95	5.30	–	(0.40)	–	–	(0.40)	29.03
Dec. 31, 2012	22.68	0.84	(0.49)	1.37	0.06	1.78	–	(0.31)	–	–	(0.31)	24.14
Dec. 31, 2011	24.68	0.53	(0.46)	0.92	(2.92)	(1.93)	–	–	–	–	–	22.68
Dec. 31, 2010	22.46	0.53	(0.44)	3.03	(1.35)	1.77	–	(0.33)	–	–	(0.33)	24.68
Series D												
Dec. 31, 2014	28.59	0.98	(0.37)	2.56	0.02	3.19	–	(0.55)	(0.40)	–	(0.95)	30.81
Dec. 31, 2013	23.85	1.07	(0.32)	2.77	1.92	5.44	–	(0.75)	–	–	(0.75)	28.58
Dec. 31, 2012	22.47	0.83	(0.28)	1.36	0.06	1.97	–	(0.55)	–	–	(0.55)	23.85
Dec. 31, 2011	24.24	0.52	(0.27)	0.91	(2.87)	(1.71)	–	–	–	–	–	22.47
Dec. 31, 2010	21.97	0.51	(0.26)	2.96	(1.32)	1.89	–	(0.44)	–	–	(0.44)	24.24
Series F												
Dec. 31, 2014	30.64	1.06	(0.31)	2.76	0.02	3.53	–	(0.59)	(0.44)	–	(1.03)	33.10
Dec. 31, 2013	25.50	1.15	(0.27)	2.98	2.06	5.92	–	(0.80)	–	–	(0.80)	30.63
Dec. 31, 2012	24.04	0.89	(0.24)	1.46	0.06	2.17	–	(0.68)	–	–	(0.68)	25.50
Dec. 31, 2011	25.87	0.56	(0.22)	0.97	(3.08)	(1.77)	–	–	–	–	–	24.04
Dec. 31, 2010	23.37	0.56	(0.21)	3.21	(1.44)	2.12	–	(0.46)	–	–	(0.46)	25.87
Series O												
Dec. 31, 2014	32.48	1.12	(0.01)	2.93	0.02	4.06	–	(1.01)	(0.46)	–	(1.47)	35.03
Dec. 31, 2013	26.21	1.09	(0.01)	2.83	1.96	5.87	–	(0.15)	–	–	(0.15)	32.47
Dec. 31, 2012	24.61	0.92	(0.01)	1.50	0.06	2.47	–	(0.83)	–	–	(0.83)	26.21
Dec. 31, 2011	26.24	0.57	–	0.99	(3.14)	(1.58)	–	–	–	–	–	24.61
Dec. 31, 2010	23.51	0.45	(0.01)	2.59	(1.16)	1.87	–	(0.48)	–	–	(0.48)	26.24

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	30.22	520 202	17 213	2.09	2.09	182.73	0.14
Dec. 31, 2013	28.07	515 703	18 371	2.09	2.09	134.47	0.16
Dec. 31, 2012	23.48	459 337	19 562	2.08	2.08	137.82	0.14
Dec. 31, 2011	22.12	476 390	21 533	2.07	2.07	116.41	0.15
Dec. 31, 2010	24.07	579 818	24 087	2.04	2.04	114.12	0.18
Advisor Series							
Dec. 31, 2014	31.30	2 921	93	2.05	2.05	182.73	0.14
Dec. 31, 2013	29.04	2 216	76	2.08	2.08	134.47	0.16
Dec. 31, 2012	24.16	1 161	48	2.05	2.05	137.82	0.14
Dec. 31, 2011	22.71	968	43	2.05	2.05	116.41	0.15
Dec. 31, 2010	24.70	956	39	2.00	2.00	114.12	0.18
Series D							
Dec. 31, 2014	30.81	29 434	955	1.21	1.21	182.73	0.14
Dec. 31, 2013	28.59	25 417	889	1.21	1.21	134.47	0.16
Dec. 31, 2012	23.88	20 865	874	1.21	1.21	137.82	0.14
Dec. 31, 2011	22.50	20 727	921	1.19	1.19	116.41	0.15
Dec. 31, 2010	24.26	25 498	1 051	1.18	1.18	114.12	0.18
Series F							
Dec. 31, 2014	33.10	3 207	97	0.95	0.95	182.73	0.14
Dec. 31, 2013	30.64	2 255	74	0.94	0.94	134.47	0.16
Dec. 31, 2012	25.52	1 538	60	0.95	0.95	137.82	0.14
Dec. 31, 2011	24.07	1 492	62	0.93	0.93	116.41	0.15
Dec. 31, 2010	25.89	1 229	47	0.92	0.92	114.12	0.18
Series O							
Dec. 31, 2014	35.03	2 352	67	0.02	0.02	182.73	0.14
Dec. 31, 2013	32.48	1 736	53	0.02	0.02	134.47	0.16
Dec. 31, 2012	26.24	49 269	1 878	0.02	0.02	137.82	0.14
Dec. 31, 2011	24.64	40 882	1 659	0.02	0.02	116.41	0.15
Dec. 31, 2010	26.26	34 939	1 330	0.02	0.02	114.12	0.18

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.75%	66%	34%
Advisor Series	1.75%	66%	34%
Series D	1.00%	25%	75%
Series F	0.75%	—	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

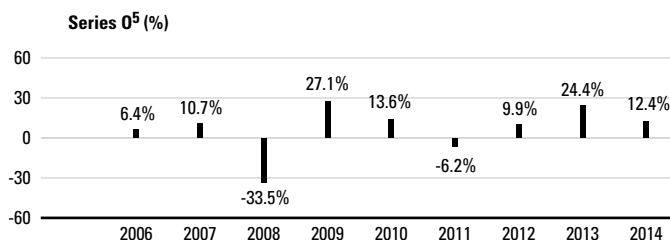
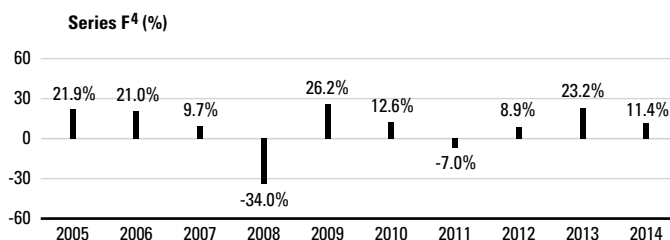
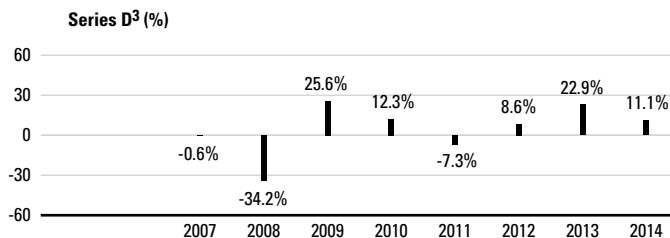
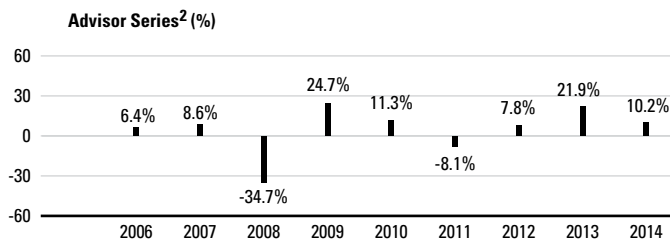
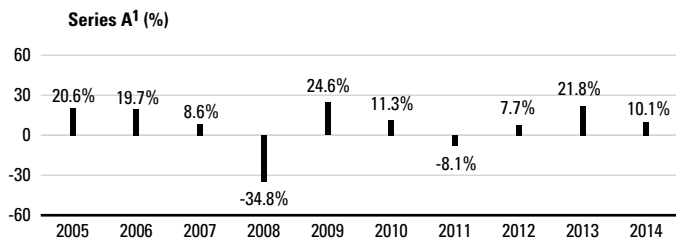
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

Benchmark 1 – S&P 500 Total Return Index (CAD)

Benchmark 2 – S&P/TSX Capped Composite Total Return Index

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	10.1	13.0	8.1	6.5	–
Benchmark 1	24.3	25.8	17.8	7.3	–
Benchmark 2	10.6	10.2	7.5	7.6	–
Advisor Series ²	10.2	13.1	8.2	–	4.0
Benchmark 1	24.3	25.8	17.8	–	8.6
Benchmark 2	10.6	10.2	7.5	–	5.3
Series D ³	11.1	14.0	9.1	–	3.2
Benchmark 1	24.3	25.8	17.8	–	8.4
Benchmark 2	10.6	10.2	7.5	–	3.7
Series F ⁴	11.4	14.3	9.4	7.7	–
Benchmark 1	24.3	25.8	17.8	7.3	–
Benchmark 2	10.6	10.2	7.5	7.6	–
Series O ⁵	12.4	15.4	10.4	–	6.0
Benchmark 1	24.3	25.8	17.8	–	8.2
Benchmark 2	10.6	10.2	7.5	–	5.7

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark indexes.

¹ Inception date January 11, 1993.

² Inception date August 28, 2006.

³ Inception date July 3, 2007.

⁴ Inception date August 13, 2001.

⁵ Inception date September 5, 2006.

This is a continuing fund resulting from the merger of certain RBC Funds on June 28, 2002.

INDEX DESCRIPTIONS

S&P 500 Total Return Index (CAD) This index is a capitalization-weighted index measuring the Canadian dollar performance of 500 widely held common stocks representing all major industries in the United States. The index gives investors a broad measure of the overall performance of the U.S. stock market.

S&P/TSX Capped Composite Total Return Index This index is the amended capitalization-weighted index measuring the performance of selected securities listed on the Toronto Stock Exchange, with no individual stock exceeding 10% of the overall weight.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix – Sectors

	% of Net Asset Value
Financials	26.4
Energy	13.9
Information Technology	12.0
Health Care	8.9
Industrials	7.8
Consumer Discretionary	6.3
Materials	6.2
Consumer Staples	5.8
Other Sectors	4.2
Cash/Other	8.5

Investment Mix – Countries/Regions

	% of Net Asset Value
Canada	51.2
United States	46.2
Cash/Other	2.6

Top 25 Holdings

	% of Net Asset Value
Royal Bank of Canada	4.0
Toronto-Dominion Bank	3.6
Cash & Cash Equivalents	2.7
Bank of Nova Scotia	2.6
Canadian National Railway Co.	2.4
Suncor Energy Inc.	1.9
Apple Inc.	1.8
Bank of Montreal	1.8
Valeant Pharmaceuticals International Inc.	1.8
Microsoft Corp.	1.7
Canadian Imperial Bank of Commerce	1.6
Canadian Natural Resources Ltd.	1.6
Enbridge Inc.	1.5
TransCanada Corp.	1.4
Manulife Financial Corporation	1.4
Magna International Inc., Class A	1.3
Power Corporation of Canada	1.3
Brookfield Asset Management Inc., Class A	1.2
BCE Inc.	1.1
Northrop Grumman Corp.	1.0
TELUS Corp.	1.0
Potash Corporation of Saskatchewan Inc.	1.0
CVS Health Corp.	0.9
Procter & Gamble Co.	0.8
Morgan Stanley	0.8
Top 25 Holdings	42.2

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



U.S. EQUITY FUND

RBC U.S. DIVIDEND FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund invests primarily in common and preferred shares of major U.S. companies with above-average dividend yields in order to provide targeted exposure to opportunities in U.S. equity markets. Stocks that qualify as investments will generally carry above-average dividend yields and offer the potential for increased payouts.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$1.1 billion as of December 31, 2014, from \$693 million at the end of 2013. Of the change, \$222 million was due to net inflows and \$172 million to investment returns.

Over the past year, the Fund's Series A units gained 20.0%, which underperformed the 24.3% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The S&P 500 advanced during 2014, driven by improvement in the outlook for U.S. housing and employment, decent earnings given the muted growth environment, substantial improvement in the U.S. fiscal deficit, low reported inflation, and extremely accommodative global monetary policies. The U.S. Federal Reserve's loose approach to monetary policy reduced interest rates, made returns on cash deposits highly unattractive and lowered the odds that a number of dire "end game" scenarios might take place.

Performance was hurt by the Fund's position in the Financials sector, where rising legal and regulatory costs, weak trading results and lower net interest income hurt financial results, particularly at JPMorgan. The Fund's overweight position in Pfizer also hurt performance as the pharmaceuticals company's failed attempt to acquire European rival AstraZeneca hurt valuations. Poor stock selection in the Consumer Staples sector hurt performance as tobacco-maker Philip Morris International posted sales-volume drops and a widespread decline in currencies against the U.S. dollar negatively affected revenue. The Fund's position in commodity chemical producer LyondellBasell held back performance as its share price was dragged down by the collapse in energy prices.

The Information Technology, Consumer Staples and Industrials sectors were the best-performing sectors in the Fund in 2014, with notable help from the Health Care sector. Underweight positions in the Telecommunication Services, Consumer Discretionary and Energy sectors aided returns. Strong stock selection in the Consumer Staples, Industrials and Information Technology sectors also contributed to returns. In technology, Apple, Microsoft and Intel were standouts as new product cycles, attractive valuations, and commitments to share buybacks and dividend increases pushed the stocks higher. Union Pacific, a railroad company, was a leader in the Industrials sector as rising shipment volumes and cost controls led to surging profits.

Portfolio turnover is normally high for this Fund, as the portfolio manager attempts to generate better returns through active sector and stock selection.

Recent Developments

In the portfolio manager's opinion, the big run in the stock market since the beginning of 2013 suggests that much of this improvement in the economy is already reflected in equity valuations. The S&P 500 currently trades slightly above its historical average valuation but remains attractive based on free-cash-flow and earnings yields relative to bond yields. The key assumption for stocks remaining attractive is that the U.S. stays out of recession next year. As a result, the portfolio manager plans to position the portfolio for modest domestic growth, with revenue growth in the mid-single-digit range and earnings growth in the high single digits. In the view of the portfolio manager, investors can reasonably expect a mid- to high-single-digit total return from the S&P 500 over the next year, assuming that corporations remain aggressive buyers of their own stock and continue to raise dividends.

Effective August 11, 2014, Advisor T5 Series and Series FT5 units of the Fund were launched.

Effective June 27, 2014, the RBC DS U.S. Focus Fund merged into the Fund, and unitholders of the RBC DS U.S. Focus Fund received units of the Fund on a dollar-for-dollar, tax-deferred basis.



Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

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

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$127,000 (2013 – \$140,000) or 6% (2013 – 9%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	20.24	0.49	(0.44)	2.86	1.13	4.04	–	(0.02)	(2.44)	–	(2.46)	21.63
Dec. 31, 2013	15.70	0.48	(0.38)	2.14	3.01	5.25	–	(0.08)	(0.55)	–	(0.63)	20.24
Dec. 31, 2012	14.58	0.47	(0.32)	0.87	0.01	1.03	–	(0.10)	–	–	(0.10)	15.70
Dec. 31, 2011	14.62	0.30	(0.29)	0.31	(0.39)	(0.07)	–	–	–	–	–	14.58
Dec. 31, 2010	13.56	0.26	(0.27)	0.39	0.63	1.01	–	(0.01)	–	–	(0.01)	14.62
Advisor Series												
Dec. 31, 2014	20.26	0.48	(0.43)	2.82	1.11	3.98	–	(0.03)	(2.44)	–	(2.47)	21.64
Dec. 31, 2013	15.71	0.48	(0.37)	2.14	3.01	5.26	–	(0.08)	(0.55)	–	(0.63)	20.26
Dec. 31, 2012	14.57	0.45	(0.32)	0.85	0.01	0.99	–	(0.09)	–	–	(0.09)	15.71
Dec. 31, 2011	14.60	0.30	(0.28)	0.31	(0.39)	(0.06)	–	–	–	–	–	14.57
Dec. 31, 2010	13.54	0.26	(0.26)	0.39	0.63	1.02	–	(0.01)	–	–	(0.01)	14.60
Advisor T5 Series												
Dec. 31, 2014³	19.89[†]	0.48	(0.43)	2.82	1.11	3.98	–	–	(1.33)	–	(1.33)	21.35
Series T5												
Dec. 31, 2014	19.75	0.47	(0.42)	2.76	1.09	3.90	–	(0.03)	(2.04)	–	(2.07)	21.41
Dec. 31, 2013	15.57	0.44	(0.36)	1.97	2.77	4.82	–	(0.08)	(0.79)	–	(0.87)	19.75
Dec. 31, 2012 ⁴	15.94 [†]	0.09	(0.09)	0.17	–	0.17	–	(0.03)	–	(0.17)	(0.20)	15.57
Series T8												
Dec. 31, 2014	10.02	0.23	(0.21)	1.38	0.54	1.94	–	(0.02)	(0.93)	(0.17)	(1.12)	10.77
Dec. 31, 2013	8.09	0.24	(0.18)	1.07	1.51	2.64	–	(0.05)	(0.27)	(0.33)	(0.65)	10.02
Dec. 31, 2012	8.06	0.25	(0.17)	0.46	0.01	0.55	–	(0.06)	–	(0.58)	(0.64)	8.09
Dec. 31, 2011	8.79	0.17	(0.16)	0.18	(0.23)	(0.04)	–	–	–	(0.70)	(0.70)	8.06
Dec. 31, 2010	8.86	0.16	(0.17)	0.24	0.39	0.62	–	–	–	(0.72)	(0.72)	8.79
Series H												
Dec. 31, 2014	20.28	0.47	(0.42)	2.78	1.10	3.93	–	(0.03)	(2.47)	–	(2.50)	21.65
Dec. 31, 2013 ⁵	18.33 [†]	0.16	(0.15)	0.71	0.99	1.71	–	(0.04)	(0.55)	–	(0.59)	20.28
Series D												
Dec. 31, 2014	20.73	0.50	(0.26)	2.93	1.15	4.32	–	(0.20)	(2.51)	–	(2.71)	22.15
Dec. 31, 2013	16.05	0.49	(0.23)	2.18	3.07	5.51	–	(0.23)	(0.55)	–	(0.78)	20.73
Dec. 31, 2012	14.87	0.46	(0.19)	0.87	0.01	1.15	–	(0.21)	–	–	(0.21)	16.05
Dec. 31, 2011	14.79	0.30	(0.17)	0.31	(0.40)	0.04	–	–	–	–	–	14.87
Dec. 31, 2010	13.63	0.26	(0.16)	0.39	0.63	1.12	–	(0.03)	–	–	(0.03)	14.79



FINANCIAL HIGHLIGHTS (cont.)

Change in Net Assets Per Unit (\$) (cont.)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series F												
Dec. 31, 2014	22.17	0.53	(0.21)	3.09	1.22	4.63	–	(0.27)	(2.69)	–	(2.96)	23.68
Dec. 31, 2013	17.15	0.52	(0.19)	2.30	3.24	5.87	–	(0.29)	(0.58)	–	(0.87)	22.16
Dec. 31, 2012	15.87	0.48	(0.16)	0.90	0.01	1.23	–	(0.25)	–	–	(0.25)	17.15
Dec. 31, 2011	15.74	0.32	(0.14)	0.33	(0.42)	0.09	–	–	–	–	–	15.87
Dec. 31, 2010	14.48	0.27	(0.13)	0.41	0.67	1.22	–	(0.05)	–	–	(0.05)	15.74
Series FT5												
Dec. 31, 2014³	21.79[†]	0.18	(0.10)	1.05	0.41	1.54	–	(0.03)	(1.48)	–	(1.51)	23.43
Series I												
Dec. 31, 2014	22.31	0.51	(0.17)	3.01	1.19	4.54	–	(0.32)	(2.69)	–	(3.01)	23.84
Dec. 31, 2013 ⁵	20.07 [†]	0.17	(0.07)	0.76	1.07	1.93	–	(0.07)	(0.58)	–	(0.65)	22.30
Series O												
Dec. 31, 2014	21.78	0.52	(0.01)	3.07	1.21	4.79	–	(0.47)	(2.69)	–	(3.16)	23.23
Dec. 31, 2013	16.82	0.50	–	2.23	3.14	5.87	–	(0.43)	(0.57)	–	(1.00)	21.78
Dec. 31, 2012	15.50	0.43	–	0.80	0.01	1.24	–	(0.32)	–	–	(0.32)	16.82
Dec. 31, 2011	15.23	0.31	–	0.32	(0.41)	0.22	–	–	–	–	–	15.50
Dec. 31, 2010	13.91	0.26	–	0.40	0.65	1.31	–	(0.08)	–	–	(0.08)	15.23

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From August 11, 2014.

⁴ From September 24, 2012.

⁵ From August 12, 2013.

[†] Initial offering net asset value per unit.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	21.63	527 594	24 397	2.08	2.08	299.68	0.24
Dec. 31, 2013	20.24	369 340	18 244	2.09	2.09	272.14	0.32
Dec. 31, 2012	15.70	172 425	10 981	2.09	2.09	229.79	0.22
Dec. 31, 2011	14.58	100 160	6 868	2.09	2.09	390.52	0.55
Dec. 31, 2010	14.62	102 172	6 987	2.04	2.04	302.67	0.48
Advisor Series							
Dec. 31, 2014	21.64	243 718	11 263	2.05	2.05	299.68	0.24
Dec. 31, 2013	20.26	137 259	6 774	2.05	2.05	272.14	0.32
Dec. 31, 2012	15.71	63 797	4 060	2.03	2.03	229.79	0.22
Dec. 31, 2011	14.58	23 232	1 594	2.04	2.04	390.52	0.55
Dec. 31, 2010	14.61	27 809	1 904	1.99	1.99	302.67	0.48
Advisor T5 Series							
Dec. 31, 2014⁴	21.35	121	6	2.09	2.09	299.68	0.24
Series T5							
Dec. 31, 2014	21.41	2 999	140	2.05	2.05	299.68	0.24
Dec. 31, 2013	19.75	1 805	91	2.02	2.02	272.14	0.32
Dec. 31, 2012 ⁵	15.58	286	18	2.09	2.09	229.79	0.22



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data (cont.)

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series T8							
Dec. 31, 2014	10.77	5 838	542	2.05	2.05	299.68	0.24
Dec. 31, 2013	10.02	3 391	338	2.03	2.03	272.14	0.32
Dec. 31, 2012	8.09	2 030	251	2.02	2.02	229.79	0.22
Dec. 31, 2011	8.06	1 337	166	2.03	2.03	390.52	0.55
Dec. 31, 2010	8.79	1 558	177	2.00	2.00	302.67	0.48
Series H							
Dec. 31, 2014	21.65	4 156	192	1.98	1.98	299.68	0.24
Dec. 31, 2013 ⁶	20.28	246	12	1.98	1.98	272.14	0.32
Series D							
Dec. 31, 2014	22.15	34 753	1 569	1.19	1.19	299.68	0.24
Dec. 31, 2013	20.73	20 520	990	1.22	1.22	272.14	0.32
Dec. 31, 2012	16.06	8 128	506	1.21	1.21	229.79	0.22
Dec. 31, 2011	14.88	2 935	197	1.21	1.21	390.52	0.55
Dec. 31, 2010	14.79	2 260	153	1.18	1.18	302.67	0.48
Series F							
Dec. 31, 2014	23.68	94 864	4 006	0.94	0.94	299.68	0.24
Dec. 31, 2013	22.17	52 099	2 350	0.95	0.95	272.14	0.32
Dec. 31, 2012	17.16	16 761	977	0.95	0.95	229.79	0.22
Dec. 31, 2011	15.88	4 982	314	0.96	0.96	390.52	0.55
Dec. 31, 2010	15.75	6 495	412	0.92	0.92	302.67	0.48
Series FT5							
Dec. 31, 2014⁴	23.43	22	1	0.89	0.89	299.68	0.24
Series I							
Dec. 31, 2014	23.84	6 248	262	0.74	0.74	299.68	0.24
Dec. 31, 2013 ⁶	22.31	1 001	45	0.79	0.79	272.14	0.32
Series O							
Dec. 31, 2014	23.23	167 808	7 223	0.02	0.02	299.68	0.24
Dec. 31, 2013	21.78	107 685	4 944	0.02	0.02	272.14	0.32
Dec. 31, 2012	16.82	18 892	1 123	0.02	0.02	229.79	0.22
Dec. 31, 2011	15.51	1 002	65	0.03	0.03	390.52	0.55
Dec. 31, 2010	15.23	496	33	0.02	0.02	302.67	0.48

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From August 11, 2014.

⁵ From September 24, 2012.

⁶ From August 12, 2013.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.75%	66%	34%
Advisor Series	1.75%	66%	34%
Advisor T5 Series	1.75%	66%	34%
Series T5	1.75%	66%	34%
Series T8	1.75%	66%	34%
Series H	1.65%	70%	30%
Series D	1.00%	25%	75%
Series F	0.75%	–	100%
Series FT5	0.75%	–	100%
Series I	0.60%	–	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

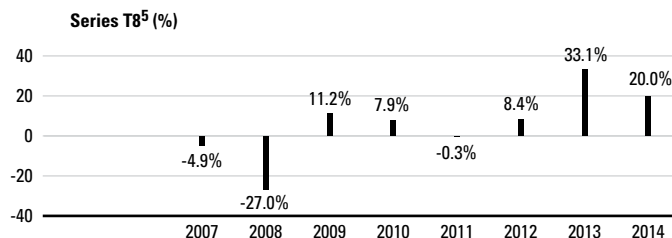
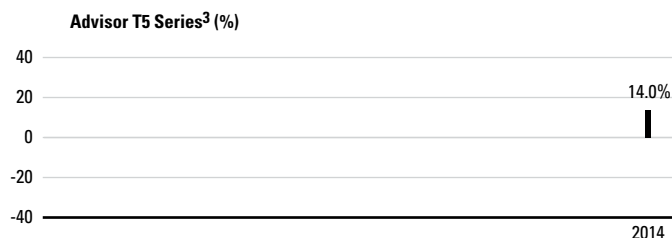
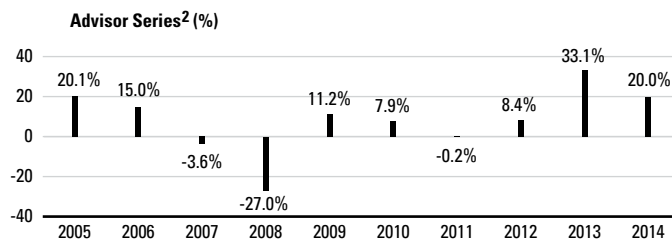
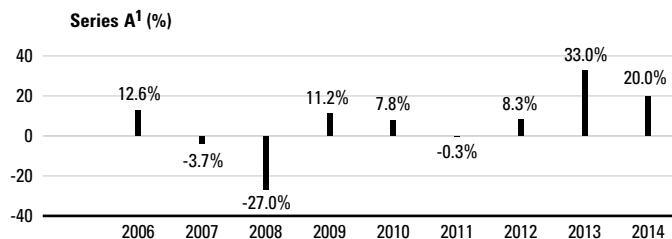
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

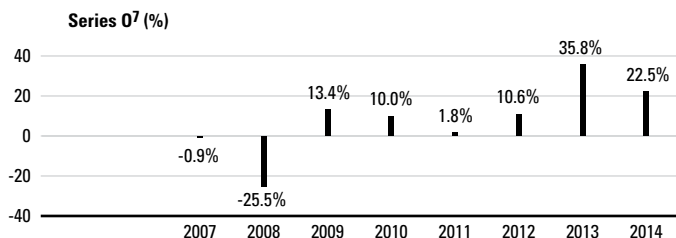
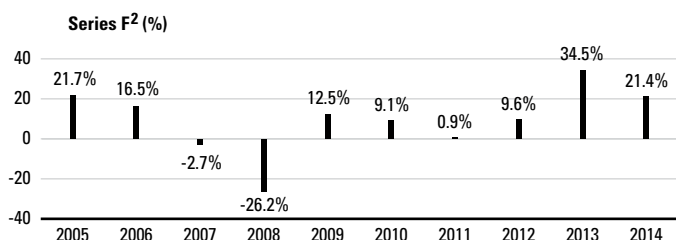
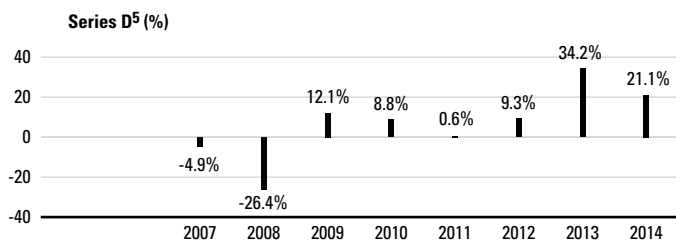
Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

S&P 500 Total Return Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	20.0	20.0	13.2	—	6.0
Benchmark	24.3	25.8	17.8	—	8.5
Advisor Series ²	20.0	20.1	13.3	7.3	—
Benchmark	24.3	25.8	17.8	7.3	—
Advisor T5 Series ³	—	—	—	—	14.0
Benchmark	—	—	—	—	10.6
Series T5 ⁴	20.0	—	—	—	22.4
Benchmark	24.3	—	—	—	28.9
Series T8 ⁵	20.0	20.1	13.3	—	5.0
Benchmark	24.3	25.8	17.8	—	8.4
Series H ⁶	20.1	—	—	—	25.4
Benchmark	24.3	—	—	—	30.8
Series D ⁵	21.1	21.1	14.2	—	5.8
Benchmark	24.3	25.8	17.8	—	8.4
Series F ²	21.4	21.4	14.5	8.5	—
Benchmark	24.3	25.8	17.8	7.3	—
Series FT5 ³	—	—	—	—	14.5
Benchmark	—	—	—	—	10.6
Series I ⁶	21.6	—	—	—	26.9
Benchmark	24.3	—	—	—	30.8
Series O ⁷	22.5	22.5	15.5	—	7.8
Benchmark	24.3	25.8	17.8	—	8.8

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark indexes.

- ¹ Inception date July 4, 2006.
- ² Inception date October 29, 2001.
- ³ Inception date August 11, 2014.
- ⁴ Inception date September 24, 2012.
- ⁵ Inception date July 3, 2007.
- ⁶ Inception date August 12, 2013.
- ⁷ Inception date October 1, 2007.

INDEX DESCRIPTION

S&P 500 Total Return Index (CAD) This index is a capitalization-weighted index measuring the Canadian dollar performance of 500 widely held common stocks representing all major industries in the United States. The index gives investors a broad measure of the overall performance of the U.S. stock market.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Information Technology	16.9
Health Care	15.6
Financials	15.3
Consumer Staples	13.5
Industrials	11.0
Consumer Discretionary	11.0
Energy	8.8
Other Sectors	6.1
Cash/Other	1.8

Top 25 Holdings

	% of Net Asset Value
Apple Inc.	4.8
Microsoft Corp.	3.4
ConocoPhillips	2.9
Pfizer Inc.	2.7
JPMorgan Chase & Co.	2.5
Intel Corp.	2.5
CVS Health Corp.	2.4
Johnson & Johnson	2.4
Cardinal Health Inc.	2.2
Union Pacific Corp.	2.1
Exxon Mobil Corp.	2.0
Wells Fargo & Company	2.0
Medtronic Inc.	2.0
Altria Group Inc.	1.9
Cash & Cash Equivalents	1.9
McDonald's Corp.	1.7
AbbVie Inc.	1.6
Time Warner Inc.	1.6
The Walt Disney Company	1.6
Macy's Inc.	1.5
Reynolds American Inc.	1.5
Procter & Gamble Co.	1.5
Bank of America Corp.	1.5
Rockwell Automation Inc.	1.5
LyondellBasell Industries N.V.	1.5
Top 25 Holdings	53.2

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



U.S. EQUITY FUND

RBC U.S. EQUITY FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

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

The Fund diversifies across industries and selects companies with strong management, focused business models and the potential for growth in earnings and cash flow.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value fell to \$3.7 billion as of December 31, 2014, from \$4.1 billion at the end of 2013. Of the change, \$1.1 billion was due to net redemptions offset by \$667 million of investment returns.

Over the past year, the Fund's Series A units rose 17.0%, which underperformed the 24.3% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The S&P 500 Index rose in 2014 for the sixth straight year as accelerating U.S. economic growth helped boost corporate revenues and earnings. U.S. economic strength gathered momentum over the year, offsetting a sluggish global economy, after a weak start to 2014 due to colder-than-usual weather in the eastern part of the country. The quickening U.S. economy was marked by improved consumer spending and employment growth, which prompted the U.S. Federal Reserve (the "Fed") to conclude its program of extraordinary economic stimulus, known as quantitative easing, and pave the way for higher benchmark interest rates sometime in 2015. The landscape for stocks remained positive in 2014. Inflation stayed low, holding down borrowing costs, and oil prices dropped fast and far, providing a lift to U.S. consumers as the holiday shopping season got underway. In this environment, large-cap stocks outperformed smaller-capitalization issues.

The Fund's underperformance was due to stock selection in the Consumer Discretionary, Health Care and Financials sectors, along with a lack of relative exposure to the Information Technology sector, which performed well. The Fund benefited from below-benchmark exposure to the Energy, Telecommunication Services and Consumer Discretionary sectors, as all three underperformed the broader market.

Holdings in Citigroup, JPMorgan and Exxon had a negative impact on relative performance. Kroger, CVS and Apple Inc. had a positive impact on relative performance.

Portfolio turnover is normally high for this Fund, as the portfolio manager attempts to generate better returns through active sector and stock selection.

Recent Developments

The portfolio manager remains generally optimistic about U.S. equity markets in 2015 in an environment of rising corporate earnings, low inflation and falling commodity prices for the foreseeable future. However, valuations for U.S. companies are near fair value, suggesting more moderate equity returns and greater volatility than in recent years.

In the view of the portfolio manager, the Fed will have to strike a balance between providing sufficient stimulus to keep the market's momentum in place, while at the same time remaining mindful that the U.S. economy will eventually have to expand with less help from monetary policy. The portfolio manager believes that, with stocks near fair value, stock selection will take on more importance for investors.

Effective August 11, 2014, Series H units of the Fund were launched.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.



Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$730,000 (2013 – \$773,000) or 7% (2013 – 7%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors (“BoG”) in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	28.56	0.47	(0.64)	6.08	(1.27)	4.64	–	–	(3.50)	–	(3.50)	29.93
Dec. 31, 2013	21.12	0.37	(0.52)	4.69	3.01	7.55	–	–	–	–	–	28.56
Dec. 31, 2012	19.53	0.43	(0.43)	1.75	(0.16)	1.59	–	–	–	–	–	21.12
Dec. 31, 2011	20.44	0.29	(0.39)	(0.45)	(0.33)	(0.88)	–	–	–	–	–	19.53
Dec. 31, 2010	19.50	0.26	(0.38)	0.57	0.33	0.78	–	–	–	–	–	20.44
Advisor Series												
Dec. 31, 2014	28.66	0.47	(0.63)	6.13	(1.28)	4.69	–	–	(3.50)	–	(3.50)	30.07
Dec. 31, 2013	21.18	0.37	(0.51)	4.71	3.02	7.59	–	–	–	–	–	28.66
Dec. 31, 2012	19.57	0.43	(0.41)	1.75	(0.16)	1.61	–	(0.01)	–	–	(0.01)	21.18
Dec. 31, 2011	20.45	0.29	(0.38)	(0.45)	(0.33)	(0.87)	–	–	–	–	–	19.57
Dec. 31, 2010	19.50	0.27	(0.37)	0.58	0.33	0.81	–	–	–	–	–	20.45
Series H												
Dec. 31, 2014³	30.13[†]	0.20	(0.24)	2.60	(0.54)	2.02	–	–	(3.53)	–	(3.53)	30.06
Series D												
Dec. 31, 2014	29.81	0.49	(0.39)	6.39	(1.34)	5.15	–	(0.08)	(3.68)	–	(3.76)	31.44
Dec. 31, 2013	21.89	0.39	(0.32)	4.88	3.13	8.08	–	(0.07)	–	–	(0.07)	29.80
Dec. 31, 2012	20.24	0.45	(0.26)	1.82	(0.17)	1.84	–	(0.18)	–	–	(0.18)	21.89
Dec. 31, 2011	21.03	0.30	(0.23)	(0.47)	(0.34)	(0.74)	–	(0.04)	–	–	(0.04)	20.24
Dec. 31, 2010	19.91	0.27	(0.23)	0.59	0.34	0.97	–	(0.02)	–	–	(0.02)	21.03
Series F												
Dec. 31, 2014	32.04	0.53	(0.33)	6.85	(1.43)	5.62	–	(0.18)	(3.97)	–	(4.15)	33.78
Dec. 31, 2013	23.52	0.42	(0.27)	5.25	3.37	8.77	–	(0.14)	–	–	(0.14)	32.04
Dec. 31, 2012	21.73	0.48	(0.22)	1.95	(0.18)	2.03	–	(0.25)	–	–	(0.25)	23.52
Dec. 31, 2011	22.58	0.32	(0.19)	(0.50)	(0.36)	(0.73)	–	(0.10)	–	–	(0.10)	21.73
Dec. 31, 2010	21.37	0.29	(0.19)	0.63	0.36	1.09	–	(0.07)	–	–	(0.07)	22.58
Series I												
Dec. 31, 2014	32.31	0.55	(0.23)	7.09	(1.48)	5.93	–	(0.22)	(4.01)	–	(4.23)	34.14
Dec. 31, 2013	23.66	0.42	(0.19)	5.31	3.41	8.95	–	(0.15)	–	–	(0.15)	32.31
Dec. 31, 2012	21.84	0.48	(0.15)	1.97	(0.18)	2.12	–	(0.30)	–	–	(0.30)	23.66
Dec. 31, 2011	22.69	0.32	(0.14)	(0.51)	(0.37)	(0.70)	–	(0.16)	–	–	(0.16)	21.84
Dec. 31, 2010	21.46	0.29	(0.13)	0.64	0.36	1.16	–	(0.12)	–	–	(0.12)	22.69



FINANCIAL HIGHLIGHTS (cont.)

Change in Net Assets Per Unit (\$) (cont.)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series O												
Dec. 31, 2014	31.02	0.51	(0.01)	6.58	(1.37)	5.71	–	(0.58)	(3.88)	–	(4.46)	32.61
Dec. 31, 2013	22.75	0.40	(0.01)	5.10	3.27	8.76	–	(0.38)	–	–	(0.38)	31.02
Dec. 31, 2012	21.04	0.47	–	1.89	(0.17)	2.19	–	(0.47)	–	–	(0.47)	22.75
Dec. 31, 2011	21.84	0.31	–	(0.49)	(0.35)	(0.53)	–	(0.27)	–	–	(0.27)	21.04
Dec. 31, 2010	20.68	0.28	–	0.61	0.35	1.24	–	(0.28)	–	–	(0.28)	21.84

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From August 11, 2014.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	29.93	549 483	18 356	2.11	2.11	302.20	0.28
Dec. 31, 2013	28.56	482 220	16 883	2.11	2.11	243.45	0.31
Dec. 31, 2012	21.12	356 974	16 902	2.09	2.09	273.45	0.39
Dec. 31, 2011	19.53	355 224	18 186	2.07	2.07	311.16	0.55
Dec. 31, 2010	20.44	395 093	19 330	2.04	2.04	249.64	0.48
Advisor Series							
Dec. 31, 2014	30.07	7 790	259	2.07	2.07	302.20	0.28
Dec. 31, 2013	28.66	5 949	208	2.05	2.05	243.45	0.31
Dec. 31, 2012	21.18	3 484	164	1.97	1.97	273.45	0.39
Dec. 31, 2011	19.57	2 307	118	1.96	1.96	311.16	0.55
Dec. 31, 2010	20.46	1 831	90	1.97	1.97	249.64	0.48
Series H							
Dec. 31, 2014⁴	30.06	756	25	1.89	1.89	302.20	0.28
Series D							
Dec. 31, 2014	31.44	21 752	692	1.23	1.23	302.20	0.28
Dec. 31, 2013	29.81	15 589	523	1.23	1.23	243.45	0.31
Dec. 31, 2012	21.90	9 344	427	1.21	1.21	273.45	0.39
Dec. 31, 2011	20.24	10 498	519	1.19	1.19	311.16	0.55
Dec. 31, 2010	21.04	12 015	571	1.18	1.18	249.64	0.48
Series F							
Dec. 31, 2014	33.78	7 556	224	0.97	0.97	302.20	0.28
Dec. 31, 2013	32.04	6 354	198	0.97	0.97	243.45	0.31
Dec. 31, 2012	23.53	4 525	192	0.93	0.93	273.45	0.39
Dec. 31, 2011	21.74	3 933	181	0.92	0.92	311.16	0.55
Dec. 31, 2010	22.59	4 014	178	0.91	0.91	249.64	0.48
Series I							
Dec. 31, 2014	34.14	2 546	75	0.66	0.66	302.20	0.28
Dec. 31, 2013	32.31	1 663	51	0.66	0.66	243.45	0.31
Dec. 31, 2012	23.66	6	–	0.66	0.66	273.45	0.39
Dec. 31, 2011	21.85	5	–	0.65	0.65	311.16	0.55
Dec. 31, 2010	22.69	5	–	0.66	0.66	249.64	0.48



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data (cont.)

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series O							
Dec. 31, 2014	32.61	3 070 013	94 137	0.03	0.03	302.20	0.28
Dec. 31, 2013	31.02	3 612 380	116 449	0.03	0.03	243.45	0.31
Dec. 31, 2012	22.75	2 693 259	118 374	0.03	0.03	273.45	0.39
Dec. 31, 2011	21.04	2 355 754	111 952	0.02	0.02	311.16	0.55
Dec. 31, 2010	21.84	2 093 533	95 839	0.02	0.02	249.64	0.48

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From August 11, 2014.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

Management Fees	Breakdown of Services	
	Distribution	Other*
Series A	66%	34%
Advisor Series	66%	34%
Series H	70%	30%
Series D	25%	75%
Series F	—	100%
Series I	—	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

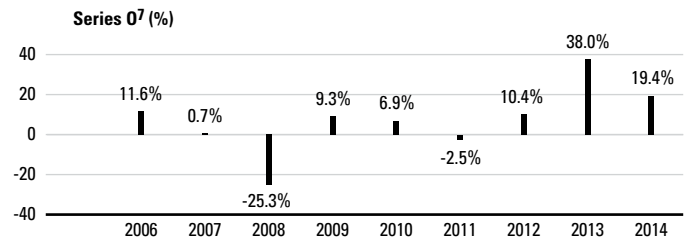
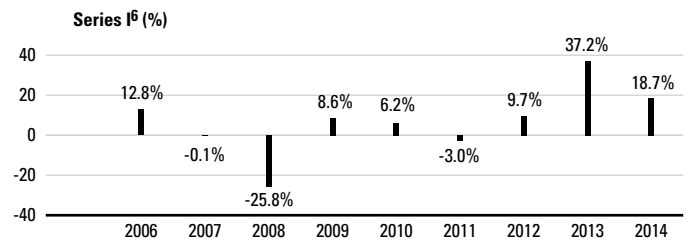
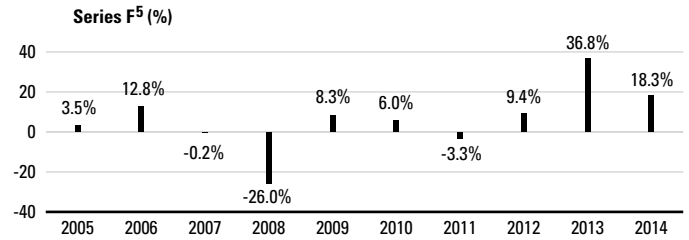
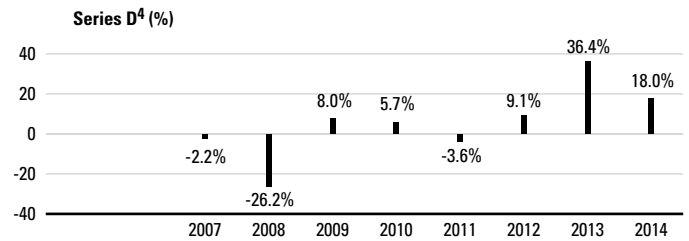
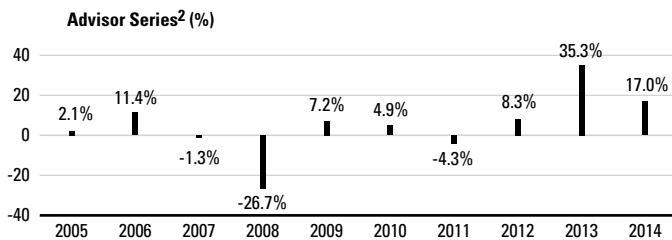
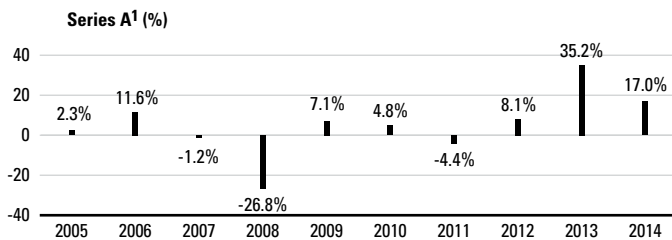


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

S&P 500 Total Return Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	17.0	19.6	11.4	4.2	–
Benchmark	24.3	25.8	17.8	7.3	–
Advisor Series ²	17.0	19.7	11.5	4.3	–
Benchmark	24.3	25.8	17.8	7.3	–
Series H ³	–	–	–	–	11.4
Benchmark	–	–	–	–	10.6
Series D ⁴	18.0	20.6	12.3	–	4.5
Benchmark	24.3	25.8	17.8	–	8.4
Series F ⁵	18.3	21.0	12.6	5.4	–
Benchmark	24.3	25.8	17.8	7.3	–
Series I ⁶	18.7	21.3	13.0	–	6.3
Benchmark	24.3	25.8	17.8	–	8.6
Series O ⁷	19.4	22.1	13.7	–	6.9
Benchmark	24.3	25.8	17.8	–	8.2

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date July 29, 1966, however performance history only available from October 31, 1972.

² Inception date August 6, 2003.

³ Inception date August 11, 2014.

⁴ Inception date July 3, 2007.

⁵ Inception date August 13, 2001.

⁶ Inception date August 8, 2006.

⁷ Inception date September 5, 2006.

INDEX DESCRIPTION

S&P 500 Total Return Index (CAD) This index is a capitalization-weighted index measuring the Canadian dollar performance of 500 widely held common stocks representing all major industries in the United States. The index gives investors a broad measure of the overall performance of the U.S. stock market.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Information Technology	20.2
Financials	13.7
Health Care	12.1
Consumer Discretionary	11.8
Industrials	10.7
Consumer Staples	9.1
Energy	6.4
Other Sectors	5.1
United States Equity Funds	9.6
Cash/Other	1.3

Top 25 Holdings

	% of Net Asset Value
RBC U.S. Mid-Cap Value Equity Fund	4.3
RBC U.S. Mid-Cap Equity Fund	4.3
Apple Inc.	3.5
Microsoft Corp.	2.5
General Dynamics Corp.	1.4
Wells Fargo & Company	1.4
UnitedHealth Group Incorporated	1.4
Berkshire Hathaway Inc., Class B	1.4
Citigroup Inc.	1.3
Bank of America Corp.	1.3
Eli Lilly & Co.	1.3
Cash & Cash Equivalents	1.3
Intel Corp.	1.2
CVS Health Corp.	1.2
Northrop Grumman Corp.	1.2
Edison International	1.1
Western Digital Corp.	1.1
Micron Technology Inc.	1.1
RBC U.S. Small-Cap Core Equity Fund	1.1
Procter & Gamble Co.	1.1
Hewlett-Packard Co.	1.0
EOG Resources Inc.	1.0
Exxon Mobil Corp.	1.0
PG&E Corporation	1.0
Cisco Systems Inc.	1.0
Top 25 Holdings	39.5

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



U.S. EQUITY FUND

**RBC U.S. EQUITY
CURRENCY NEUTRAL FUND**

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term capital appreciation primarily through investing in equities of U.S. companies while minimizing the exposure to fluctuations between the U.S. and Canadian dollars. The Fund seeks to provide broad exposure to superior investment opportunities in the U.S. equity market.

The Fund diversifies across industries and selects companies with strong management, focused business models and the potential for growth in earnings and cash flow. The Fund uses currency hedges to minimize the impact of fluctuations in the U.S. dollar versus the Canadian dollar.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value fell to \$41 million as of December 31, 2014, from \$44 million at the end of 2013. The change was due to net outflows.

Over the past year, the Fund's Series A units gained 7.6%, which underperformed the 13.7% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The S&P 500 Index rose in 2014 for the sixth straight year as accelerating U.S. economic growth helped boost corporate revenues and earnings. U.S. economic strength gathered momentum over the year, offsetting a sluggish global economy, after a weak start to 2014 due to colder-than-usual weather in the eastern part of the country. The quickening U.S. economy was marked by improved consumer spending and employment growth, which prompted the U.S. Federal Reserve (the "Fed") to conclude its program of extraordinary economic stimulus, known as quantitative easing, and pave the way for higher benchmark interest rates sometime in 2015. The landscape for stocks remained positive in 2014. Inflation stayed low, holding down borrowing costs, and oil prices dropped fast and far, providing a lift to U.S. consumers as the holiday shopping season got underway. In this environment, large-cap stocks outperformed smaller-capitalization issues.

The Fund's underperformance was due to stock selection in the Consumer Discretionary, Health Care and Financials sectors, along with a lack of relative exposure to the Information Technology sector, which performed well. The Fund benefited from below-benchmark exposure to the Energy, Telecommunication Services and Consumer Discretionary sectors, as all three underperformed the broader market.

Holdings in Citigroup, JPMorgan and Exxon had a negative impact on relative performance. Kroger, CVS and Apple Inc. had a positive impact on relative performance.

Performance was negatively affected by the Fund's mandate to hedge exchange-rate movements between the U.S. and Canadian dollars, as unitholders did not benefit from the rise in the U.S. dollar versus the Canadian dollar during 2014.

Portfolio turnover is normally high for this Fund, as the portfolio manager attempts to generate better returns through active sector and stock selection.

Recent Developments

The portfolio manager remains generally optimistic about U.S. equity markets in 2015 in an environment of rising corporate earnings, low inflation and falling commodity prices for the foreseeable future. However, valuations for U.S. companies are near fair value, suggesting more moderate equity returns and greater volatility than in recent years.

In the view of the portfolio manager, the Fed will have to strike a balance between providing sufficient stimulus to keep the market's momentum in place, while at the same time remaining mindful that the U.S. economy will eventually have to expand with less help from monetary policy. The portfolio manager believes that, with stocks near fair value, stock selection will take on more importance for investors.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.



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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$8,000 (2013 – \$9,000) or 7% (2013 – 7%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	11.19	0.18	(0.24)	1.48	(0.58)	0.84	—	—	—	—	—	12.04
Dec. 31, 2013	8.73	0.15	(0.21)	1.54	0.98	2.46	—	—	—	—	—	11.19
Dec. 31, 2012	7.85	0.18	(0.18)	0.98	(0.12)	0.86	—	—	—	—	—	8.73
Dec. 31, 2011	8.37	0.12	(0.17)	(0.02)	(0.44)	(0.51)	—	—	—	—	—	7.85
Dec. 31, 2010	7.61	0.11	(0.15)	0.60	(0.08)	0.48	—	—	—	—	—	8.37
Advisor Series												
Dec. 31, 2014	11.79	0.19	(0.25)	1.55	(0.61)	0.88	—	—	—	—	—	12.69
Dec. 31, 2013	9.19	0.16	(0.22)	1.62	1.03	2.59	—	—	—	—	—	11.79
Dec. 31, 2012	8.27	0.19	(0.19)	1.03	(0.13)	0.90	—	—	—	—	—	9.19
Dec. 31, 2011	8.82	0.13	(0.17)	(0.02)	(0.47)	(0.53)	—	—	—	—	—	8.27
Dec. 31, 2010	8.01	0.12	(0.16)	0.65	(0.09)	0.52	—	—	—	—	—	8.82
Series D												
Dec. 31, 2014	11.76	0.19	(0.15)	1.57	(0.62)	0.99	—	—	—	—	—	12.78
Dec. 31, 2013	9.09	0.16	(0.13)	1.61	1.03	2.67	—	—	—	—	—	11.76
Dec. 31, 2012	8.12	0.19	(0.11)	1.02	(0.12)	0.98	—	—	—	—	—	9.09
Dec. 31, 2011	8.58	0.12	(0.10)	(0.02)	(0.45)	(0.45)	—	—	—	—	—	8.12
Dec. 31, 2010	7.77	0.11	(0.09)	0.62	(0.08)	0.56	—	(0.05)	—	—	(0.05)	8.58
Series F												
Dec. 31, 2014	12.17	0.19	(0.12)	1.62	(0.64)	1.05	—	—	—	—	—	13.25
Dec. 31, 2013	9.38	0.16	(0.10)	1.66	1.06	2.78	—	—	—	—	—	12.17
Dec. 31, 2012	8.35	0.19	(0.09)	1.05	(0.13)	1.02	—	—	—	—	—	9.38
Dec. 31, 2011	8.80	0.13	(0.08)	(0.02)	(0.46)	(0.43)	—	—	—	—	—	8.35
Dec. 31, 2010	7.95	0.11	(0.07)	0.63	(0.08)	0.59	—	(0.05)	—	—	(0.05)	8.80
Series O												
Dec. 31, 2014	12.55	0.20	—	1.68	(0.66)	1.22	—	—	—	—	—	13.80
Dec. 31, 2013	9.59	0.17	—	1.71	1.09	2.97	—	—	—	—	—	12.55
Dec. 31, 2012	8.46	0.20	—	1.06	(0.13)	1.13	—	—	—	—	—	9.59
Dec. 31, 2011	8.83	0.13	—	(0.02)	(0.47)	(0.36)	—	—	—	—	—	8.46
Dec. 31, 2010	7.92	0.09	—	0.51	(0.07)	0.53	—	(0.10)	—	—	(0.10)	8.83

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	12.04	34 495	2 865	2.11	2.12	284.36	0.27
Dec. 31, 2013	11.19	36 604	3 272	2.13	2.13	230.83	0.32
Dec. 31, 2012	8.73	30 531	3 498	2.09	2.09	261.65	0.39
Dec. 31, 2011	7.86	28 484	3 625	2.10	2.10	304.68	0.55
Dec. 31, 2010	8.38	36 461	4 353	2.05	2.05	243.38	0.47
Advisor Series							
Dec. 31, 2014	12.69	4 228	333	2.10	2.11	284.36	0.27
Dec. 31, 2013	11.79	5 391	457	2.10	2.10	230.83	0.32
Dec. 31, 2012	9.19	4 253	463	2.10	2.10	261.65	0.39
Dec. 31, 2011	8.28	3 624	438	2.10	2.10	304.68	0.55
Dec. 31, 2010	8.82	2 310	262	2.03	2.03	243.38	0.47
Series D							
Dec. 31, 2014	12.78	1 210	95	1.20	1.21	284.36	0.27
Dec. 31, 2013	11.76	1 167	99	1.22	1.22	230.83	0.32
Dec. 31, 2012	9.10	773	85	1.23	1.23	261.65	0.39
Dec. 31, 2011	8.12	619	76	1.23	1.23	304.68	0.55
Dec. 31, 2010	8.58	603	70	1.19	1.19	243.38	0.47
Series F							
Dec. 31, 2014	13.25	1 377	104	0.94	0.95	284.36	0.27
Dec. 31, 2013	12.17	1 252	103	0.97	0.97	230.83	0.32
Dec. 31, 2012	9.38	980	104	0.95	0.95	261.65	0.39
Dec. 31, 2011	8.35	1 278	153	0.96	0.96	304.68	0.55
Dec. 31, 2010	8.80	2 379	270	0.92	0.92	243.38	0.47
Series O							
Dec. 31, 2014	13.80	2	—	0.03	0.04	284.36	0.27
Dec. 31, 2013	12.55	2	—	0.04	0.04	230.83	0.32
Dec. 31, 2012	9.59	1	—	0.02	0.02	261.65	0.39
Dec. 31, 2011	8.46	1	—	0.02	0.02	304.68	0.55
Dec. 31, 2010	8.83	1	—	0.02	0.02	243.38	0.47

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.75%	66%	34%
Advisor Series	1.75%	66%	34%
Series D	1.00%	25%	75%
Series F	0.75%	—	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

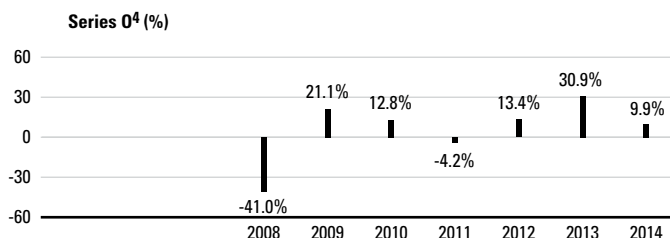
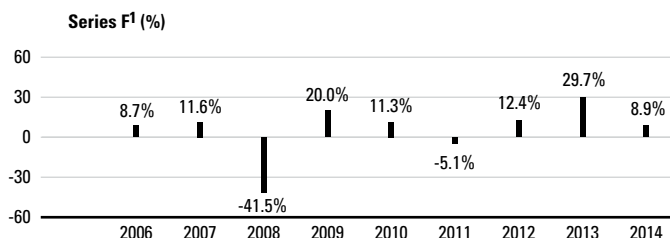
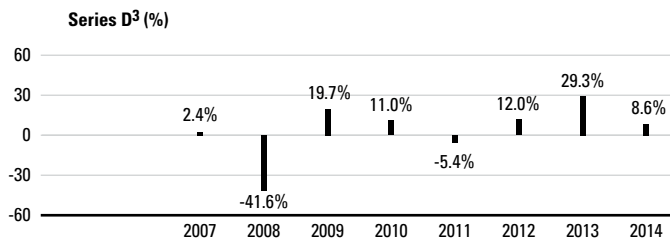
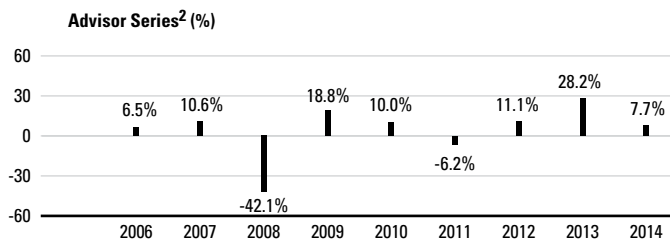
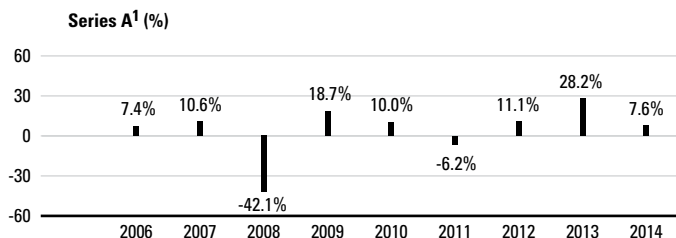
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

S&P 500 Total Return Index (USD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	7.6	15.3	9.6	–	2.9
Benchmark	13.7	20.4	15.5	–	7.7
Advisor Series ²	7.7	15.3	9.6	–	3.0
Benchmark	13.7	20.4	15.5	–	7.9
Series D ³	8.6	16.3	10.6	–	2.3
Benchmark	13.7	20.4	15.5	–	7.1
Series F ¹	8.9	16.6	10.9	–	4.1
Benchmark	13.7	20.4	15.5	–	7.7
Series O ⁴	9.9	17.7	12.0	–	3.3
Benchmark	13.7	20.4	15.5	–	7.3

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date January 23, 2006.
² Inception date August 28, 2006.
³ Inception date July 3, 2007.
⁴ Inception date December 31, 2007.

INDEX DESCRIPTION

S&P 500 Total Return Index (USD) This index is a capitalization-weighted index measuring the U.S. dollar performance of 500 widely held common stocks representing all major industries in the United States. The index gives investors a broad measure of the overall performance of the U.S. stock market at any time.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)
As at December 31, 2014

Investment Mix

	% of Net Asset Value
Information Technology	20.4
Financials	14.1
Consumer Discretionary	12.4
Health Care	12.2
Industrials	11.0
Consumer Staples	9.4
Energy	6.5
Other Sectors	5.3
United States Equity Funds	10.1
Cash/Other	(1.4)

Top 25 Holdings

	% of Net Asset Value
RBC U.S. Mid-Cap Value Equity Fund	4.5
RBC U.S. Mid-Cap Equity Fund	4.4
Apple Inc.	3.6
Microsoft Corp.	2.5
Wells Fargo & Company	1.6
General Dynamics Corp.	1.5
UnitedHealth Group Incorporated	1.5
Berkshire Hathaway Inc., Class B	1.4
Cash & Cash Equivalents	1.3
Bank of America Corp.	1.3
Eli Lilly & Co.	1.3
CVS Health Corp.	1.3
Intel Corp.	1.3
Northrop Grumman Corp.	1.2
Visa Inc., Class A	1.2
Citigroup Inc.	1.2
RBC U.S. Small-Cap Core Equity Fund	1.2
Edison International	1.2
Western Digital Corp.	1.2
Micron Technology Inc.	1.1
Procter & Gamble Co.	1.1
Hewlett-Packard Co.	1.1
Morgan Stanley	1.1
Exxon Mobil Corp.	1.1
PG&E Corporation	1.1
Top 25 Holdings	41.3

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



U.S. EQUITY FUND

RBC QUBE U.S. EQUITY FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term capital growth by investing primarily in equity securities of U.S. companies using a quantitative investment approach.

The Fund is managed using a quantitative investment model designed to select individual stocks while controlling portfolio-level risk.

This involves building a portfolio that maximizes exposure to factors associated with outperformance, while controlling for exposure to risk factors. The portfolio manager will diversify across industries within the U.S. equity market.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$1.3 billion as of December 31, 2014, from \$5 million at the end of 2013. The change was due to net inflows.

Over the past 12 months, the Fund's Series O units gained 27.2%, outperforming the 24.3% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The Fund's gains resulted from stock selection in the Industrials, Consumer Staples and Utilities sectors. A significant overweight position in the Utilities sector also contributed to relative performance, with strong returns in electricity producers and utilities that generate more than one type of energy. The performance of stocks in food, retail and tobacco aided the Fund's returns in the Consumer Staples sector. Subpar stock selection in the Financials and Health Care sectors had a negative impact on relative performance. In Financials, the Fund was hurt by a relative lack of exposure to real estate investment trusts, which performed especially well during a period when the overall level of interest rates declined. In Health Care, a significant underweight position in biotechnology stocks also hurt relative returns.

Individual stocks that contributed the most to relative performance were Southwest Airlines, food- and drug-retail store operator Kroger and Lockheed Martin. General Electric and IBM were also among the stocks that contributed to performance. Oil company Hess and Caterpillar, the heavy-equipment maker, were the stocks that hurt returns most.

Recent Developments

Uneven global economic growth was one of the hallmarks of 2014. For 2015, the portfolio manager expects growth to come from a broader set of global economies. As the global economic recovery becomes self-sustaining, the portfolio manager expects rising corporate profits to sustain stock prices.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$1,000 (2013 – \$0) or 0% (2013 – 0%) of the total transaction costs paid for this Fund.



Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Dec. 31, 2014	11.28	0.26	–	0.41	2.98	3.65	–	(0.15)	(0.26)	–	(0.41)	13.93
Dec. 31, 2013 ³	10.00 [†]	0.11	–	0.38	1.31	1.80	–	(0.11)	(0.41)	–	(0.52)	11.28

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From June 28, 2013.

[†] Initial offering net asset value per unit.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Dec. 31, 2014	13.93	1 330 890	95 546	0.02	0.02	61.49	0.04
Dec. 31, 2013 ⁴	11.28	4 719	418	0.02	0.05	78.89	0.09

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From June 28, 2013.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. No management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.



PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for Series 0 of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

S&P 500 Total Return Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series 0 ¹	27.2	—	—	—	31.0
Benchmark	24.3	—	—	—	28.3

The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date June 28, 2013.

INDEX DESCRIPTION

S&P 500 Total Return Index (CAD) This index is a capitalization-weighted index measuring the Canadian dollar performance of 500 widely held common stocks representing all major industries in the United States. The index gives investors a broad measure of the overall performance of the U.S. stock market.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Information Technology	20.7
Financials	17.0
Health Care	12.2
Industrials	12.2
Consumer Discretionary	9.1
Consumer Staples	8.9
Energy	6.7
Utilities	6.7
Other Sectors	6.4
Cash/Other	0.1

Top 25 Holdings

	% of Net Asset Value
Apple Inc.	4.7
Microsoft Corp.	4.3
Wells Fargo & Company	3.2
JPMorgan Chase & Co.	3.0
ConocoPhillips	3.0
Lockheed Martin Corporation	2.7
The Kroger Co.	2.7
Caterpillar Inc.	2.5
General Dynamics Corp.	2.4
Entergy Corp.	2.3
Morgan Stanley	2.2
Eli Lilly & Co.	2.1
Archer Daniels Midland Co.	2.0
Hess Corp.	1.8
The Goldman Sachs Group Inc.	1.8
American Electric Power	1.8
Southwest Airlines	1.8
Anthem Inc.	1.8
Computer Sciences Corp.	1.7
LyondellBasell Industries N.V.	1.7
Hewlett-Packard Co.	1.7
Verizon Communications Inc.	1.6
Pfizer Inc.	1.5
Gilead Sciences Inc.	1.5
CenturyTel Inc.	1.5
Top 25 Holdings	57.3

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



U.S. EQUITY FUND

**RBC QUBE LOW VOLATILITY
U.S. EQUITY FUND**

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term capital growth by investing primarily in equity securities of U.S. companies using a quantitative approach. The Fund seeks to achieve a reduced level of volatility of returns compared with the broader U.S. equity market.

The Fund is managed using a quantitative investment model designed to select individual stocks while controlling portfolio-level risk. This involves building a portfolio that maximizes exposure to factors associated with outperformance, while controlling for exposure to risk factors. The portfolio manager will diversify across industries within the U.S. equity market.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$253 million as of December 31, 2014, from \$113 million at the end of 2013. Of the change, \$99 million was due to net inflows and \$40 million to investment returns.

Over the past year, the Fund's Series A units rose 24.2%, in line with the 24.3% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The Utilities, Consumer Staples and Health Care sectors contributed significantly to the Fund's performance. In the Utilities sector, electricity producers and companies that produce more than one type of energy had the greatest positive impact on fund performance. Beverage and pharmaceutical companies also contributed to performance.

Individual stocks that contributed the most to the Fund's returns were chemicals manufacturer and distributor Sigma-Aldrich, as well as energy companies DTE Energy and Wisconsin Energy. Stocks including Johnson & Johnson and 3M were also top contributors to returns. Exxon Mobil and Loews were the stocks that had the most negative impact on the Fund's performance.

Recent Developments

Uneven global economic growth was one of the hallmarks of 2014. For 2015, the portfolio manager expects growth to come from a broader set of global economies. As the global economic recovery becomes self-sustaining, the portfolio manager expects rising corporate profits to sustain stock prices.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series, Series H and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. There were no related-party commissions.



Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	13.16	0.34	(0.30)	0.68	2.69	3.41	–	(0.02)	(0.16)	–	(0.18)	16.17
Dec. 31, 2013	10.13	0.26	(0.25)	0.08	2.20	2.29	–	–	(0.06)	–	(0.06)	13.16
Dec. 31, 2012 ³	10.00 [†]	0.06	(0.03)	–	0.08	0.11	–	(0.02)	(0.01)	–	(0.03)	10.13
Advisor Series												
Dec. 31, 2014	13.15	0.35	(0.29)	0.70	2.74	3.50	–	(0.17)	(0.16)	–	(0.33)	16.00
Dec. 31, 2013	10.13	0.28	(0.26)	0.09	2.35	2.46	–	–	(0.06)	–	(0.06)	13.15
Dec. 31, 2012 ³	10.00 [†]	0.06	(0.03)	–	0.08	0.11	–	(0.02)	(0.01)	–	(0.03)	10.13
Series H												
Dec. 31, 2014	13.16	0.29	(0.29)	0.59	2.30	2.89	–	(0.01)	(0.16)	–	(0.17)	16.23
Dec. 31, 2013 ⁴	12.32 [†]	0.06	(0.08)	0.02	0.52	0.52	–	(0.01)	(0.06)	–	(0.07)	13.16
Series D												
Dec. 31, 2014	13.24	0.34	(0.17)	0.69	2.72	3.58	–	(0.10)	(0.16)	–	(0.26)	16.32
Dec. 31, 2013	10.14	0.24	(0.15)	0.08	1.98	2.15	–	(0.04)	(0.06)	–	(0.10)	13.24
Dec. 31, 2012 ³	10.00 [†]	0.06	(0.02)	–	0.09	0.13	–	(0.02)	(0.01)	–	(0.03)	10.14
Series F												
Dec. 31, 2014	13.20	0.35	(0.13)	0.70	2.77	3.69	–	(0.17)	(0.16)	–	(0.33)	16.25
Dec. 31, 2013	10.14	0.34	(0.11)	0.11	2.85	3.19	–	(0.12)	(0.06)	–	(0.18)	13.20
Dec. 31, 2012 ³	10.00 [†]	0.06	(0.01)	–	0.08	0.13	–	(0.02)	(0.01)	–	(0.03)	10.14
Series I												
Dec. 31, 2014	13.31	0.35	(0.12)	0.71	2.80	3.74	–	(0.19)	(0.16)	–	(0.35)	16.38
Dec. 31, 2013 ⁴	12.41 [†]	0.06	(0.04)	0.02	0.52	0.56	–	(0.02)	(0.06)	–	(0.08)	13.30
Series O												
Dec. 31, 2014	13.28	0.35	–	0.70	2.75	3.80	–	(0.23)	(0.16)	–	(0.39)	16.44
Dec. 31, 2013	10.12	0.26	–	0.08	2.18	2.52	–	(0.13)	(0.06)	–	(0.19)	13.28
Dec. 31, 2012 ³	10.00 [†]	0.06	–	–	0.09	0.15	–	(0.05)	(0.01)	–	(0.06)	10.12

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From November 19, 2012.

⁴ From August 12, 2013.

[†] Initial offering net asset value per unit.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	16.17	67 364	4 167	2.05	2.05	34.18	0.02
Dec. 31, 2013	13.16	21 777	1 655	2.05	2.05	31.83	0.03
Dec. 31, 2012 ⁴	10.13	444	44	2.09	2.09	—	0.07
Advisor Series							
Dec. 31, 2014	16.00	8 064	504	2.05	2.05	34.18	0.02
Dec. 31, 2013	13.15	5 142	391	2.11	2.11	31.83	0.03
Dec. 31, 2012 ⁴	10.13	26	3	2.09	2.09	—	0.07
Series H							
Dec. 31, 2014	16.23	554	34	1.79	1.79	34.18	0.02
Dec. 31, 2013 ⁵	13.16	1	—	1.92	1.92	31.83	0.03
Series D							
Dec. 31, 2014	16.32	25 162	1 542	1.18	1.18	34.18	0.02
Dec. 31, 2013	13.24	8 978	678	1.20	1.20	31.83	0.03
Dec. 31, 2012 ⁴	10.14	116	11	1.24	1.24	—	0.07
Series F							
Dec. 31, 2014	16.25	11 841	729	0.91	0.91	34.18	0.02
Dec. 31, 2013	13.20	7 866	596	0.91	0.91	31.83	0.03
Dec. 31, 2012 ⁴	10.14	820	81	0.96	0.96	—	0.07
Series I							
Dec. 31, 2014	16.38	4 571	279	0.79	0.79	34.18	0.02
Dec. 31, 2013 ⁵	13.31	3 280	247	0.79	0.79	31.83	0.03
Series O							
Dec. 31, 2014	16.44	135 491	8 243	0.02	0.02	34.18	0.02
Dec. 31, 2013	13.28	66 443	5 003	0.03	0.03	31.83	0.03
Dec. 31, 2012 ⁴	10.12	3 363	332	0.02	0.02	—	0.07

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From November 19, 2012.

⁵ From August 12, 2013.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.75%	57%	43%
Advisor Series	1.75%	57%	43%
Series H	1.60%	63%	37%
Series D	1.00%	25%	75%
Series F	0.75%	—	100%
Series I	0.60%	—	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

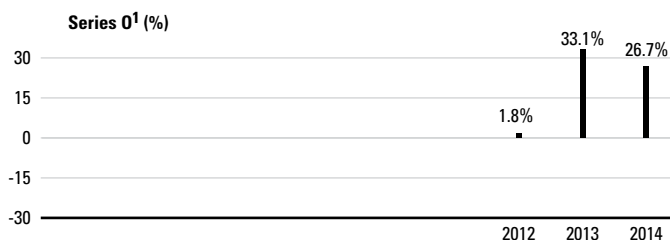


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

S&P 500 Total Return Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	24.2	–	–	–	26.6
Benchmark	24.3	–	–	–	31.8
Advisor Series ¹	24.2	–	–	–	26.6
Benchmark	24.3	–	–	–	31.8
Series H ²	24.5	–	–	–	23.4
Benchmark	24.3	–	–	–	30.8
Series D ¹	25.3	–	–	–	27.6
Benchmark	24.3	–	–	–	31.8
Series F ¹	25.6	–	–	–	28.0
Benchmark	24.3	–	–	–	31.8
Series I ²	25.7	–	–	–	24.6
Benchmark	24.3	–	–	–	30.8
Series O ¹	26.7	–	–	–	29.1
Benchmark	24.3	–	–	–	31.8

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date November 19, 2012.

² Inception date August 12, 2013.

INDEX DESCRIPTION

S&P 500 Total Return Index (CAD) This index is a capitalization-weighted index measuring the Canadian dollar performance of 500 widely held common stocks representing all major industries in the United States. The index gives investors a broad measure of the overall performance of the U.S. stock market.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Consumer Staples	24.3
Utilities	18.5
Health Care	14.6
Financials	12.1
Consumer Discretionary	8.6
Other Sectors	8.2
Information Technology	7.2
Industrials	6.1
Cash/Other	0.4

Top 25 Holdings

	% of Net Asset Value
McDonald's Corp.	3.0
Johnson & Johnson	3.0
Sempra Energy	3.0
Colgate-Palmolive Company	3.0
Wal-Mart Stores, Inc.	3.0
PepsiCo Inc.	3.0
3M Co.	2.9
U.S. Bancorp	2.7
Verizon Communications Inc.	2.6
Becton Dickinson & Co.	2.5
DTE Energy Company	2.5
Pfizer Inc.	2.5
Home Depot Inc.	2.5
Wells Fargo & Company	2.4
UGI Corp.	2.1
Southern Co.	2.1
Wisconsin Energy Corp.	2.0
American Financial Group Inc.	1.9
The Hershey Co.	1.9
Vectren Corp.	1.8
Hormel Foods Corp.	1.8
Jack Henry & Associates Inc.	1.8
Berkshire Hathaway Inc., Class B	1.7
The Coca-Cola Co.	1.6
Costco Wholesale Corp.	1.6
Top 25 Holdings	58.9

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



U.S. EQUITY FUND

RBC U.S. EQUITY VALUE FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term capital growth by investing primarily in equity securities of U.S. companies that are attractively valued relative to their peers, their own history and the broader stock market while offering long-term opportunities for growth.

To achieve the Fund's objectives, the portfolio manager applies a bottom-up stock-selection process to identify quality companies that are undervalued based on criteria such as assets, earnings and cash flow. The portfolio manager reviews economic, industry and company-specific information to assess a company's prospects and monitors companies to ensure that the best relative values are identified.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund was launched on March 10, 2014, and its net asset value was \$29 million as of December 31, 2014. Investment performance is not provided for a fund that has been available for less than one year.

Recent Developments

The portfolio manager remains somewhat optimistic about U.S. equity markets in 2015 in an environment of rising corporate earnings, low inflation and falling commodity prices for the foreseeable future. However, valuations for U.S. companies are near fair value, suggesting more moderate equity returns and greater volatility than in recent years.

In the view of the portfolio manager, the U.S. Federal Reserve will have to strike a balance between providing sufficient stimulus to keep the market's momentum in place, while at the same time remaining mindful that the U.S. economy will eventually have to expand with less help from monetary policy. The portfolio manager believes that, with stocks near fair value, stock selection will take on more importance for investors.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. There were no related-party commissions.

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Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014³	10.00[†]	0.14	(0.18)	0.07	1.46	1.49	–	–	(0.03)	–	(0.03)	11.25
Advisor Series												
Dec. 31, 2014³	10.00[†]	0.15	(0.17)	0.08	1.54	1.60	–	–	(0.03)	–	(0.03)	11.25
Series H												
Dec. 31, 2014³	10.00[†]	0.15	(0.16)	0.08	1.58	1.65	–	–	(0.03)	–	(0.03)	11.27
Series D												
Dec. 31, 2014³	10.00[†]	0.15	(0.11)	0.08	1.55	1.67	–	(0.02)	(0.02)	–	(0.04)	11.31
Series F												
Dec. 31, 2014³	10.00[†]	0.14	(0.08)	0.07	1.42	1.55	–	(0.02)	(0.03)	–	(0.05)	11.33
Series I												
Dec. 31, 2014³	10.00[†]	0.14	(0.07)	0.08	1.52	1.67	–	(0.04)	(0.03)	–	(0.07)	11.32
Series O												
Dec. 31, 2014³	10.00[†]	0.17	–	0.09	1.83	2.09	–	(0.10)	(0.03)	–	(0.13)	11.34

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From March 10, 2014.

[†] Initial offering net asset value per unit.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014⁴	11.25	9 917	881	2.06	2.07	106.63	0.14
Advisor Series							
Dec. 31, 2014⁴	11.25	3 678	327	2.04	2.05	106.63	0.14
Series H							
Dec. 31, 2014⁴	11.27	1 456	129	1.88	1.89	106.63	0.14
Series D							
Dec. 31, 2014⁴	11.31	1 585	140	1.24	1.25	106.63	0.14
Series F							
Dec. 31, 2014⁴	11.33	2 585	228	0.95	0.96	106.63	0.14
Series I							
Dec. 31, 2014⁴	11.32	3 020	267	0.77	0.78	106.63	0.14
Series O							
Dec. 31, 2014⁴	11.34	6 858	605	0.02	0.03	106.63	0.14

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From March 10, 2014.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.75%	57%	43%
Advisor Series	1.75%	57%	43%
Series H	1.60%	63%	37%
Series D	1.00%	25%	75%
Series F	0.75%	–	100%
Series I	0.60%	–	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.



PAST PERFORMANCE

Investment performance in respect of a fund that has been available for less than one year is not provided. Series A, Advisor Series, Series H, Series D, Series F, Series I and Series O units of this Fund were launched on March 10, 2014.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Information Technology	19.0
Financials	17.3
Consumer Discretionary	12.7
Health Care	10.4
Industrials	10.4
Consumer Staples	9.1
Energy	7.9
Other Sectors	5.8
Cash/Other	7.4

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	7.5
Apple Inc.	3.6
Microsoft Corp.	2.0
Exxon Mobil Corp.	2.0
Wells Fargo & Company	2.0
Bank of America Corp.	1.7
Berkshire Hathaway Inc., Class B	1.7
JPMorgan Chase & Co.	1.2
PepsiCo Inc.	1.2
Wal-Mart Stores, Inc.	1.1
Citigroup Inc.	1.1
Google Inc., Class A	1.1
Exelon Corp.	1.0
American International Group Inc.	1.0
Home Depot Inc.	1.0
Cisco Systems Inc.	1.0
BlackRock Inc.	1.0
Abbott Laboratories	1.0
MasterCard Inc.	1.0
ConocoPhillips	1.0
Procter & Gamble Co.	1.0
The Coca-Cola Co.	0.9
Oracle Corporation	0.9
EOG Resources Inc.	0.8
The Walt Disney Company	0.8
Top 25 Holdings	38.6

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



U.S. EQUITY FUND

RBC U.S. INDEX FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor: State Street Global Advisors, Ltd.

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term capital growth by tracking the performance of the Standard & Poor's 500 Total Return Index.

The Fund invests directly in the securities that make up the S&P 500 Index. Stocks are purchased in U.S. dollars. As a result, the Fund's return consists of a combination of the U.S. market return and the movement of the U.S. dollar relative to the Canadian currency.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$438 million as of December 31, 2014, from \$302 million at the end of 2013. Of the change, \$78 million was due to investment returns and \$58 million to net inflows.

Over the past year, the Fund's Series A units rose 23.1%, which underperformed the 24.3% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The best-performing sectors in the index were Information Technology, Health Care and Financials. The worst-performing sectors were Energy, Telecommunication Services and Materials.

Recent Developments

The sub-advisor has no recent developments to report.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. There were no related-party commissions.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Dec. 31, 2014	12.18	0.26	(0.10)	0.05	2.62	2.83	–	(0.15)	–	–	(0.15)	14.84
Dec. 31, 2013	8.78	0.20	(0.08)	(0.06)	3.40	3.46	–	(0.11)	–	–	(0.11)	12.18
Dec. 31, 2012	7.94	0.18	(0.06)	–	0.76	0.88	–	(0.10)	–	–	(0.10)	8.78
Dec. 31, 2011	7.76	0.15	(0.05)	(0.06)	0.22	0.26	–	(0.08)	–	–	(0.08)	7.94
Dec. 31, 2010	7.25	0.13	(0.05)	(0.05)	0.56	0.59	–	(0.07)	–	–	(0.07)	7.76

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Dec. 31, 2014	14.84	438 075	29 520	0.72	0.72	2.40	–
Dec. 31, 2013	12.18	302 353	24 829	0.72	0.72	13.13	0.01
Dec. 31, 2012	8.78	145 318	16 543	0.72	0.72	26.10	0.01
Dec. 31, 2011	7.94	97 119	12 226	0.72	0.72	32.87	0.01
Dec. 31, 2010	7.77	68 719	8 849	0.71	0.71	14.28	0.01

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

Series A	Management Fees	Breakdown of Services	
		Distribution	Other*
	0.50%	20%	80%

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

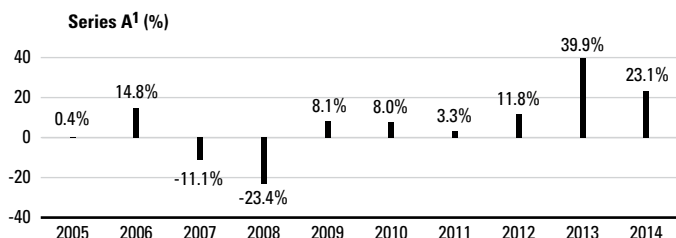


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for Series A of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

S&P 500 Total Return Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	23.1	24.4	16.5	6.2	—
Benchmark	24.3	25.8	17.8	7.3	—

The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date October 13, 1998.

This is a continuing fund resulting from the merger of certain RBC Funds on June 28, 2002.

INDEX DESCRIPTION

S&P 500 Total Return Index (CAD) This index is a capitalization-weighted index measuring the Canadian dollar performance of 500 widely held common stocks representing all major industries in the United States. The index gives investors a broad measure of the overall performance of the U.S. stock market.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Information Technology	19.5
Financials	16.5
Health Care	14.1
Consumer Discretionary	12.1
Industrials	10.3
Consumer Staples	9.7
Other Sectors	9.1
Energy	8.4
Cash/Other	0.3

Top 25 Holdings

	% of Net Asset Value
Apple Inc.	3.5
Exxon Mobil Corp.	2.1
Microsoft Corp.	2.1
Johnson & Johnson	1.6
Berkshire Hathaway Inc., Class B	1.5
Wells Fargo & Company	1.4
General Electric Company	1.4
Procter & Gamble Co.	1.3
JPMorgan Chase & Co.	1.3
Chevron Corp.	1.2
Pfizer Inc.	1.1
Verizon Communications Inc.	1.1
Bank of America Corp.	1.0
Intel Corp.	1.0
AT&T Inc.	1.0
The Coca-Cola Co.	0.9
Citigroup Inc.	0.9
Facebook Inc., Class A	0.9
Merck & Co. Inc.	0.9
Google Inc., Class A	0.8
Comcast Corp., Class A	0.8
Google Inc., Class C	0.8
International Business Machines	0.8
The Walt Disney Company	0.8
Oracle Corporation	0.8
Top 25 Holdings	31.0

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



U.S. EQUITY FUND

**RBC U.S. INDEX
CURRENCY NEUTRAL FUND**

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor: State Street Global Advisors, Ltd.

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to track the performance of the Standard & Poor's 500 Total Return Index (USD).

The Fund invests in derivatives such as futures, options and forward contracts to replicate the performance of the underlying index while holding most of its assets in Government of Canada Treasury bills and other money-market securities. By investing primarily in Canadian money market securities, the Fund is generally not exposed to currency fluctuations between the Canadian dollar and foreign currencies. The Fund's return is based on the U.S. market return.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$345 million as of December 31, 2014, from \$332 million at the end of 2013. Of the change, \$41 million was due to investment returns offset by \$28 million of net redemptions.

Over the past year, the Fund's Series A units rose 13.1%, which underperformed the 13.7% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The best-performing sectors in the index were Information Technology, Health Care and Financials. The worst-performing sectors were Energy, Telecommunication Services and Materials.

It is the policy of the Fund to maintain currency hedges at all times in order to neutralize exchange-rate movements between the U.S. dollar and the Canadian dollar. This policy did not help returns in 2014, as unitholders did not benefit from the U.S. dollar's appreciation against the Canadian dollar.

Recent Developments

The portfolio manager has no recent developments to report.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.



Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Dec. 31, 2014	9.68	1.32	(0.07)	–	0.01	1.26	(1.34)	–	–	–	(1.34)	9.62
Dec. 31, 2013	8.44	2.71	(0.07)	–	–	2.64	(1.39)	–	–	–	(1.39)	9.68
Dec. 31, 2012	7.34	1.17	(0.06)	–	(0.01)	1.10	–	–	–	–	–	8.44
Dec. 31, 2011	7.32	0.10	(0.05)	(0.03)	–	0.02	–	–	–	–	–	7.34
Dec. 31, 2010	6.50	0.85	(0.05)	–	–	0.80	–	–	–	–	–	7.32

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Dec. 31, 2014	9.62	345 072	35 879	0.72	0.72	n/a	–
Dec. 31, 2013	9.68	332 186	34 313	0.72	0.72	n/a	–
Dec. 31, 2012	8.44	256 073	30 337	0.72	0.72	n/a	–
Dec. 31, 2011	7.34	228 087	31 067	0.70	0.70	n/a	–
Dec. 31, 2010	7.32	244 097	33 331	0.70	0.70	n/a	–

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

Series A	Management Fees	Breakdown of Services	
		Distribution	Other*
	0.50%	20%	80%

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

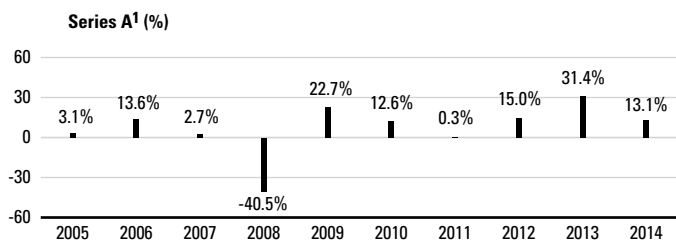


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for Series A of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

S&P 500 Total Return Index (USD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	13.1	19.5	14.0	5.4	—
Benchmark	13.7	20.4	15.5	7.7	—

The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date October 13, 1998.

INDEX DESCRIPTION

S&P 500 Total Return Index (USD) This index is a capitalization-weighted index measuring the U.S. dollar performance of 500 widely held common stocks representing all major industries in the United States. The index gives investors a broad measure of the overall performance of the U.S. stock market at any time.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Information Technology	18.4
Financials	16.1
Health Care	13.2
Consumer Discretionary	11.8
Industrials	10.7
Energy	10.7
Consumer Staples	10.0
Other Sectors	9.2

Top 25 Holdings

	% of Net Asset Value
Apple Inc.	3.5
Exxon Mobil Corp.	2.1
Microsoft Corp.	2.1
Johnson & Johnson	1.6
Berkshire Hathaway, Class B	1.5
Wells Fargo & Co.	1.4
General Electric Co.	1.4
Procter & Gamble	1.3
JPMorgan Chase & Co.	1.3
Chevron Corp.	1.2
Pfizer Inc.	1.1
Verizon Communications Inc.	1.1
Bank of America Corp.	1.0
Intel Corp.	1.0
AT&T Inc.	1.0
Coca-Cola Co.	0.9
Citigroup Inc.	0.9
Facebook Inc.	0.9
Merck & Co Inc.	0.9
Google Inc., Class A	0.8
Google Inc., Class C	0.8
Comcast Corp.	0.8
Intl Business Machines Corp.	0.8
Walt Disney Co.	0.8
Oracle Corp.	0.8
Top 25 Holdings	31.1

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



U.S. EQUITY FUND

RBC O'SHAUGHNESSY U.S. VALUE FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor: O'Shaughnessy Asset Management, L.L.C., Stamford, Connecticut

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term total returns consisting of capital growth and current income by investing primarily in equity securities of U.S. companies based on Strategy Indexing[®], an investment portfolio management model developed in 1995 by Jim O'Shaughnessy.

To achieve its objective, the Fund selects securities with the highest shareholder yield. Shareholder yield measures the combined effect of dividend yield and stock repurchases. The stocks must also meet certain market capitalization and liquidity thresholds. The Fund uses currency hedges to minimize the fluctuations in the U.S. dollar versus the Canadian dollar.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$2.1 billion as of December 31, 2014, from \$1.6 billion at the end of 2013. Of the change, \$253 million was due to net inflows and \$196 million to investment returns.

Over the past year, the Fund's Series A units rose 10.7%, which underperformed the 13.5% rise in the benchmark. The broad-based index rose 13.2%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

In 2014, global equity markets did not match the huge gains of 2013. The U.S. market continued to do well, while markets in Canada and elsewhere had only moderate gains. Volatility picked up at times during the year, especially in energy prices, which were hit hard by a swift decline in the price of oil. Earnings continued to grow, but stocks remained more expensive than they have been in recent years.

Stocks with high shareholder yield, which are emphasized by the sub-advisor, performed well during the period. Additionally, exposure to companies with attractive valuations contributed to returns. Allocations to stocks with strong earnings growth and high financial strength contributed to performance, while exposure to stocks with high-quality earnings had a negative effect on results.

Security selection and sector allocation both hurt performance during the period. Security selection in the Information Technology sector had the most negative impact on the Fund's returns, while an overweight allocation to the sector was positive. An underweight allocation to and security selection in the Health Care sector hurt performance, as did a lack of relative exposure to the Utilities sector. Contributing to returns were an underweight allocation to the Energy sector and security selection in the Consumer Discretionary sector. DIRECTV in the Consumer Discretionary sector and Exxon Mobil in the Energy sector were the biggest contributors to Fund performance. Halliburton in the Energy sector and Viacom in the Consumer Discretionary sector were the stocks with the most negative impact on performance.

It is the policy of the Fund to maintain currency hedges at all times in order to neutralize exchange-rate movements between the U.S. dollar and the Canadian dollar. This policy had a negative effect on returns during the period.

Recent Developments

To identify the most attractive investments, the sub-advisor uses historically proven, objectively measured characteristics such as low valuations, strong balance sheets and earnings quality, and high shareholder yields.

Due to the Fund's investment process and market conditions over the course of 2014, the Fund decreased allocations to the Consumer Discretionary sector and increased allocations to Financials and Energy stocks. The sub-advisor believes that stock selection becomes more important when the overall market is more expensive and that portfolios which are very different from the market offer the best chance to outperform.

Effective June 27, 2014, the RBC Private O'Shaughnessy U.S. Value Equity Pool merged into the Fund, and unitholders of the RBC Private O'Shaughnessy U.S. Value Equity Pool received units of the Fund on a dollar-for-dollar, tax-deferred basis.

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Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$33,000 (2013 – \$6,000) or 3% (2013 – 1%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	14.93	0.51	(0.24)	1.24	0.07	1.58	–	(0.27)	(1.11)	–	(1.38)	15.13
Dec. 31, 2013	10.19	0.27	(0.19)	1.35	3.40	4.83	–	(0.09)	–	–	(0.09)	14.91
Dec. 31, 2012	9.26	0.37	(0.15)	0.90	0.02	1.14	–	(0.20)	–	–	(0.20)	10.19
Dec. 31, 2011	8.78	0.25	(0.13)	0.51	(0.03)	0.60	–	(0.11)	–	–	(0.11)	9.26
Dec. 31, 2010	7.75	0.21	(0.12)	1.16	(0.14)	1.11	–	(0.09)	–	–	(0.09)	8.78
Advisor Series												
Dec. 31, 2014	15.09	0.52	(0.23)	1.25	0.07	1.61	–	(0.27)	(1.13)	–	(1.40)	15.29
Dec. 31, 2013	10.30	0.27	(0.19)	1.36	3.42	4.86	–	(0.09)	–	–	(0.09)	15.07
Dec. 31, 2012	9.33	0.37	(0.15)	0.90	0.02	1.14	–	(0.19)	–	–	(0.19)	10.30
Dec. 31, 2011	8.85	0.26	(0.13)	0.51	(0.03)	0.61	–	(0.12)	–	–	(0.12)	9.33
Dec. 31, 2010	7.81	0.21	(0.12)	1.17	(0.14)	1.12	–	(0.10)	–	–	(0.10)	8.85
Series D												
Dec. 31, 2014	14.98	0.51	(0.19)	1.24	0.07	1.63	–	(0.31)	(1.12)	–	(1.43)	15.18
Dec. 31, 2013	10.22	0.27	(0.16)	1.35	3.40	4.86	–	(0.12)	–	–	(0.12)	14.96
Dec. 31, 2012	9.26	0.37	(0.12)	0.90	0.02	1.17	–	(0.22)	–	–	(0.22)	10.22
Dec. 31, 2011	8.77	0.25	(0.11)	0.51	(0.03)	0.62	–	(0.13)	–	–	(0.13)	9.26
Dec. 31, 2010	7.74	0.21	(0.09)	1.16	(0.14)	1.14	–	(0.11)	–	–	(0.11)	8.77
Series F												
Dec. 31, 2014	15.40	0.53	(0.15)	1.28	0.07	1.73	–	(0.37)	(1.15)	–	(1.52)	15.61
Dec. 31, 2013	10.51	0.27	(0.12)	1.39	3.50	5.04	–	(0.16)	–	–	(0.16)	15.39
Dec. 31, 2012	9.54	0.38	(0.10)	0.93	0.02	1.23	–	(0.27)	–	–	(0.27)	10.51
Dec. 31, 2011	9.05	0.26	(0.08)	0.52	(0.03)	0.67	–	(0.17)	–	–	(0.17)	9.54
Dec. 31, 2010	7.99	0.21	(0.07)	1.20	(0.15)	1.19	–	(0.14)	–	–	(0.14)	9.05
Series I												
Dec. 31, 2014	15.09	0.52	(0.11)	1.25	0.07	1.73	–	(0.40)	(1.13)	–	(1.53)	15.30
Dec. 31, 2013	10.29	0.27	(0.09)	1.36	3.43	4.97	–	(0.19)	–	–	(0.19)	15.07
Dec. 31, 2012	9.32	0.37	(0.07)	0.90	0.02	1.22	–	(0.27)	–	–	(0.27)	10.29
Dec. 31, 2011	8.83	0.26	(0.06)	0.51	(0.03)	0.68	–	(0.18)	–	–	(0.18)	9.32
Dec. 31, 2010	7.79	0.21	(0.05)	1.17	(0.14)	1.19	–	(0.15)	–	–	(0.15)	8.83



FINANCIAL HIGHLIGHTS (cont.)

Change in Net Assets Per Unit (\$) (cont.)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series O												
Dec. 31, 2014	15.29	0.51	–	1.24	0.07	1.82	–	(0.57)	(1.15)	–	(1.72)	15.43
Dec. 31, 2013	10.44	0.27	–	1.38	3.49	5.14	–	(0.28)	–	–	(0.28)	15.28
Dec. 31, 2012	9.44	0.38	–	0.91	0.02	1.31	–	(0.32)	–	–	(0.32)	10.44
Dec. 31, 2011	8.95	0.26	–	0.52	(0.03)	0.75	–	(0.25)	–	–	(0.25)	9.44
Dec. 31, 2010	7.90	0.21	–	1.19	(0.14)	1.26	–	(0.21)	–	–	(0.21)	8.95

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	15.13	1 318 415	87 111	1.55	1.55	72.33	0.06
Dec. 31, 2013	14.93	1 192 091	79 839	1.55	1.55	58.22	0.06
Dec. 31, 2012	10.20	758 380	74 381	1.53	1.53	69.92	0.07
Dec. 31, 2011	9.26	676 376	73 066	1.53	1.53	51.10	0.05
Dec. 31, 2010	8.78	692 814	78 904	1.50	1.50	59.51	0.07
Advisor Series							
Dec. 31, 2014	15.29	48 166	3 151	1.50	1.50	72.33	0.06
Dec. 31, 2013	15.09	36 500	2 419	1.51	1.51	58.22	0.06
Dec. 31, 2012	10.30	16 435	1 596	1.48	1.48	69.92	0.07
Dec. 31, 2011	9.34	10 184	1 091	1.48	1.48	51.10	0.05
Dec. 31, 2010	8.85	10 733	1 212	1.45	1.45	59.51	0.07
Series D							
Dec. 31, 2014	15.18	115 644	7 619	1.22	1.22	72.33	0.06
Dec. 31, 2013	14.98	86 516	5 777	1.23	1.23	58.22	0.06
Dec. 31, 2012	10.22	38 146	3 732	1.22	1.22	69.92	0.07
Dec. 31, 2011	9.26	24 418	2 636	1.21	1.21	51.10	0.05
Dec. 31, 2010	8.78	17 865	2 036	1.18	1.18	59.51	0.07
Series F							
Dec. 31, 2014	15.61	88 318	5 660	0.94	0.94	72.33	0.06
Dec. 31, 2013	15.40	77 040	5 002	0.95	0.95	58.22	0.06
Dec. 31, 2012	10.51	42 321	4 026	0.94	0.94	69.92	0.07
Dec. 31, 2011	9.54	36 649	3 841	0.94	0.94	51.10	0.05
Dec. 31, 2010	9.05	42 834	4 732	0.92	0.92	59.51	0.07
Series I							
Dec. 31, 2014	15.30	31 796	2 079	0.70	0.70	72.33	0.06
Dec. 31, 2013	15.09	22 693	1 504	0.70	0.70	58.22	0.06
Dec. 31, 2012	10.30	9 824	954	0.65	0.65	69.92	0.07
Dec. 31, 2011	9.32	5 615	602	0.68	0.68	51.10	0.05
Dec. 31, 2010	8.83	4 386	497	0.67	0.67	59.51	0.07



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data (cont.)

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series O							
Dec. 31, 2014	15.43	471 596	30 561	0.02	0.02	72.33	0.06
Dec. 31, 2013	15.29	210 081	13 737	0.02	0.02	58.22	0.06
Dec. 31, 2012	10.44	152 528	14 609	0.02	0.02	69.92	0.07
Dec. 31, 2011	9.44	89 779	9 513	0.02	0.02	51.10	0.05
Dec. 31, 2010	8.95	86 832	9 699	0.02	0.02	59.51	0.07

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.25%	52%	48%
Advisor Series	1.25%	52%	48%
Series D	1.00%	25%	75%
Series F	0.75%	–	100%
Series I	0.60%	–	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

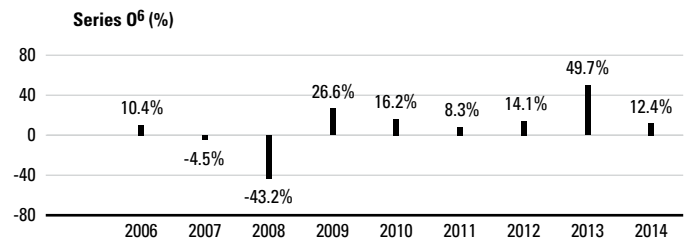
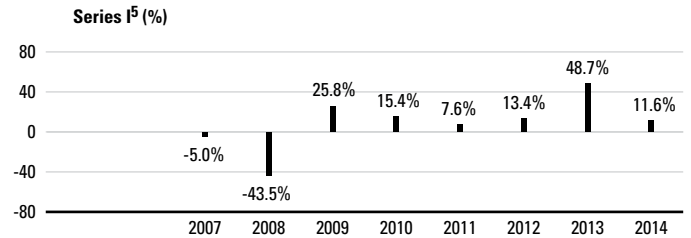
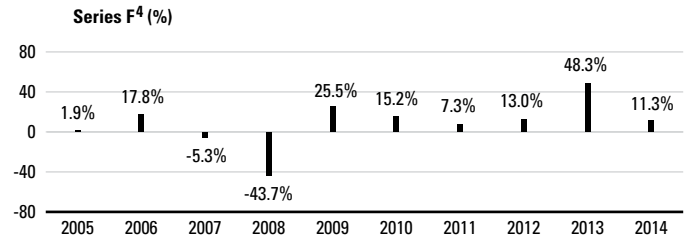
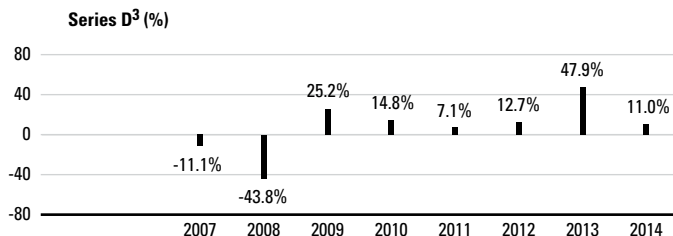
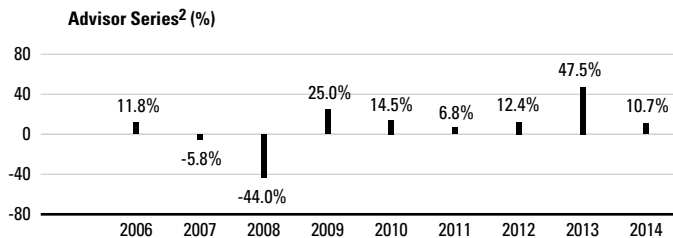
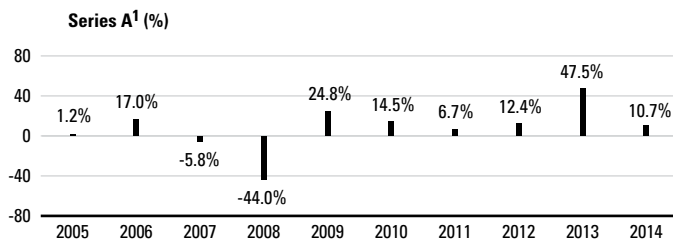


PAST PERFORMANCE

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Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

The new benchmark (the "New benchmark") is the Russell 1000 Value Index (USD).

The old benchmark (the "Old benchmark") is the S&P 500 Total Return Index (USD).

The change in benchmark better reflects the composition of the Fund.

The broad-based index is the Russell 1000 Index (USD).

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	10.7	22.4	17.5	5.7	–
New benchmark	13.5	20.9	15.4	7.3	–
Old benchmark	13.7	20.4	15.5	7.7	–
Broad-based index	13.2	20.6	15.6	8.0	–
Advisor Series ²	10.7	22.5	17.6	–	6.2
New benchmark	13.5	20.9	15.4	–	6.6
Old benchmark	13.7	20.4	15.5	–	7.9
Broad-based index	13.2	20.6	15.6	–	8.1
Series D ³	11.0	22.8	17.9	–	4.8
New benchmark	13.5	20.9	15.4	–	5.9
Old benchmark	13.7	20.4	15.5	–	7.1
Broad-based index	13.2	20.6	15.6	–	7.3
Series F ⁴	11.3	23.1	18.2	6.4	–
New benchmark	13.5	20.9	15.4	7.3	–
Old benchmark	13.7	20.4	15.5	7.7	–
Broad-based index	13.2	20.6	15.6	8.0	–
Series I ⁵	11.6	23.5	18.5	–	6.5
New benchmark	13.5	20.9	15.4	–	5.3
Old benchmark	13.7	20.4	15.5	–	6.5
Broad-based index	13.2	20.6	15.6	–	6.7
Series O ⁶	12.4	24.3	19.3	–	7.5
New benchmark	13.5	20.9	15.4	–	6.4
Old benchmark	13.7	20.4	15.5	–	7.7
Broad-based index	13.2	20.6	15.6	–	7.9

The returns of each series may vary because of differences in management fees and expenses. The New benchmark, Old benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the New benchmark, Old benchmark and broad-based indexes.

¹ Inception date November 4, 1997.

² Inception date August 28, 2006.

³ Inception date July 3, 2007.

⁴ Inception date August 13, 2001.

⁵ Inception date October 1, 2007.

⁶ Inception date September 5, 2006.

INDEX DESCRIPTIONS

Russell 1000 Value Index (USD) This index measures the U.S. dollar performance of companies in the Russell 1000 Index that have lower price-to-book ratios and lower forecasted growth values.

S&P 500 Total Return Index (USD) This index is a capitalization-weighted index measuring the U.S. dollar performance of 500 widely held common stocks representing all major industries in the United States. The index gives investors a broad measure of the overall performance of the U.S. stock market at any time.

Russell 1000 Index (USD) This index measures the U.S. dollar performance of the large-cap segment of the U.S. equity universe and includes 1,000 of the largest securities based on market capitalization.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Consumer Discretionary	20.4
Information Technology	17.8
Industrials	12.3
Energy	11.8
Financials	10.4
Materials	9.0
Telecommunication Services	8.0
Health Care	6.9
Consumer Staples	5.1
Cash/Other	(1.7)

Top 25 Holdings

	% of Net Asset Value
Northrop Grumman Corp.	4.9
Seagate Technology	4.5
Marathon Petroleum Corp.	4.3
Coca-Cola Enterprises Inc.	3.5
CenturyTel Inc.	3.5
Lowe's Companies	3.2
Travelers Cos. Inc.	3.1
Viacom Inc.	2.9
CF Industries Holdings Inc.	2.8
LyondellBasell Industries N.V.	2.7
Pfizer Inc.	2.6
Allstate Corp.	2.5
Quest Diagnostics Inc.	2.5
Kohls Corp.	2.4
Phillips 66 Company	2.4
AT&T Inc.	2.4
C.H. Robinson Worldwide Inc.	2.3
XL Group Plc.	2.2
Motorola Solutions Inc.	2.1
NetApp Inc.	2.0
Hess Corp.	2.0
Macy's Inc.	2.0
PPG Industries Inc.	1.9
DIRECTV, LLC	1.9
Corning Inc.	1.9
Top 25 Holdings	68.5

The Summary of Investment Portfolio may change due to ongoing portfolio transactions. A segment of the Fund is rebalanced around the end of the period. The Top 25 holdings may not reflect current positions. A quarterly update is available at www.rbcgam.com/funds.



U.S. EQUITY FUND

RBC U.S. MID-CAP EQUITY FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor: RBC Global Asset Management (U.S.) Inc., Minneapolis, Minnesota

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term capital growth by investing primarily in U.S. mid-cap equities and common-stock equivalents, allowing broad exposure to growth opportunities in U.S. equity markets.

The Fund diversifies across industries in the U.S. market and seeks companies with strong management, focused business models and prospects for growth in earnings and cash flow.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$1.2 billion as of December 31, 2014, from \$899 million at the end of 2013. Of the change, \$190 million was due to investment returns and \$71 million to net inflows.

Over the past year, the Fund's Series A units rose 16.0%, which underperformed the 22.4% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

After a weak start to 2014, the U.S. economy returned to much stronger growth, as evidenced by the 3.9% annualized pace of expansion in the third quarter. A continued decline in unemployment was consistent with the improving economic outlook. All index sectors posted positive returns except Energy, which fell significantly after a sell-off in oil prices.

Security selection was the primary driver of the underperformance of the Fund relative to the benchmark. The stocks that had the most negative impact on relative performance were Core Laboratories, LKQ and Trimble Navigation. The negative impact of stock selection was somewhat offset by sector allocation, helped by an overweight position in the Health Care sector and an underweight allocation to the poorly performing Energy sector. Positive security selection in the Consumer Discretionary sector was offset by the negative impact of security selection in the Health Care, Industrials and Consumer Staples sectors. The stocks that contributed most to relative performance were Under Armour, O'Reilly Automotive, and Actavis. The Fund was well diversified by both sector and industry.

Recent Developments

The U.S. economy bounced back following the first quarter's weather-related decline, and various economic indicators, including a more positive consumer outlook, leads the sub-advisor to expect this stronger growth will be sustained over the next several quarters. Strength in the U.S. economy supports the sub-advisor's view that 2015 should be a year of increased revenue and earnings growth for companies in the portfolio. Market volatility has recently increased, largely due to the possibility that the U.S. Federal Reserve will begin raising interest rates in 2015 and also due to an unstable geopolitical landscape. The sub-advisor believes that both of these factors could potentially hinder U.S. equity markets. The sub-advisor does not expect significant changes to portfolio holdings or sector weightings and remains on the lookout for highly profitable, well-managed companies.

Effective August 11, 2014, Series H units of the Fund were launched.

Effective June 27, 2014, the RBC Private U.S. Mid-Cap Equity Pool merged into the Fund, and unitholders of the RBC Private U.S. Mid-Cap Equity Pool received units of the Fund on a dollar-for-dollar, tax-deferred basis.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Sub-Advisor

RBC Global Asset Management (U.S.) Inc. is the sub-advisor and provides investment advice for the Fund.

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.



Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. There were no related-party commissions.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	23.24	0.13	(0.51)	1.97	2.33	3.92	–	–	(0.44)	–	(0.44)	26.51
Dec. 31, 2013	16.90	0.09	(0.43)	0.59	6.05	6.30	–	–	–	–	–	23.24
Dec. 31, 2012	16.55	0.21	(0.36)	1.53	(0.98)	0.40	–	–	–	–	–	16.90
Dec. 31, 2011	16.91	0.13	(0.33)	0.22	(0.38)	(0.36)	–	–	–	–	–	16.55
Dec. 31, 2010	14.85	0.16	(0.30)	2.39	0.05	2.30	–	–	–	–	–	16.91
Advisor Series												
Dec. 31, 2014	23.28	0.13	(0.51)	1.98	2.34	3.94	–	–	(0.44)	–	(0.44)	26.57
Dec. 31, 2013	16.93	0.09	(0.43)	0.59	6.05	6.30	–	–	–	–	–	23.28
Dec. 31, 2012	16.56	0.21	(0.34)	1.54	(0.99)	0.42	–	–	–	–	–	16.93
Dec. 31, 2011	16.91	0.13	(0.32)	0.22	(0.38)	(0.35)	–	–	–	–	–	16.56
Dec. 31, 2010	14.84	0.16	(0.29)	2.41	0.05	2.33	–	–	–	–	–	16.91
Series H												
Dec. 31, 2014³	24.05[†]	0.05	(0.18)	0.72	0.85	1.44	–	–	(0.44)	–	(0.44)	26.58
Series D												
Dec. 31, 2014	24.58	0.14	(0.31)	2.08	2.46	4.37	–	–	(0.46)	–	(0.46)	28.30
Dec. 31, 2013	17.72	0.09	(0.26)	0.62	6.37	6.82	–	–	–	–	–	24.58
Dec. 31, 2012	17.20	0.22	(0.22)	1.60	(1.02)	0.58	–	–	–	–	–	17.72
Dec. 31, 2011	17.42	0.14	(0.20)	0.23	(0.39)	(0.22)	–	–	–	–	–	17.20
Dec. 31, 2010	15.16	0.17	(0.18)	2.45	0.05	2.49	–	–	–	–	–	17.42
Series F												
Dec. 31, 2014	26.10	0.15	(0.26)	2.21	2.61	4.71	–	–	(0.48)	–	(0.48)	30.12
Dec. 31, 2013	18.77	0.10	(0.22)	0.65	6.75	7.28	–	–	–	–	–	26.09
Dec. 31, 2012	18.19	0.23	(0.18)	1.69	(1.09)	0.65	–	(0.03)	–	–	(0.03)	18.77
Dec. 31, 2011	18.38	0.15	(0.16)	0.25	(0.41)	(0.17)	–	–	–	–	–	18.19
Dec. 31, 2010	15.96	0.18	(0.15)	2.57	0.05	2.65	–	–	–	–	–	18.38
Series I												
Dec. 31, 2014⁴	26.83[†]	0.09	(0.15)	1.44	1.71	3.09	–	–	(0.50)	–	(0.50)	30.13



FINANCIAL HIGHLIGHTS (cont.)

Change in Net Assets Per Unit (\$) (cont.)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series O												
Dec. 31, 2014	26.30	0.15	(0.01)	2.23	2.64	5.01	—	(0.10)	(0.50)	—	(0.60)	30.53
Dec. 31, 2013	18.79	0.10	(0.01)	0.66	6.78	7.53	—	(0.07)	—	—	(0.07)	26.30
Dec. 31, 2012	18.18	0.23	—	1.69	(1.09)	0.83	—	(0.16)	—	—	(0.16)	18.79
Dec. 31, 2011	18.29	0.15	—	0.25	(0.41)	(0.01)	—	(0.10)	—	—	(0.10)	18.18
Dec. 31, 2010	15.85	0.17	—	2.56	0.05	2.78	—	(0.14)	—	—	(0.14)	18.29

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From August 11, 2014.

⁴ From April 21, 2014.

[†] Initial offering net asset value per unit.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	26.51	93 871	3 541	2.10	2.10	22.88	0.02
Dec. 31, 2013	23.24	80 436	3 460	2.11	2.11	17.96	0.02
Dec. 31, 2012	16.91	59 501	3 518	2.09	2.09	340.62	0.46
Dec. 31, 2011	16.56	64 153	3 873	2.08	2.08	283.13	0.37
Dec. 31, 2010	16.91	64 765	3 829	2.04	2.04	288.20	0.41
Advisor Series							
Dec. 31, 2014	26.57	1 236	47	2.09	2.09	22.88	0.02
Dec. 31, 2013	23.28	1 139	49	2.11	2.11	17.96	0.02
Dec. 31, 2012	16.94	338	20	1.98	1.98	340.62	0.46
Dec. 31, 2011	16.57	411	25	2.02	2.02	283.13	0.37
Dec. 31, 2010	16.91	68	4	1.97	1.97	288.20	0.41
Series H							
Dec. 31, 2014⁴	26.58	1	—	1.98	1.98	22.88	0.02
Series D							
Dec. 31, 2014	28.30	8 270	292	1.21	1.21	22.88	0.02
Dec. 31, 2013	24.58	5 323	217	1.21	1.21	17.96	0.02
Dec. 31, 2012	17.73	3 284	185	1.20	1.20	340.62	0.46
Dec. 31, 2011	17.21	3 641	212	1.21	1.21	283.13	0.37
Dec. 31, 2010	17.42	2 461	141	1.19	1.19	288.20	0.41
Series F							
Dec. 31, 2014	30.12	1 998	66	0.95	0.95	22.88	0.02
Dec. 31, 2013	26.10	1 268	49	0.96	0.96	17.96	0.02
Dec. 31, 2012	18.78	684	36	0.95	0.95	340.62	0.46
Dec. 31, 2011	18.20	902	50	0.94	0.94	283.13	0.37
Dec. 31, 2010	18.38	943	51	0.93	0.93	288.20	0.41
Series I							
Dec. 31, 2014⁵	30.13	3 965	132	0.78	0.78	22.88	0.02



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data (cont.)

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series O							
Dec. 31, 2014	30.53	1 050 529	34 408	0.02	0.02	22.88	0.02
Dec. 31, 2013	26.30	810 859	30 827	0.02	0.02	17.96	0.02
Dec. 31, 2012	18.80	535 492	28 480	0.02	0.02	340.62	0.46
Dec. 31, 2011	18.19	420 238	23 106	0.02	0.02	283.13	0.37
Dec. 31, 2010	18.29	390 019	21 319	0.02	0.02	288.20	0.41

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From August 11, 2014.

⁵ From April 21, 2014.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.75%	66%	34%
Advisor Series	1.75%	66%	34%
Series H	1.65%	70%	30%
Series D	1.00%	25%	75%
Series F	0.75%	—	100%
Series I	0.60%	—	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

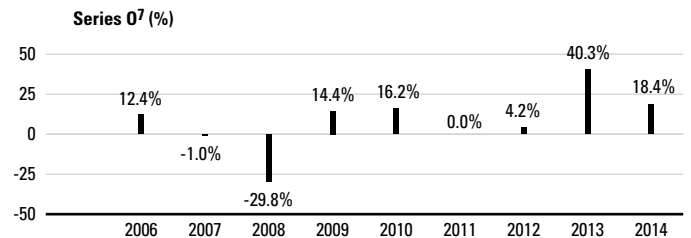
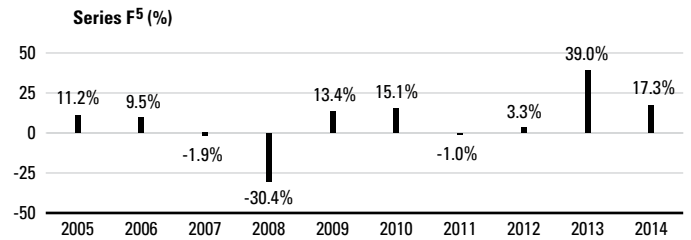
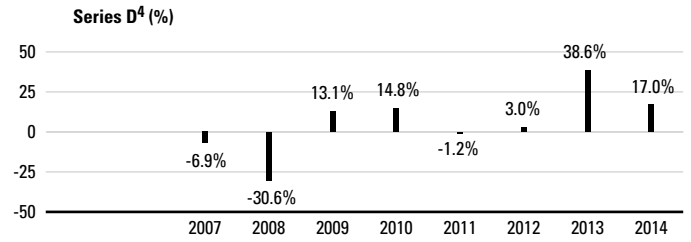
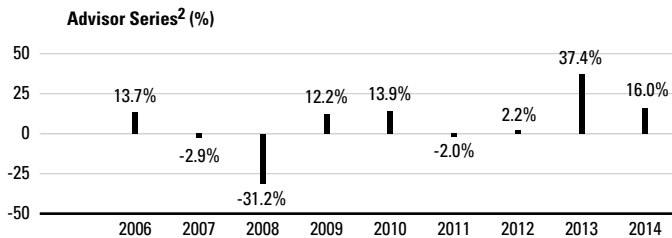
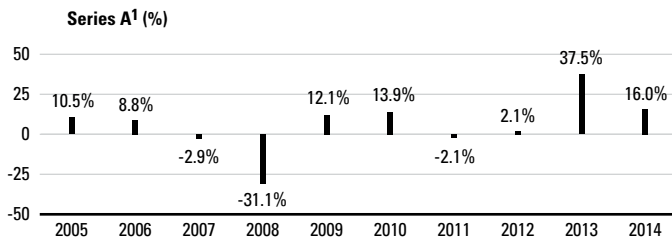


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

Russell Midcap Growth Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	16.0	17.6	12.7	5.0	–
Benchmark	22.4	26.1	19.3	9.1	–
Advisor Series ²	16.0	17.7	12.7	–	5.4
Benchmark	22.4	26.1	19.3	–	10.4
Series H ³	–	–	–	–	12.4
Benchmark	–	–	–	–	9.8
Series D ⁴	17.0	18.7	13.6	–	4.4
Benchmark	22.4	26.1	19.3	–	9.8
Series F ⁵	17.3	19.0	13.9	6.1	–
Benchmark	22.4	26.1	19.3	9.1	–
Series I ⁶	–	–	–	–	14.2
Benchmark	–	–	–	–	12.4
Series O ⁷	18.4	20.1	15.0	–	7.3
Benchmark	22.4	26.1	19.3	–	10.1

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date March 31, 1992.

² Inception date August 28, 2006.

³ Inception date August 11, 2014.

⁴ Inception date July 3, 2007.

⁵ Inception date August 13, 2001.

⁶ Inception date April 21, 2014.

⁷ Inception date September 5, 2006.

INDEX DESCRIPTION

Russell Midcap Growth Index (CAD) This index is a capitalization-weighted measure of the mid-cap growth segment of the U.S. equity universe in Canadian dollars, and includes companies with higher price-to-book ratios and higher forecasted growth values. The index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the mid-cap growth market.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Health Care	19.2
Industrials	18.8
Information Technology	18.4
Consumer Discretionary	17.3
Financials	9.6
Consumer Staples	7.9
Energy	4.2
Materials	2.8
Cash/Other	1.8

Top 25 Holdings

	% of Net Asset Value
Under Armour Inc., Class A	2.1
Henry Schein Inc.	1.9
Cash & Cash Equivalents	1.8
Tractor Supply Co.	1.8
O'Reilly Automotive Inc.	1.8
Treehouse Foods Inc.	1.8
Signature Bank	1.8
V.F. Corporation	1.7
IDEXX Laboratories Inc.	1.6
C.R. Bard Inc.	1.5
Parexel International Corp.	1.5
Affiliated Managers Group Inc.	1.5
Mettler-Toledo International Inc.	1.5
Dollar Tree Inc.	1.5
Open Text Corp.	1.5
Stericycle Inc.	1.5
Perrigo Company Plc.	1.5
LKQ Corp.	1.5
Church & Dwight Co. Inc.	1.5
Waters Corp.	1.4
United Natural Foods Inc.	1.4
Raymond James Financial Corp.	1.4
Cerner Corp.	1.4
Roper Industries Inc.	1.4
Autodesk Inc.	1.4
Top 25 Holdings	39.7

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



U.S. EQUITY FUND

**RBC U.S. MID-CAP EQUITY
CURRENCY NEUTRAL FUND**

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor: RBC Global Asset Management (U.S.) Inc., Minneapolis, Minnesota

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term capital appreciation, primarily through investing in mid-capitalized equity securities of U.S. companies while minimizing the exposure to fluctuations between the U.S. and Canadian dollar exchange rates.

The Fund diversifies across industries and selects companies with strong management, focused business models and the potential for growth in earnings and cash flow. The Fund uses currency hedges to minimize the impact of fluctuations in the U.S. dollar versus the Canadian dollar.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value was \$12 million as of December 31, 2014, unchanged from the end of 2013.

Over the past year, the Fund's Series A units rose 6.6%, which underperformed the 11.9% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

After a weak start to 2014, the U.S. economy returned to much stronger growth, as evidenced by the 3.9% annualized pace of expansion in the third quarter. A continued decline in unemployment was consistent with the improving economic outlook. All index sectors posted positive returns except Energy, which fell significantly after a sell-off in oil prices.

Security selection was the primary driver of the underperformance of the Fund relative to the benchmark. The stocks that had the most negative impact on relative performance were Core Laboratories, LKQ and Trimble Navigation. The negative impact of stock selection was somewhat offset by sector allocation, helped by an overweight position in the Health Care sector and an underweight allocation to the poorly performing Energy sector. Positive security selection in the Consumer Discretionary sector was offset by the negative impact of security selection in the Health Care, Industrials and Consumer Staples sectors. The stocks that contributed most to relative performance were Under Armour, O'Reilly Automotive, and Actavis. The Fund was well diversified by both sector and industry.

Performance was negatively affected by the Fund's mandate to hedge exchange-rate movements between the U.S. and Canadian dollars, as unitholders did not benefit from the rise in the U.S. dollar versus the Canadian currency during 2014.

Recent Developments

The U.S. economy bounced back following the first quarter's weather-related decline, and various economic indicators, including a more positive consumer outlook, leads the sub-advisor to expect this stronger growth will be sustained over the next several quarters. Strength in the U.S. economy supports the sub-advisor's view that 2015 should be a year of increased revenue and earnings growth for companies in the portfolio. Market volatility has recently increased, largely due to the possibility that the U.S. Federal Reserve will begin raising interest rates in 2015 and also due to an unstable geopolitical landscape. The sub-advisor believes that both of these factors could potentially hinder U.S. equity markets. The sub-advisor does not expect significant changes to portfolio holdings or sector weightings and remains on the lookout for highly profitable, well-managed companies.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Sub-Advisor

RBC Global Asset Management (U.S.) Inc. is the sub-advisor and provides investment advice for the Fund.

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.



Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. There were no related-party commissions.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	11.22	0.06	(0.24)	0.54	0.34	0.70	—	—	—	—	—	11.96
Dec. 31, 2013	8.63	0.04	(0.21)	(0.07)	2.84	2.60	—	—	—	—	—	11.22
Dec. 31, 2012	8.27	0.11	(0.18)	1.02	(0.59)	0.36	—	—	—	—	—	8.63
Dec. 31, 2011	8.63	0.07	(0.18)	(0.06)	(0.25)	(0.42)	—	—	—	—	—	8.27
Dec. 31, 2010	7.22	0.08	(0.15)	1.40	0.03	1.36	—	—	—	—	—	8.63
Advisor Series												
Dec. 31, 2014	11.26	0.06	(0.23)	0.54	0.34	0.71	—	—	—	—	—	12.01
Dec. 31, 2013	8.66	0.04	(0.21)	(0.07)	2.85	2.61	—	—	—	—	—	11.26
Dec. 31, 2012	8.29	0.11	(0.18)	1.03	(0.59)	0.37	—	—	—	—	—	8.66
Dec. 31, 2011	8.66	0.07	(0.17)	(0.06)	(0.25)	(0.41)	—	—	—	—	—	8.29
Dec. 31, 2010	7.24	0.08	(0.15)	1.40	0.03	1.36	—	—	—	—	—	8.66
Series D												
Dec. 31, 2014	11.86	0.06	(0.15)	0.57	0.35	0.83	—	—	—	—	—	12.75
Dec. 31, 2013	9.04	0.05	(0.13)	(0.07)	2.99	2.84	—	—	—	—	—	11.85
Dec. 31, 2012	8.58	0.11	(0.11)	1.07	(0.62)	0.45	—	—	—	—	—	9.04
Dec. 31, 2011	8.89	0.07	(0.11)	(0.06)	(0.26)	(0.36)	—	—	—	—	—	8.58
Dec. 31, 2010	7.38	0.08	(0.09)	1.44	0.03	1.46	—	—	—	—	—	8.89
Series F												
Dec. 31, 2014	12.20	0.06	(0.12)	0.60	0.37	0.91	—	—	—	—	—	13.15
Dec. 31, 2013	9.28	0.05	(0.11)	(0.07)	3.07	2.94	—	—	—	—	—	12.20
Dec. 31, 2012	8.79	0.11	(0.09)	1.09	(0.63)	0.48	—	—	—	—	—	9.28
Dec. 31, 2011	9.08	0.08	(0.09)	(0.06)	(0.27)	(0.34)	—	—	—	—	—	8.79
Dec. 31, 2010	7.51	0.08	(0.07)	1.47	0.03	1.51	—	—	—	—	—	9.08

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	11.96	10 826	905	2.08	2.11	12.19	0.02
Dec. 31, 2013	11.22	11 192	997	2.11	2.11	7.11	0.01
Dec. 31, 2012	8.64	9 650	1 117	2.10	2.10	335.69	0.46
Dec. 31, 2011	8.27	9 852	1 191	2.12	2.12	280.13	0.37
Dec. 31, 2010	8.63	9 644	1 117	2.09	2.09	284.92	0.40
Advisor Series							
Dec. 31, 2014	12.01	246	20	2.02	2.05	12.19	0.02
Dec. 31, 2013	11.26	248	22	2.07	2.07	7.11	0.01
Dec. 31, 2012	8.67	172	20	2.08	2.08	335.69	0.46
Dec. 31, 2011	8.30	230	28	2.12	2.12	280.13	0.37
Dec. 31, 2010	8.66	128	15	2.05	2.05	284.92	0.40
Series D							
Dec. 31, 2014	12.75	315	25	1.20	1.23	12.19	0.02
Dec. 31, 2013	11.86	554	47	1.22	1.22	7.11	0.01
Dec. 31, 2012	9.05	403	45	1.24	1.24	335.69	0.46
Dec. 31, 2011	8.59	299	35	1.27	1.27	280.13	0.37
Dec. 31, 2010	8.89	295	33	1.25	1.25	284.92	0.40
Series F							
Dec. 31, 2014	13.15	206	16	0.95	0.98	12.19	0.02
Dec. 31, 2013	12.20	77	6	0.97	0.97	7.11	0.01
Dec. 31, 2012	9.29	105	11	0.97	0.97	335.69	0.46
Dec. 31, 2011	8.79	144	16	1.01	1.01	280.13	0.37
Dec. 31, 2010	9.08	229	25	0.98	0.98	284.92	0.40

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.75%	66%	34%
Advisor Series	1.75%	66%	34%
Series D	1.00%	25%	75%
Series F	0.75%	—	100%

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

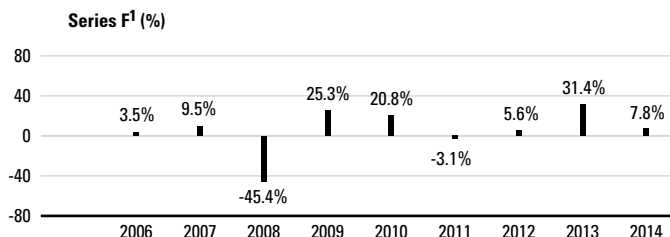
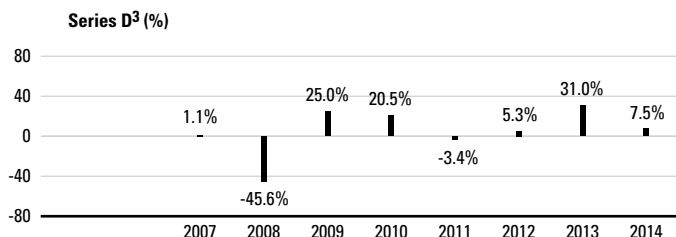
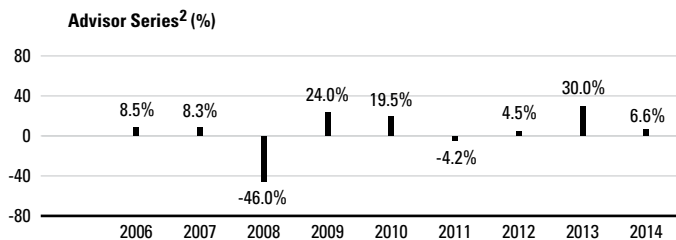
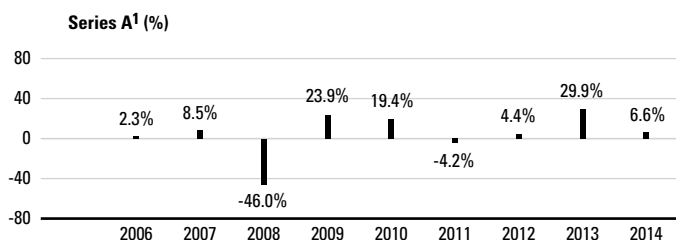


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

Russell Midcap Growth Index (USD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	6.6	13.1	10.6	—	2.3
Benchmark	11.9	20.7	16.9	—	8.5
Advisor Series ²	6.6	13.1	10.6	—	3.2
Benchmark	11.9	20.7	16.9	—	9.7
Series D ³	7.5	14.1	11.5	—	2.3
Benchmark	11.9	20.7	16.9	—	8.5
Series F ¹	7.8	14.4	11.8	—	3.5
Benchmark	11.9	20.7	16.9	—	8.5

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date January 23, 2006.

² Inception date August 28, 2006.

³ Inception date July 3, 2007.

INDEX DESCRIPTION

Russell Midcap Growth Index (USD) This index is a capitalization-weighted measure of the mid-cap growth segment of the U.S. equity universe in U.S. dollars, and includes companies with higher price-to-book ratios and higher forecasted growth values. The index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the mid-cap growth market.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Health Care	19.4
Industrials	19.0
Information Technology	18.6
Consumer Discretionary	17.4
Financials	9.7
Consumer Staples	8.1
Other Sectors	7.0
Cash/Other	0.8

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	3.7
Under Armour Inc., Class A	2.1
Henry Schein Inc.	1.9
Tractor Supply Co.	1.8
Treehouse Foods Inc.	1.8
Signature Bank	1.8
O'Reilly Automotive Inc.	1.8
V.F. Corporation	1.7
IDEXX Laboratories Inc.	1.6
C.R. Bard Inc.	1.6
Parexel International Corp.	1.6
Affiliated Managers Group Inc.	1.6
Mettler-Toledo International Inc.	1.5
Stericycle Inc.	1.5
Perrigo Company Plc.	1.5
Open Text Corp.	1.5
Dollar Tree Inc.	1.5
United Natural Foods Inc.	1.5
Church & Dwight Co. Inc.	1.5
LKQ Corp.	1.5
Waters Corp.	1.4
Raymond James Financial Corp.	1.4
Roper Industries Inc.	1.4
Cerner Corp.	1.4
Ametek Inc.	1.4
Top 25 Holdings	42.0

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



U.S. EQUITY FUND

RBC U.S. MID-CAP VALUE EQUITY FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor: RBC Global Asset Management (U.S.) Inc., Minneapolis, Minnesota

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

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MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term capital growth by investing primarily in equity securities of U.S. mid-cap companies that are deemed to be undervalued in order to provide broad exposure to economic growth opportunities in the equity markets.

The Fund's investment process is based primarily on fundamental research, although the portfolio manager will also consider quantitative and technical factors. Stock selection decisions are ultimately based on an understanding of the company, its business and its outlook. The portfolio manager diversifies the Fund across industries in the U.S. market and selects companies based on strong management, focused business models and the potential for future growth in earnings and cash flow.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$253 million as of December 31, 2014, from \$233 million at the end of 2013. Of the change, \$60 million was due to investment returns offset by \$40 million of net redemptions.

Over the past year, the Fund's Series A units gained 26.2%, which outperformed the 25.1% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

U.S. equity markets rose in 2014, registering gains as the U.S. economy gathered strength. U.S. mid-cap stocks, as measured by the Fund's benchmark, were among the best-performing equities of 2014, outperforming the small-cap segment of the market and just underperforming the larger-cap segment. The negative economic impact of a historically cold winter gave way to a pick-up in growth that coincided with the spring thaw. Economic data such as housing sales, consumer spending and employment continued to improve during the second half of the year, spurring the U.S. Federal Reserve to end its efforts to stimulate economic growth through long-term bond purchases, known as quantitative easing.

The Fund's outperformance in 2014 was driven by favourable stock selection, most notably in the Information Technology and Industrials sectors. Within Information Technology, a trio of semiconductor manufacturing companies – Skyworks Solutions, NXP Semiconductor and RF Micro Devices – led strong performance, while in the Industrials sector, low-cost airline Spirit Airlines and airline holding company Alaska Air Group drove performance. Individual stocks that had a negative impact on performance included pipe, valve and fittings distributor MRC Global and online marketing services company Web.com Group. Sector allocation had a modestly negative impact on relative returns as a significant overweight position in Industrials, and significant underweight positions in the Utilities and Consumer Staples sectors all weighed on overall returns.

Portfolio turnover is high for the Fund, as the sub-advisor trims and adds to positions based on valuation.

Recent Developments

The sub-advisor seeks to invest in stocks of companies with strong balance sheets and growth prospects, and which are trading at a discount. The sub-advisor expects stock selection to continue to drive the Fund's relative returns, and the current market offers opportunities to invest in companies with the potential for improvements in corporate performance and attractive valuations.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Sub-Advisor

RBC Global Asset Management (U.S.) Inc. is the sub-advisor and provides investment advice for the Fund.

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series and Series D units.



Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. There were no related-party commissions.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	13.08	0.16	(0.31)	4.19	(0.61)	3.43	–	–	(3.87)	–	(3.87)	12.61
Dec. 31, 2013	10.25	0.12	(0.28)	1.39	2.85	4.08	–	–	(1.26)	–	(1.26)	13.07
Dec. 31, 2012 ³	10.00 [†]	1.57	(0.20)	(1.30)	0.26	0.33	–	–	(0.08)	–	(0.08)	10.25
Advisor Series												
Dec. 31, 2014	13.09	0.16	(0.31)	4.20	(0.61)	3.44	–	–	(3.87)	–	(3.87)	12.63
Dec. 31, 2013	10.25	0.12	(0.28)	1.38	2.84	4.06	–	–	(1.26)	–	(1.26)	13.09
Dec. 31, 2012 ³	10.00 [†]	0.67	(0.20)	(0.56)	0.42	0.33	–	–	(0.08)	–	(0.08)	10.25
Series D												
Dec. 31, 2014	13.31	0.16	(0.20)	4.28	(0.62)	3.62	–	–	(3.87)	–	(3.87)	13.04
Dec. 31, 2013	10.32	0.13	(0.18)	1.41	2.89	4.25	–	–	(1.26)	–	(1.26)	13.30
Dec. 31, 2012 ³	10.00 [†]	0.33	(0.12)	(0.27)	0.47	0.41	–	(0.01)	(0.08)	–	(0.09)	10.32
Series F												
Dec. 31, 2014	13.39	0.16	(0.16)	4.32	(0.63)	3.69	–	–	(3.87)	–	(3.87)	13.19
Dec. 31, 2013	10.36	0.12	(0.14)	1.40	2.88	4.26	–	–	(1.26)	–	(1.26)	13.39
Dec. 31, 2012 ³	10.00 [†]	0.25	(0.09)	(0.21)	0.50	0.45	–	–	(0.09)	–	(0.09)	10.36
Series O												
Dec. 31, 2014	13.44	0.16	(0.02)	4.29	(0.62)	3.81	–	(0.11)	(3.87)	–	(3.98)	13.29
Dec. 31, 2013	10.38	0.13	(0.01)	1.43	2.94	4.49	–	(0.12)	(1.26)	–	(1.38)	13.43
Dec. 31, 2012 ³	10.00 [†]	0.14	(0.01)	(0.12)	0.51	0.52	–	(0.06)	(0.08)	–	(0.14)	10.38

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From January 30, 2012.

[†] Initial offering net asset value per unit.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	12.61	17 106	1 356	2.15	2.15	145.70	0.27
Dec. 31, 2013	13.08	7 507	574	2.17	2.17	104.36	0.18
Dec. 31, 2012 ⁴	10.25	457	45	2.20	2.20	106.06	0.52
Advisor Series							
Dec. 31, 2014	12.63	18 183	1 439	2.12	2.12	145.70	0.27
Dec. 31, 2013	13.09	8 903	680	2.12	2.12	104.36	0.18
Dec. 31, 2012 ⁴	10.26	40	4	2.16	2.16	106.06	0.52
Series D							
Dec. 31, 2014	13.04	6 713	515	1.34	1.34	145.70	0.27
Dec. 31, 2013	13.31	1 734	130	1.36	1.36	104.36	0.18
Dec. 31, 2012 ⁴	10.33	54	5	1.26	1.26	106.06	0.52
Series F							
Dec. 31, 2014	13.19	6 341	481	1.05	1.05	145.70	0.27
Dec. 31, 2013	13.39	4 050	302	1.09	1.09	104.36	0.18
Dec. 31, 2012 ⁴	10.36	54	5	1.02	1.02	106.06	0.52
Series O							
Dec. 31, 2014	13.29	204 349	15 371	0.11	0.11	145.70	0.27
Dec. 31, 2013	13.44	210 466	15 665	0.11	0.11	104.36	0.18
Dec. 31, 2012 ⁴	10.38	161 440	15 550	0.12	0.12	106.06	0.52

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From January 30, 2012.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.85%	54%	46%
Advisor Series	1.85%	54%	46%
Series D	1.10%	23%	77%
Series F	0.85%	—	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.



PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

Russell Midcap Value Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	26.2	—	—	—	22.8
Benchmark	25.1	—	—	—	30.0
Advisor Series ¹	26.2	—	—	—	22.8
Benchmark	25.1	—	—	—	30.0
Series D ¹	27.2	—	—	—	23.8
Benchmark	25.1	—	—	—	30.0
Series F ¹	27.5	—	—	—	24.2
Benchmark	25.1	—	—	—	30.0
Series O ¹	28.7	—	—	—	25.3
Benchmark	25.1	—	—	—	30.0

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date January 30, 2012.

INDEX DESCRIPTION

Russell Midcap Value Index (CAD) This index measures the performance of the mid-cap value segment of the U.S. equity universe.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Financials	27.0
Industrials	18.4
Consumer Discretionary	12.1
Information Technology	11.1
Materials	9.2
Utilities	6.9
Energy	5.2
Health Care	5.2
Cash/Other	4.9

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	4.9
Hartford Financial Services Inc.	3.2
Carlisle Co. Inc.	2.7
Ryder System Inc.	2.4
NXP Semiconductor N.V.	2.4
Fifth Third Bancorp	2.3
Jarden Corp.	2.3
Huntington Bancshares	2.3
Newell Rubbermaid Inc.	2.2
Mylan Laboratories Inc.	2.2
Universal Health Services Inc., Class B	2.2
Swift Transportation Co., Class A	2.1
CIT Group Inc.	2.0
Lincoln National Corp.	1.9
Amtrust Financial Services Inc.	1.9
The Laclede Group Inc.	1.8
Tenneco Automotive Inc.	1.8
CMS Energy Corp.	1.8
Brunswick Corp.	1.8
Skyworks Solutions Inc.	1.8
Ashland Inc.	1.7
National General Holdings Corp.	1.7
RF Micro Devices Inc.	1.7
AOL Inc.	1.6
HCC Insurance Holdings Inc.	1.6
Top 25 Holdings	54.3

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



U.S. EQUITY FUND

**RBC U.S. SMALL-CAP
CORE EQUITY FUND**

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor: RBC Global Asset Management (U.S.) Inc., Minneapolis, Minnesota

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term capital growth by investing primarily in equity securities of U.S. small-cap companies in order to provide broad exposure to economic growth opportunities in the equity markets.

The Fund's investment process is based primarily on fundamental research, although the portfolio manager will also consider quantitative and technical factors. Stock selection decisions are ultimately based on an understanding of the company, its business and its outlook. The portfolio manager diversifies the Fund across industries in the U.S. market and selects companies based on strong management, focused business models and the potential for future growth in earnings and cash flow.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$144 million as of December 31, 2014, from \$125 million at the end of 2013. Most of the change was due to investment returns.

Over the past year, the Fund's Series A units rose 12.4%, which underperformed the 14.3% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

Broad U.S. equity markets registered gains in 2014, although companies with smaller market values lagged. Steady U.S. economic growth, a stabilizing housing market and improved consumer spending offset the dampening effect of a historically cold winter and slowing growth in many countries overseas. Small-cap stocks, which generally carry higher valuations, were held back in 2014 as investors gravitated to the perceived safety of larger-cap issues amid slow global economic growth and geopolitical uncertainty.

The Fund's underperformance during the period was caused to a large extent by stock selection in the Health Care and Materials sectors, as well as a relative lack of exposure to the outperforming Health Care sector. Individual stocks that had a negative impact on the Fund's performance included seismic instrument manufacturer Geospace Technologies and Interactive Intelligence Group, which provides services that automate call centres. Offsetting some of the portfolio's underperformance was favourable stock selection in the Consumer Discretionary and Information Technology sectors. Strong stock selection in the Consumer Discretionary sector included television remote-control manufacturer Universal Electronics and wholesale distributor to convenience stores Core-Mark Holding. In the Information Technology sector, semiconductor manufacturer Skyworks Solutions was one of the strongest performers in the portfolio. InterDigital, which licenses wireless digital radio-telephone systems, also contributed to returns.

Recent Developments

There is much to be optimistic about as we head into 2015, although geopolitical risks continue to represent potential impediments to further market gains. The sub-advisor remains positioned for a continued U.S. economic recovery with overweight allocations to the economically sensitive Industrials, Consumer Discretionary and Information Technology sectors. To protect against the potential for an overall decline in the market, the sub-advisor is emphasizing companies with strong balance sheets, high returns on equity, market leadership and the potential for profit-margin improvement. In the view of the sub-advisor, portfolio returns in 2015 are likely to be driven more by individual company performance as opposed to the broad market gains of the past few years. The portfolio continues to trade at a valuation discount on several measures while providing superior returns on equity and projected earnings growth. In the sub-advisor's view, the end of the U.S. Federal Reserve's extraordinary economic-stimulus measures, known as quantitative easing, could have a positive impact on small-cap stocks.



Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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Sub-Advisor

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Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. There were no related-party commissions.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	14.62	0.20	(0.33)	1.11	0.73	1.71	–	–	(0.27)	–	(0.27)	16.15
Dec. 31, 2013	10.06	0.10	(0.29)	0.38	3.92	4.11	–	–	(0.11)	–	(0.11)	14.61
Dec. 31, 2012 ³	10.00 [†]	0.22	(0.20)	0.33	0.07	0.42	–	–	(0.36)	–	(0.36)	10.06
Advisor Series												
Dec. 31, 2014	14.63	0.20	(0.33)	1.11	0.74	1.72	–	–	(0.27)	–	(0.27)	16.16
Dec. 31, 2013	10.08	0.09	(0.31)	0.35	3.56	3.69	–	–	(0.11)	–	(0.11)	14.62
Dec. 31, 2012 ³	10.00 [†]	0.22	(0.19)	0.34	0.07	0.44	–	–	(0.36)	–	(0.36)	10.08
Series D												
Dec. 31, 2014	14.85	0.20	(0.20)	1.13	0.75	1.88	–	–	(0.27)	–	(0.27)	16.56
Dec. 31, 2013	10.14	0.10	(0.17)	0.38	3.93	4.24	–	–	(0.11)	–	(0.11)	14.84
Dec. 31, 2012 ³	10.00 [†]	0.33	(0.13)	0.22	0.08	0.50	–	–	(0.36)	–	(0.36)	10.14
Series F												
Dec. 31, 2014	14.92	0.20	(0.16)	1.14	0.75	1.93	–	(0.01)	(0.27)	–	(0.28)	16.67
Dec. 31, 2013	10.16	0.09	(0.14)	0.34	3.53	3.82	–	(0.01)	(0.11)	–	(0.12)	14.91
Dec. 31, 2012 ³	10.00 [†]	0.24	(0.10)	0.31	0.08	0.53	–	–	(0.37)	–	(0.37)	10.16
Series O												
Dec. 31, 2014	14.95	0.20	(0.02)	1.15	0.76	2.09	–	(0.15)	(0.27)	–	(0.42)	16.72
Dec. 31, 2013	10.15	0.11	(0.02)	0.44	4.52	5.05	–	(0.09)	(0.11)	–	(0.20)	14.94
Dec. 31, 2012 ³	10.00 [†]	0.28	(0.01)	0.28	0.07	0.62	–	(0.11)	(0.36)	–	(0.47)	10.15

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From January 30, 2012.

[†] Initial offering net asset value per unit.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	16.15	10 148	628	2.17	2.17	36.20	0.08
Dec. 31, 2013	14.62	11 188	765	2.17	2.17	24.23	0.14
Dec. 31, 2012 ⁴	10.18	462	45	2.17	2.17	95.17	0.51
Advisor Series							
Dec. 31, 2014	16.16	4 513	279	2.18	2.18	36.20	0.08
Dec. 31, 2013	14.63	4 624	316	2.27	2.27	24.23	0.14
Dec. 31, 2012 ⁴	10.19	23	2	2.09	2.09	95.17	0.51
Series D							
Dec. 31, 2014	16.56	4 893	296	1.33	1.33	36.20	0.08
Dec. 31, 2013	14.85	6 254	421	1.29	1.29	24.23	0.14
Dec. 31, 2012 ⁴	10.25	139	14	1.37	1.37	95.17	0.51
Series F							
Dec. 31, 2014	16.67	7 467	448	1.07	1.07	36.20	0.08
Dec. 31, 2013	14.92	5 292	355	1.04	1.04	24.23	0.14
Dec. 31, 2012 ⁴	10.27	32	3	1.05	1.05	95.17	0.51
Series O							
Dec. 31, 2014	16.72	116 903	6 993	0.11	0.11	36.20	0.08
Dec. 31, 2013	14.95	97 355	6 513	0.12	0.12	24.23	0.14
Dec. 31, 2012 ⁴	10.26	41 000	3 997	0.12	0.12	95.17	0.51

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From January 30, 2012.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.85%	54%	46%
Advisor Series	1.85%	54%	46%
Series D	1.10%	23%	77%
Series F	0.85%	—	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.



PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

Russell 2000 Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	12.4	—	—	—	20.4
Benchmark	14.3	—	—	—	27.3
Advisor Series ¹	12.4	—	—	—	20.4
Benchmark	14.3	—	—	—	27.3
Series D ¹	13.3	—	—	—	21.4
Benchmark	14.3	—	—	—	27.3
Series F ¹	13.6	—	—	—	21.7
Benchmark	14.3	—	—	—	27.3
Series O ¹	14.7	—	—	—	22.8
Benchmark	14.3	—	—	—	27.3

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date January 30, 2012.

INDEX DESCRIPTION

Russell 2000 Index (CAD) This index measures the Canadian dollar performance of the small-cap segment of the U.S. equity universe and includes 2000 of the smallest securities based on market capitalization.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Industrials	26.2
Consumer Discretionary	22.8
Information Technology	16.3
Financials	12.6
Health Care	8.1
Materials	5.3
Energy	4.3
Other Sectors	2.4
Cash/Other	2.0

Top 25 Holdings

	% of Net Asset Value
Universal Electronics Inc.	4.9
Tyler Technologies Inc.	3.1
Synaptics Inc.	3.0
Synchronoss Technologies Inc.	2.8
EnerSys	2.6
West Pharmaceutical Services Inc.	2.4
Columbus McKinnon Corp.	2.4
Astronics Corp.	2.4
Compass Diversified Holdings	2.3
AZZ Inc.	2.3
Libbey Inc.	2.3
The Greenbrier Co. Inc.	2.2
Take-Two Interactive Software Inc.	2.0
Helen Of Troy Ltd.	1.9
Cash & Cash Equivalents	1.9
Grand Canyon Education Inc.	1.8
Old Dominion Freight Line Inc.	1.7
Amerisafe Inc.	1.7
Interactive Intelligence Group	1.7
GP Strategies Corp.	1.7
Patrick Industries Inc.	1.6
ACCO Brands Corp.	1.6
Drew Industries Inc.	1.6
Destination XL Group Inc.	1.5
Gulfport Energy Corp.	1.4
Top 25 Holdings	54.8

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



U.S. EQUITY FUND

**RBC O'SHAUGHNESSY
U.S. GROWTH FUND**

December 31, 2014

Portfolio Manager *RBC Global Asset Management Inc. ("RBC GAM")*

Sub-Advisor: O'Shaughnessy Asset Management, L.L.C., Stamford, Connecticut

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term capital growth by investing primarily in equity securities of U.S. companies based on Strategy Indexing[®], an investment portfolio management model developed in 1995 by Jim O'Shaughnessy.

To achieve its objective, the Fund selects stocks with the most attractive momentum based on a variety of measures, including six-month total return and nine-month total return. The stocks must also meet certain market capitalization and liquidity thresholds. The Fund uses currency hedges to minimize the impact of fluctuations in the U.S. dollar versus the Canadian dollar.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value fell to \$155 million as of December 31, 2014, from \$189 million at the end of 2013. The change was due to both net redemptions and investment losses.

Over the past year, the Fund's Series A units lost 4.6%, which underperformed the 5.6% rise in the benchmark. The broad-based index rose 4.9%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

In 2014, global equity markets did not match the huge gains of 2013. The U.S. market continued to do well, while markets in Canada and elsewhere had only moderate gains. Volatility picked up at times during the year, especially in energy prices, which were hit hard by a swift decline in the price of oil. Earnings continued to grow, but stocks remained more expensive than they have been in recent years.

Companies whose stocks exhibited strong price momentum, like those invested in by the sub-advisor, generally underperformed. Within momentum, the sub-advisor favoured stocks with lower price volatility. These stocks finished the period with a positive effect on returns. Exposure to companies with attractive valuations, which are targeted as a component of the Fund's stock-selection process, had a positive effect on performance. Additionally, exposure to stocks with high earnings quality, financial strength and high earnings growth helped returns.

Security selection and allocation among sectors both had a negative effect on Fund performance. An overweight allocation to Consumer Staples and an underweight allocation to Materials contributed to performance during the period. These effects were more than offset by an underweight allocation to and security selection in the Health Care sector, which had a significant negative impact on returns. An overweight allocation to the Energy sector and security selection in the Information Technology sector also hurt performance. In the Energy sector, Westmoreland Coal contributed to the Fund's performance, while Warren Resources was a negative. Selection in the Industrials and Consumer Discretionary sectors had a positive impact on performance. In the Industrials sector, Knight Transportation was a main contributor to Fund performance.

Portfolio turnover for the Fund is typically high. Inherent in the investment process for O'Shaughnessy Funds is the periodic rebalancing of segments of the portfolio as the sub-advisor attempts to generate better returns through stock selection.

It is the policy of the Fund to maintain currency hedges at all times in order to neutralize exchange-rate movements between the U.S. dollar and the Canadian dollar. This policy had a negative effect on returns during the period.

Recent Developments

To identify the most attractive investments, the sub-advisor uses historically proven, objectively measured characteristics such as low valuations, strong balance sheets and earnings quality, and strong but stable momentum.

Due to the Fund's investment process and market conditions over the course of 2014, the Fund decreased allocations to the Materials and Industrials sectors and increased allocations to Consumer Staples stocks. The sub-advisor believes that stock selection becomes more important when the overall market is more expensive and that portfolios which are very different from the market offer the best chance to outperform.

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Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

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

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$11,000 (2013 – \$3,000) or 4% (2013 – 1%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	14.51	0.18	(0.21)	1.44	(2.12)	(0.71)	–	–	–	–	–	13.84
Dec. 31, 2013	10.06	0.18	(0.19)	2.53	1.91	4.43	–	–	–	–	–	14.50
Dec. 31, 2012	8.59	0.18	(0.15)	1.37	0.14	1.54	–	–	–	–	–	10.06
Dec. 31, 2011	9.31	0.11	(0.13)	0.23	(0.90)	(0.69)	–	–	–	–	–	8.59
Dec. 31, 2010	8.02	0.04	(0.12)	0.89	0.42	1.23	–	–	–	–	–	9.31
Series D												
Dec. 31, 2014	14.82	0.18	(0.17)	1.47	(2.17)	(0.69)	–	–	–	–	–	14.18
Dec. 31, 2013	10.24	0.18	(0.15)	2.58	1.95	4.56	–	–	–	–	–	14.80
Dec. 31, 2012	8.71	0.19	(0.12)	1.37	0.14	1.58	–	–	–	–	–	10.24
Dec. 31, 2011	9.42	0.11	(0.11)	0.24	(0.91)	(0.67)	–	–	–	–	–	8.71
Dec. 31, 2010	8.08	0.04	(0.10)	0.90	0.43	1.27	–	–	–	–	–	9.42
Series F												
Dec. 31, 2014	15.75	0.19	(0.14)	1.57	(2.31)	(0.69)	–	–	–	–	–	15.12
Dec. 31, 2013	10.85	0.19	(0.12)	2.74	2.06	4.87	–	–	–	–	–	15.74
Dec. 31, 2012	9.21	0.20	(0.10)	1.39	0.15	1.64	–	–	–	–	–	10.85
Dec. 31, 2011	9.93	0.12	(0.08)	0.25	(0.96)	(0.67)	–	–	–	–	–	9.21
Dec. 31, 2010	8.50	0.04	(0.08)	0.94	0.45	1.35	–	–	–	–	–	9.93
Series O												
Dec. 31, 2014	15.98	0.19	–	1.61	(2.36)	(0.56)	–	–	–	–	–	15.48
Dec. 31, 2013	10.91	0.19	–	2.77	2.08	5.04	–	–	–	–	–	15.96
Dec. 31, 2012	9.11	0.20	–	1.39	0.14	1.73	–	–	–	–	–	10.91
Dec. 31, 2011	9.73	0.12	–	0.24	(0.95)	(0.59)	–	–	–	–	–	9.11
Dec. 31, 2010	8.26	0.04	–	0.92	0.44	1.40	–	–	–	–	–	9.73

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	13.84	142 978	10 329	1.54	1.54	101.45	0.17
Dec. 31, 2013	14.51	174 322	12 015	1.55	1.55	103.96	0.17
Dec. 31, 2012	10.14	139 087	13 719	1.54	1.54	104.26	0.20
Dec. 31, 2011	8.64	139 776	16 187	1.49	1.49	124.43	0.29
Dec. 31, 2010	9.33	178 010	19 084	1.50	1.50	144.45	0.43
Series D							
Dec. 31, 2014	14.18	8 142	574	1.22	1.22	101.45	0.17
Dec. 31, 2013	14.82	9 979	674	1.23	1.23	103.96	0.17
Dec. 31, 2012	10.32	5 376	521	1.22	1.22	104.26	0.20
Dec. 31, 2011	8.76	4 800	548	1.17	1.17	124.43	0.29
Dec. 31, 2010	9.43	5 175	549	1.18	1.18	144.45	0.43
Series F							
Dec. 31, 2014	15.12	4 135	273	0.92	0.92	101.45	0.17
Dec. 31, 2013	15.75	4 821	306	0.93	0.93	103.96	0.17
Dec. 31, 2012	10.94	3 861	353	0.94	0.94	104.26	0.20
Dec. 31, 2011	9.26	4 215	455	0.90	0.90	124.43	0.29
Dec. 31, 2010	9.95	5 854	589	0.91	0.91	144.45	0.43
Series O							
Dec. 31, 2014	15.48	1	—	0.02	0.02	101.45	0.17
Dec. 31, 2013	15.98	1	—	0.02	0.02	103.96	0.17
Dec. 31, 2012	10.99	1	—	0.02	0.02	104.26	0.20
Dec. 31, 2011	9.16	18 549	2 025	0.02	0.02	124.43	0.29
Dec. 31, 2010	9.75	17 832	1 829	0.02	0.02	144.45	0.43

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.25%	52%	48%
Series D	1.00%	25%	75%
Series F	0.75%	—	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

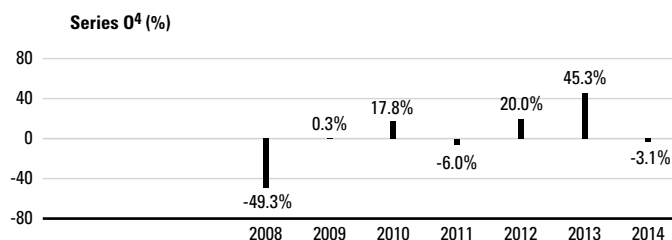
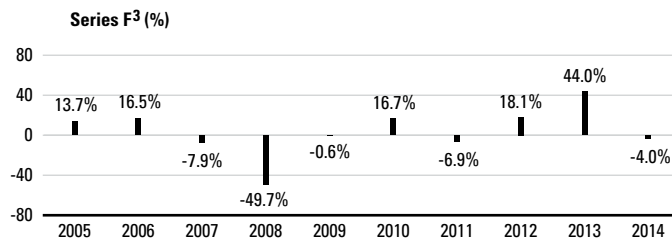
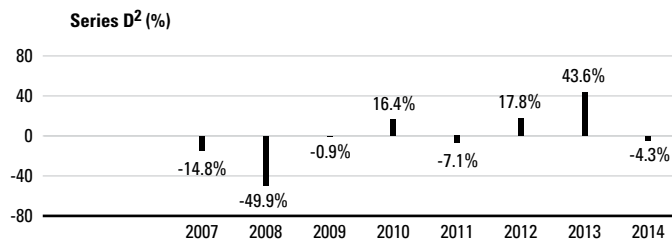
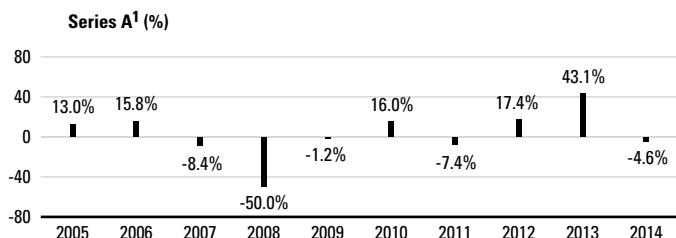
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

Russel 2000 Growth Index (USD)

The broad-based index is the Russell 2000 Index (USD).

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	-4.6	17.0	11.5	0.2	-
Benchmark	5.6	20.1	16.8	8.5	-
Broad-based index	4.9	19.2	15.5	7.8	-
Series D ²	-4.3	17.4	11.8	-	-3.9
Benchmark	5.6	20.1	16.8	-	8.7
Broad-based index	4.9	19.2	15.5	-	7.6
Series F ³	-4.0	17.7	12.2	0.8	-
Benchmark	5.6	20.1	16.8	8.5	-
Broad-based index	4.9	19.2	15.5	7.8	-
Series O ⁴	-3.1	19.1	13.3	-	-0.7
Benchmark	5.6	20.1	16.8	-	8.7
Broad-based index	4.9	19.2	15.5	-	8.2

The returns of each series may vary because of differences in management fees and expenses. The Benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark and broad-based indexes.

¹ Inception date November 4, 1997.

² Inception date July 3, 2007.

³ Inception date August 13, 2001.

⁴ Inception date January 1, 2008.

INDEX DESCRIPTIONS

Russell 2000 Growth Index (USD) This index measures the U.S. dollar performance of the small-cap growth segment of the U.S. equity universe and includes those Russell 2000 companies with higher price-to-value ratios and higher forecasted growth values.

Russell 2000 Index (USD) This index measures the U.S. dollar performance of the small-cap segment of the U.S. equity universe and includes 2,000 of the smallest securities based on market capitalization.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Financials	20.2
Consumer Discretionary	18.0
Industrials	17.9
Information Technology	15.9
Consumer Staples	12.7
Health Care	8.3
Energy	5.4
Other Sectors	4.5
Cash/Other	(2.9)

Top 25 Holdings

	% of Net Asset Value
Knight Transportation Inc.	2.5
Core-Mark Holding Co. Inc.	2.1
John B. Sanfilippo & Son Inc.	2.0
Cal-Maine Foods Inc.	1.8
BGC Partners Inc., Class A	1.8
The Pantry Inc.	1.8
Netscout Systems Inc.	1.7
The Greenbrier Co. Inc.	1.6
Calavo Growers Inc.	1.6
United Insurance Holdings Corp.	1.6
Douglas Dynamics Inc.	1.6
Neenah Paper Inc.	1.5
Panhandle Oil and Gas Inc., Class A	1.5
Chemed Corp.	1.5
Micrel Inc.	1.4
Spectrum Brands Holdings Inc.	1.4
Marcus Corp.	1.3
Consolidated Communications Holdings Inc.	1.2
Helen Of Troy Ltd.	1.2
Argan Inc.	1.2
Beneficial Mutual Bancorp Inc.	1.1
Symetra Financial Corp.	1.1
Great Southern Bancorp Inc.	1.1
Pilgrim's Pride Corp.	1.0
Piper Jaffray Cos	1.0
Top 25 Holdings	37.6

The Summary of Investment Portfolio may change due to ongoing portfolio transactions. A segment of the Fund is rebalanced around the end of the period. The Top 25 holdings may not reflect current positions. A quarterly update is available at www.rbcgam.com/funds.



U.S. EQUITY FUND

**RBC O'SHAUGHNESSY
U.S. GROWTH FUND II**

December 31, 2014

Portfolio Manager *RBC Global Asset Management Inc. ("RBC GAM")*

Sub-Advisor: O'Shaughnessy Asset Management, L.L.C., Stamford, Connecticut

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term capital growth by investing primarily in equity securities of U.S. companies based on Strategy Indexing[®], an investment portfolio management model developed in 1995 by Jim O'Shaughnessy.

To achieve its objective, the Fund selects stocks with the most attractive momentum based on a variety of measures, including six-month total return and nine-month total return. The stocks must also meet certain market capitalization and liquidity thresholds. The Fund uses currency hedges to minimize the impact of fluctuations in the U.S. dollar versus the Canadian dollar.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value fell to \$51 million as of December 31, 2014, from \$61 million at the end of 2013. Most of the change was due to net redemptions.

Over the past year, the Fund's Series A units lost 0.6%, which underperformed the 7.1% rise in the benchmark. The broad-based index rose 7.1%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

In 2014, global equity markets did not match the huge gains of 2013. The U.S. market continued to do well, while markets in Canada and experienced only moderate gains. Volatility picked up at times during the year, especially in energy prices, which were hit hard by a swift decline in the price of oil. Earnings continued to grow, but stocks remained more expensive than they have been in recent years.

Companies whose stocks exhibited strong price momentum, like those invested in by the sub-advisor, generally underperformed. In this area, the sub-advisor favoured stocks with lower price volatility, and these stocks had a positive effect on returns. Exposure to companies with attractive valuations, which are targeted as a component of the Fund's stock-selection process, had a positive effect on returns. Additionally, exposure to stocks with high earnings growth, financial strength and high earnings quality helped returns.

Allocation among sectors and security selection both had a negative effect on performance. An overweight allocation to the Consumer Staples sector and underweight allocation to Financials contributed to returns. This was more than offset by the negative impact of an overweight allocation to the Energy sector and an underweight allocation to Health Care. Security selection in the Consumer Discretionary and Information Technology sectors aided returns. In these sectors, Skyworks Solutions and Hanesbrands were the Fund's top performers. The negative impact of stocks in the Health Care and Industrials sectors resulted in underperformance for the Fund. Within these sectors, Corvel and Barrett Business were the stocks with the most negative impact on returns.

It is the policy of the Fund to maintain currency hedges at all times in order to neutralize exchange-rate movements between the U.S. dollar and the Canadian dollar. This policy had a negative effect on returns during the period.

Recent Developments

To identify the most attractive investments, the sub-advisor uses historically proven, objectively measured characteristics such as low valuations, strong balance sheets and earnings quality, and strong but stable momentum.

Due to the Fund's investment process and market conditions over the course of 2014, the Fund decreased allocations to the Consumer Discretionary sector and increased allocations to Consumer Staples stocks. The sub-advisor believes that stock selection becomes more important when the overall market is more expensive and that portfolios which are very different from the market offer the best chance to outperform.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

[®] Registered trademark of Royal Bank of Canada. Used under licence.



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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$3,000 (2013 – \$1,000) or 5% (2013 – 2%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	9.17	0.13	(0.20)	1.18	(1.19)	(0.08)	–	–	–	–	–	9.11
Dec. 31, 2013	6.48	0.11	(0.17)	1.41	1.34	2.69	–	–	–	–	–	9.17
Dec. 31, 2012	5.51	0.10	(0.14)	0.60	0.43	0.99	–	–	–	–	–	6.48
Dec. 31, 2011	6.56	0.06	(0.13)	(0.11)	(0.90)	(1.08)	–	–	–	–	–	5.51
Dec. 31, 2010	5.29	0.04	(0.12)	0.64	0.68	1.24	–	–	–	–	–	6.56
Advisor Series												
Dec. 31, 2014	9.23	0.13	(0.20)	1.18	(1.20)	(0.09)	–	–	–	–	–	9.17
Dec. 31, 2013	6.51	0.11	(0.17)	1.42	1.34	2.70	–	–	–	–	–	9.22
Dec. 31, 2012	5.54	0.10	(0.13)	0.60	0.43	1.00	–	–	–	–	–	6.51
Dec. 31, 2011	6.59	0.06	(0.13)	(0.11)	(0.90)	(1.08)	–	–	–	–	–	5.54
Dec. 31, 2010	5.31	0.04	(0.12)	0.64	0.68	1.24	–	–	–	–	–	6.59
Series D												
Dec. 31, 2014	9.65	0.13	(0.13)	1.24	(1.25)	(0.01)	–	–	–	–	–	9.68
Dec. 31, 2013	6.76	0.11	(0.11)	1.48	1.40	2.88	–	–	–	–	–	9.65
Dec. 31, 2012	5.70	0.10	(0.08)	0.62	0.45	1.09	–	–	–	–	–	6.76
Dec. 31, 2011	6.72	0.06	(0.08)	(0.12)	(0.92)	(1.06)	–	–	–	–	–	5.70
Dec. 31, 2010	5.38	0.04	(0.07)	0.65	0.69	1.31	–	–	–	–	–	6.72
Series F												
Dec. 31, 2014	9.81	0.14	(0.10)	1.26	(1.28)	0.02	–	–	–	–	–	9.87
Dec. 31, 2013	6.85	0.11	(0.09)	1.50	1.42	2.94	–	–	–	–	–	9.81
Dec. 31, 2012	5.76	0.11	(0.07)	0.63	0.45	1.12	–	–	–	–	–	6.85
Dec. 31, 2011	6.78	0.06	(0.07)	(0.12)	(0.94)	(1.07)	–	–	–	–	–	5.76
Dec. 31, 2010	5.41	0.04	(0.06)	0.66	0.69	1.33	–	–	–	–	–	6.78

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	9.11	43 478	4 771	2.22	2.22	91.94	0.11
Dec. 31, 2013	9.17	51 596	5 625	2.22	2.22	99.20	0.11
Dec. 31, 2012	6.50	33 028	5 080	2.19	2.19	100.75	0.14
Dec. 31, 2011	5.53	28 940	5 232	2.20	2.20	127.66	0.21
Dec. 31, 2010	6.56	27 401	4 176	2.16	2.16	139.41	0.31
Advisor Series							
Dec. 31, 2014	9.17	1 337	146	2.20	2.20	91.94	0.11
Dec. 31, 2013	9.23	1 667	181	2.20	2.20	99.20	0.11
Dec. 31, 2012	6.54	1 228	188	2.14	2.14	100.75	0.14
Dec. 31, 2011	5.56	1 257	226	2.14	2.14	127.66	0.21
Dec. 31, 2010	6.59	1 553	236	2.10	2.10	139.41	0.31
Series D							
Dec. 31, 2014	9.68	3 320	343	1.32	1.32	91.94	0.11
Dec. 31, 2013	9.65	4 500	466	1.33	1.33	99.20	0.11
Dec. 31, 2012	6.78	1 576	232	1.32	1.32	100.75	0.14
Dec. 31, 2011	5.72	1 575	275	1.33	1.33	127.66	0.21
Dec. 31, 2010	6.73	1 427	212	1.30	1.30	139.41	0.31
Series F							
Dec. 31, 2014	9.87	2 365	240	1.04	1.04	91.94	0.11
Dec. 31, 2013	9.81	3 255	332	1.07	1.07	99.20	0.11
Dec. 31, 2012	6.88	5 163	751	1.04	1.04	100.75	0.14
Dec. 31, 2011	5.79	5 330	921	1.04	1.04	127.66	0.21
Dec. 31, 2010	6.78	9 874	1 456	1.02	1.02	139.41	0.31

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.85%	54%	46%
Advisor Series	1.85%	54%	46%
Series D	1.10%	23%	77%
Series F	0.85%	—	100%

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

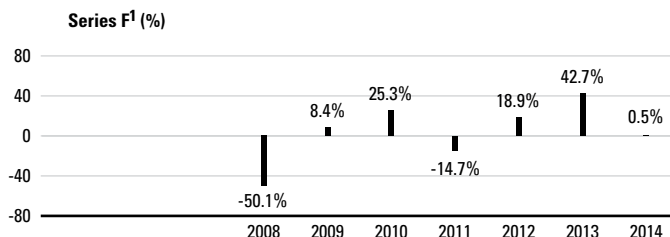
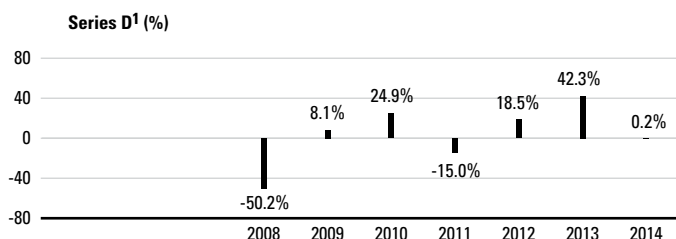
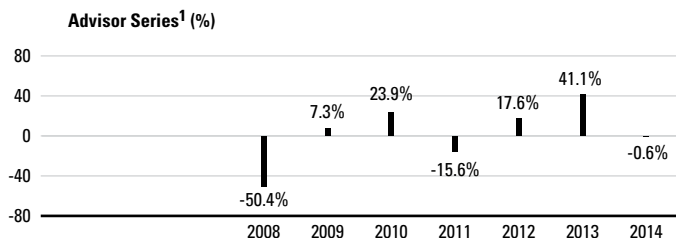
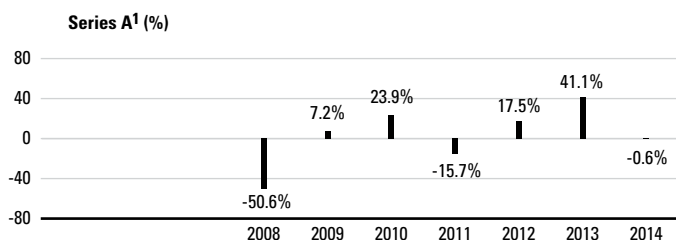


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

Russell 2500 Growth Index (USD)

The broad-based index is the Russell 2500 Index (USD).

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	-0.6	18.1	11.5	—	-1.3
Benchmark	7.1	20.5	17.3	—	10.5
Broad-based index	7.1	20.0	16.4	—	10.0
Advisor Series ¹	-0.6	18.1	11.5	—	-1.2
Benchmark	7.1	20.5	17.3	—	10.5
Broad-based index	7.1	20.0	16.4	—	10.0
Series D ¹	0.2	19.1	12.4	—	-0.5
Benchmark	7.1	20.5	17.3	—	10.5
Broad-based index	7.1	20.0	16.4	—	10.0
Series F ¹	0.5	19.5	12.7	—	-0.2
Benchmark	7.1	20.5	17.3	—	10.5
Broad-based index	7.1	20.0	16.4	—	10.0

The returns of each series may vary because of differences in management fees and expenses. The Benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark and broad-based indexes.

¹ Inception date January 14, 2008.

INDEX DESCRIPTIONS

Russell 2500 Growth Index (USD) This index measures the U.S. dollar performance of the small- to mid-cap growth segment of the U.S. equity universe and includes those Russell 2500 companies with higher price-to-book ratios and higher forecasted growth values.

Russell 2500 Index (USD) This index measures the U.S. dollar performance of the small-cap segment of the U.S. equity universe and includes 2,500 of the smallest securities based on market capitalization.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Industrials	26.8
Consumer Discretionary	20.6
Information Technology	16.7
Health Care	12.3
Consumer Staples	8.9
Other Sectors	6.9
Materials	5.1
Financials	4.8
Cash/Other	(2.1)

Top 25 Holdings

	% of Net Asset Value
Skyworks Solutions Inc.	3.1
John B. Sanfilippo & Son Inc.	1.7
Knight Transportation Inc.	1.7
Cal-Maine Foods Inc.	1.6
Multi-Color Corp.	1.5
Restaurant Brands International Inc.	1.5
Ryder System Inc.	1.5
VCA Antech Inc.	1.5
Cash & Cash Equivalents	1.5
Targa Resources Corp.	1.5
Hawaiian Holdings Inc.	1.4
Core-Mark Holding Co. Inc.	1.4
Ball Corp.	1.4
Jack in the Box Inc.	1.3
Avis Budget Group Inc.	1.3
Royal Caribbean Cruises Ltd.	1.3
Huntington Ingalls Industries Inc.	1.3
LifePoint Hospitals Inc.	1.3
NewMarket Corp.	1.2
Trinity Industries	1.2
Visteon Corp.	1.2
The Greenbrier Co. Inc.	1.2
Windstream Holdings Inc.	1.1
Foot Locker Inc.	1.1
Hyatt Hotels Corp., Class A	1.0
Top 25 Holdings	35.8

The Summary of Investment Portfolio may change due to ongoing portfolio transactions. A segment of the Fund is rebalanced around the end of the period. The Top 25 holdings may not reflect current positions. A quarterly update is available at www.rbcgam.com/funds.



U.S. EQUITY FUND

RBC LIFE SCIENCE AND TECHNOLOGY FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

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MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to deliver long-term capital growth by investing primarily in equity securities of U.S. companies whose businesses relate to life sciences and technology and are expected to benefit from scientific and technological advances.

The Fund invests in companies with strong management, focused business models and a competitive advantage.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$153 million as of December 31, 2014, from \$108 million at the end of 2013. Of the change, \$30 million was due to investment returns and \$15 million to net inflows.

Over the past year, the Fund's Series A units rose 26.9%, which underperformed the 34.3% rise in the benchmark. The broad-based index rose 24.3%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The Fund's returns during 2014 relative to the benchmark were held back by a lack of relative exposure to large-benchmark companies that performed particularly well during the period. These included Apple Inc. and Microsoft.

Health Care was one of the strongest areas of the U.S. stock market in 2014. In the Health Care segment of the portfolio, the biotechnology industry performed best, followed by hospitals and managed-care companies. Companies that make diagnostic tools and pharmaceuticals performed in line or ahead of the broader market. Biotechnology stocks were the Fund's largest allocation in the Health Care portion amid optimism about the industry's long-term prospects for earnings growth and free cash flow. However, the Fund was underweight in large-cap biotechnology companies, which was a negative for relative performance. Key stocks driving positive performance in the Fund included Edwards Lifesciences and Celgene.

Holdings in the Information Technology sector outperformed the broad benchmark. Makers of computers, semiconductors, equipment used to make semiconductors and software used by large companies performed best. Avago, Western Digital and Facebook were among stocks that aided performance. Technology-services companies such as IBM had a negative impact on relative performance.

Portfolio turnover is normally high for this Fund given the volatility of the Health Care and Information Technology sectors. As a result of this volatility, the portfolio manager actively manages the portfolio to capture profits and/or minimize losses.

Recent Developments

The portfolio manager remains generally optimistic about the U.S. equity market for 2015 in an environment of growing corporate earnings, low inflation and falling commodity prices for the foreseeable future. However, valuations for U.S. companies are no longer inexpensive and have moved into a range that suggests more moderate returns in the future.

The portfolio manager continues to believe that the U.S. Federal Reserve will have to strike a delicate balance between providing sufficient liquidity to keep the market's current momentum in place, while at the same time remaining mindful that sometime in the foreseeable future the U.S. economy will have to expand with less help from monetary policy. The portfolio manager expects gains in stocks in 2015, but is of the view that higher equity valuations make it important for greater care to be taken when choosing investments.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A and Series D units.



Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$4,000 (2013 – \$8,000) or 1% (2013 – 4%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	9.12	0.14	(0.22)	2.53	(0.11)	2.34	–	–	–	–	–	11.57
Dec. 31, 2013	6.11	0.06	(0.16)	2.19	0.91	3.00	–	–	–	–	–	9.12
Dec. 31, 2012	5.70	0.06	(0.14)	0.45	0.08	0.45	–	–	–	–	–	6.11
Dec. 31, 2011	5.89	0.03	(0.13)	0.61	(0.67)	(0.16)	–	–	–	–	–	5.70
Dec. 31, 2010	5.27	0.03	(0.11)	0.65	0.01	0.58	–	–	–	–	–	5.89
Series D												
Dec. 31, 2014	9.71	0.15	(0.13)	2.70	(0.11)	2.61	–	–	–	–	–	12.44
Dec. 31, 2013	6.44	0.07	(0.10)	2.33	0.96	3.26	–	–	–	–	–	9.71
Dec. 31, 2012	5.95	0.06	(0.08)	0.47	0.08	0.53	–	–	–	–	–	6.44
Dec. 31, 2011	6.08	0.03	(0.07)	0.63	(0.70)	(0.11)	–	–	–	–	–	5.95
Dec. 31, 2010	5.40	0.03	(0.06)	0.67	0.02	0.66	–	–	–	–	–	6.08
Series F												
Dec. 31, 2014	10.87	0.16	(0.12)	2.99	(0.12)	2.91	–	–	–	–	–	13.97
Dec. 31, 2013	7.20	0.07	(0.09)	2.61	1.08	3.67	–	–	–	–	–	10.87
Dec. 31, 2012	6.63	0.07	(0.07)	0.49	0.08	0.57	–	–	–	–	–	7.20
Dec. 31, 2011	6.76	0.04	(0.06)	0.71	(0.79)	(0.10)	–	–	–	–	–	6.63
Dec. 31, 2010	5.98	0.04	(0.05)	0.73	0.02	0.74	–	–	–	–	–	6.76

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	11.57	122 288	10 568	2.20	2.20	496.45	0.27
Dec. 31, 2013	9.12	98 870	10 839	2.21	2.21	261.52	0.24
Dec. 31, 2012	6.12	74 012	12 097	2.20	2.20	213.64	0.14
Dec. 31, 2011	5.71	78 672	13 788	2.21	2.21	236.18	0.21
Dec. 31, 2010	5.89	91 432	15 522	2.15	2.15	208.45	0.23
Series D							
Dec. 31, 2014	12.44	27 704	2 226	1.20	1.20	496.45	0.27
Dec. 31, 2013	9.71	8 930	919	1.21	1.21	261.52	0.24
Dec. 31, 2012	6.45	2 993	464	1.20	1.20	213.64	0.14
Dec. 31, 2011	5.96	2 738	460	1.21	1.21	236.18	0.21
Dec. 31, 2010	6.09	2 555	420	1.18	1.18	208.45	0.23
Series F							
Dec. 31, 2014	13.97	2 516	180	0.97	0.97	496.45	0.27
Dec. 31, 2013	10.87	242	22	0.96	0.96	261.52	0.24
Dec. 31, 2012	7.20	28	4	0.96	0.96	213.64	0.14
Dec. 31, 2011	6.63	3 702	558	0.97	0.97	236.18	0.21
Dec. 31, 2010	6.76	33	5	0.93	0.93	208.45	0.23

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.85%	62%	38%
Series D	1.00%	25%	75%
Series F	0.75%	—	100%

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

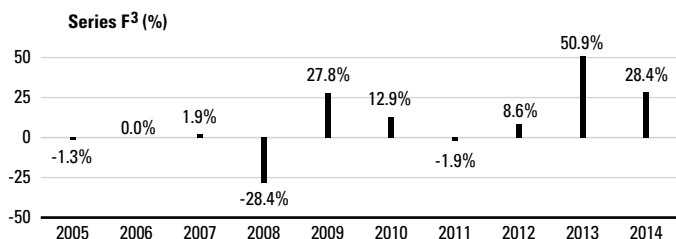
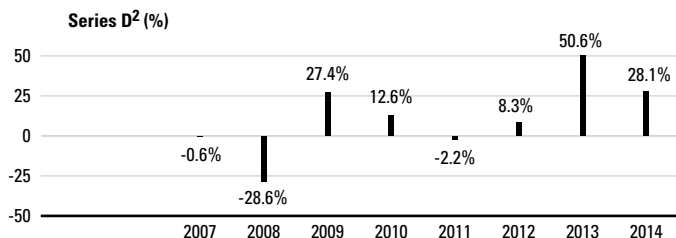
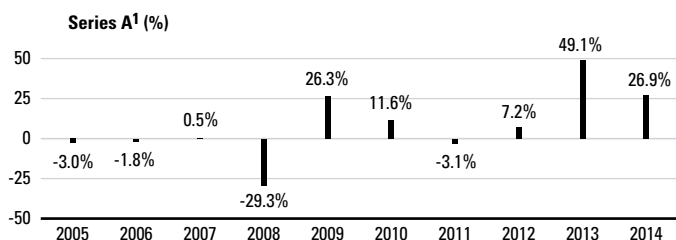


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

The blended benchmark (the "Benchmark") is composed of:

- 50% S&P 500 Health Care Index (CAD)
- 50% S&P 500 Information Technology Index (CAD)

The broad-based index is the S&P 500 Total Return Index (CAD).

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	26.9	26.6	17.0	6.5	–
Benchmark	34.3	30.1	19.7	9.7	–
Broad-based index	24.3	25.8	17.8	7.3	–
Series D ²	28.1	27.8	18.1	–	10.3
Benchmark	34.3	30.1	19.7	–	12.5
Broad-based index	24.3	25.8	17.8	–	8.4
Series F ³	28.4	28.2	18.5	7.9	–
Benchmark	34.3	30.1	19.7	9.7	–
Broad-based index	24.3	25.8	17.8	7.3	–

The returns of each series may vary because of differences in management fees and expenses. The Benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark and broad-based index.

¹ Inception date July 31, 1995.

² Inception date July 3, 2007.

³ Inception date August 13, 2001.

INDEX DESCRIPTIONS

S&P 500 Health Care Index (CAD) This sub-index is a broad measure of the Canadian dollar performance of large-cap pharmaceutical and medical device companies in the S&P 500 Index.

S&P 500 Information Technology Index (CAD) This sub-index is a broad measure of the Canadian dollar performance of large-cap technology companies in the S&P 500 Index.

S&P 500 Total Return Index (CAD) This index is a capitalization-weighted index measuring the Canadian dollar performance of 500 widely held common stocks representing all major industries in the United States. The index gives investors a broad measure of the overall performance of the U.S. stock market.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Biotechnology	15.2
Semiconductor Equipment and Products	15.2
Technology Hardware, Storage and Peripherals	14.0
Health Care Providers and Services	13.9
Software	11.4
Pharmaceuticals	9.4
Health Care Equipment and Supplies	7.8
Other Sectors	7.8
Internet Software and Services	4.3
Cash/Other	1.0

Top 25 Holdings

	% of Net Asset Value
Apple Inc.	5.7
Microsoft Corp.	3.2
Hewlett-Packard Co.	2.0
UnitedHealth Group Incorporated	2.0
Micron Technology Inc.	1.7
Seagate Technology	1.7
Medtronic Inc.	1.6
Western Digital Corp.	1.6
Henry Schein Inc.	1.4
Oracle Corporation	1.4
Aetna Inc.	1.4
Biogen Idec Inc.	1.4
Cisco Systems Inc.	1.4
Fortinet Inc.	1.4
Steris Corp.	1.3
Skyworks Solutions Inc.	1.3
F5 Networks Inc.	1.3
Facebook Inc., Class A	1.3
Alibaba Group Holding Ltd. ADR	1.3
Texas Instruments Inc.	1.3
EMC Corp.	1.3
Tableau Software Inc.	1.3
NetSuite Inc.	1.3
Broadcom Corp.	1.3
Avago Technologies Ltd.	1.2
Top 25 Holdings	42.1

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



INTERNATIONAL EQUITY FUND

RBC INTERNATIONAL DIVIDEND GROWTH FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term capital growth by investing primarily in equity securities of major companies domiciled in developed countries outside of North America.

The Fund invests in stocks that have undergone a selection process emphasizing companies with a leading market position or lucrative niche, consistent and predictable profit growth and strong management teams.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value fell to \$18 million as of December 31, 2014, from \$62 million at the end of 2013. The change was due to net redemptions.

Over the past year, the Fund's Advisor Series units lost 0.7%, which underperformed the 3.7% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

Developed markets outside of North America posted muted returns in 2014 amid geopolitical tensions between Russia and Ukraine, subpar economic growth in Europe and Japan, and a slowing Chinese expansion.

Industry sectors provided a broad spread of returns over the year, with the Health Care sector posting sizable gains while the Energy sector recorded losses. The Utilities sector, whose dividends were more attractive in the low-interest-rate environment, and the Consumer Staples sector, which offers the safety of relatively predictable earnings, also performed well. Health-care stocks benefited from progress in creating and obtaining approvals for new drugs. High levels of merger and acquisition activity also aided returns in the sector. Strong performance from stocks in this sector including Shire, Bayer and Roche contributed significantly to the Fund's overall return. In contrast, the Fund's holdings in Utilities and Consumer Staples underperformed the benchmark.

Reduced capital expenditures by major energy companies provided little shelter during 2014, as OPEC's decision not to cut production in November led to a precipitous fall in the price of oil and shares of energy companies. The Fund's holdings in oil-services company Seadrill and Statoil, Norway's state oil company, had a negative impact on returns and the stakes in both stocks were sold during the period. The Materials sector, and mining stocks in particular, struggled as doubts over the strength of Chinese economic growth resulted in further drops in iron-ore prices, hurting shares of Rio Tinto and BHP Billiton. The portfolio manager sold the Fund's stake in BHP Billiton, which gets roughly a quarter of its profits from energy extraction. However, the portfolio manager boosted the Fund's holdings of Rio Tinto in the belief that the company's strong capital discipline makes the company an excellent long-term investment.

Portfolio turnover is relatively high for the Fund, as the portfolio manager attempts to generate better returns through active fund management.

Recent Developments

Uneven economic growth was one of the hallmarks of 2014. The U.S. and U.K. experienced solid growth while Japan and the Eurozone disappointed. For the coming year, the portfolio manager expects a slight broadening of growth, even if regional prospects remain varied. The portfolio manager believes that we remain in the expansion phase of this business cycle. Inflation is very low and seems destined to remain so given the recent oil price collapse. The monetary-policy environment is unusually diverse with the U.S. Federal Reserve and the Bank of England appearing set to tighten rates over the next 12 months, while the Bank of Japan and European Central Bank are actively delivering more stimulus. The Eurozone economy, in aggregate, experienced minimal growth in 2014, and consensus forecasts call for 2015 growth of only 1.25%. The U.K. is likely to fare better, with growth forecast to be in the 3% range, while Japan's economy has been slowed by a sales tax increase in April 2014 and is forecast to grow 1.5% over the next 12 months. The Fund remains well positioned to benefit from exposure to companies with strong business models in growth industries that exhibit solid profit growth and sustainable dividends.



Related-Party Transactions

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Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrar

RBC IS is the registrar of the Fund and keeps records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$2,000 (2013 – \$9,000) or 1% (2013 – 3%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Advisor Series												
Dec. 31, 2014	9.40	0.67	(0.21)	3.77	(4.09)	0.14	–	(0.23)	–	–	(0.23)	9.10
Dec. 31, 2013	7.18	0.21	(0.18)	1.35	0.86	2.24	–	(0.07)	–	–	(0.07)	9.40
Dec. 31, 2012	6.31	0.24	(0.15)	0.15	0.75	0.99	–	(0.10)	–	–	(0.10)	7.18
Dec. 31, 2011	7.22	0.28	(0.15)	(0.03)	(0.79)	(0.69)	–	(0.13)	–	–	(0.13)	6.31
Dec. 31, 2010	7.17	0.21	(0.14)	0.14	(0.18)	0.03	–	(0.08)	–	–	(0.08)	7.22
Series F												
Dec. 31, 2014	9.45	0.70	(0.09)	3.96	(4.29)	0.28	–	(0.31)	–	–	(0.31)	9.19
Dec. 31, 2013	7.22	0.21	(0.08)	1.36	0.86	2.35	–	(0.16)	–	–	(0.16)	9.45
Dec. 31, 2012	6.35	0.25	(0.07)	0.15	0.76	1.09	–	(0.19)	–	–	(0.19)	7.22
Dec. 31, 2011	7.27	0.28	(0.07)	(0.03)	(0.79)	(0.61)	–	(0.22)	–	–	(0.22)	6.35
Dec. 31, 2010	7.21	0.22	(0.06)	0.15	(0.18)	0.13	–	(0.16)	–	–	(0.16)	7.27
Series O												
Dec. 31, 2014	9.43	0.33	–	1.88	(2.04)	0.17	–	(0.41)	–	–	(0.41)	9.14
Dec. 31, 2013	7.19	0.21	–	1.35	0.85	2.41	–	(0.23)	–	–	(0.23)	9.43
Dec. 31, 2012	6.32	0.25	–	0.15	0.76	1.16	–	(0.24)	–	–	(0.24)	7.19
Dec. 31, 2011	7.25	0.28	–	(0.03)	(0.80)	(0.55)	–	(0.29)	–	–	(0.29)	6.32
Dec. 31, 2010	7.20	0.21	–	0.15	(0.18)	0.18	–	(0.22)	–	–	(0.22)	7.25

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Advisor Series							
Dec. 31, 2014	9.10	12 005	1 319	2.20	2.21	121.11	0.59
Dec. 31, 2013	9.40	13 763	1 464	2.22	2.22	110.68	0.49
Dec. 31, 2012	7.18	12 618	1 757	2.19	2.19	113.92	0.50
Dec. 31, 2011	6.31	15 975	2 531	2.18	2.18	130.47	0.63
Dec. 31, 2010	7.22	25 648	3 553	2.14	2.14	73.23	0.37
Series F							
Dec. 31, 2014	9.19	5 897	641	0.99	1.00	121.11	0.59
Dec. 31, 2013	9.45	4 972	526	1.01	1.01	110.68	0.49
Dec. 31, 2012	7.22	4 617	640	0.99	0.99	113.92	0.50
Dec. 31, 2011	6.35	7 500	1 181	0.99	0.99	130.47	0.63
Dec. 31, 2010	7.27	9 743	1 340	0.97	0.97	73.23	0.37
Series O							
Dec. 31, 2014	9.14	–	–	0.02	0.03	121.11	0.59
Dec. 31, 2013	9.43	43 095	4 571	0.03	0.03	110.68	0.49
Dec. 31, 2012	7.19	44 591	6 199	0.03	0.03	113.92	0.50
Dec. 31, 2011	6.32	45 352	7 179	0.02	0.02	130.47	0.63
Dec. 31, 2010	7.25	67 457	9 306	0.02	0.02	73.23	0.37

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Advisor Series	1.85%	62%	38%
Series F	0.75%	–	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

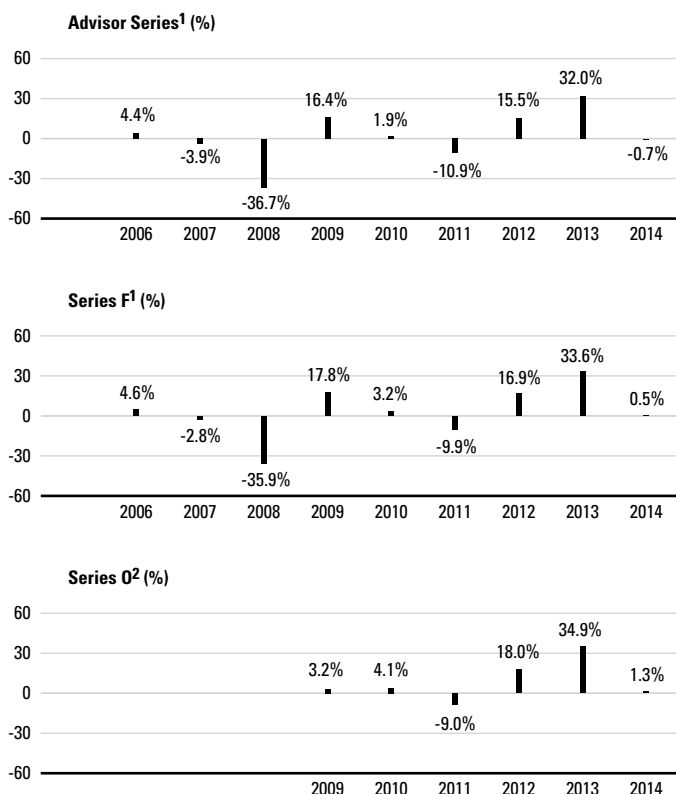


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

MSCI EAFE Total Return Net Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Advisor Series ¹	-0.7	14.8	6.6	-	0.2
Benchmark	3.7	15.9	7.5	-	1.5
Series F ¹	0.5	16.2	7.9	-	1.4
Benchmark	3.7	15.9	7.5	-	1.5
Series O ²	1.3	17.2	8.8	-	9.2
Benchmark	3.7	15.9	7.5	-	7.4

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date November 6, 2006.

² Inception date October 26, 2009.

INDEX DESCRIPTION

MSCI EAFE Total Return Net Index (CAD) This index is a broad measure of the Canadian dollar performance of stocks from developed equity markets covering countries in Europe, Australasia and the Far East. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
United Kingdom	23.2
Japan	17.4
France	16.3
Germany	14.7
Other Countries	10.8
Belgium	6.8
Hong Kong	3.9
Sweden	3.7
Cash/Other	3.2

Top 25 Holdings

	% of Net Asset Value
KDDI Corporation	4.9
Rio Tinto Plc.	4.5
Toyota Motor Corp.	4.3
Prudential Corporation Plc.	4.2
Total S.A.	4.1
Sumitomo Mitsui Financial Group Inc.	4.0
Shire Plc.	4.0
Bayer AG	3.6
KBC Groep N.V.	3.5
Intesa Sanpaolo S.p.A.	3.3
InBev N.V.	3.3
Valeo S.A.	3.2
Legal & General Group Plc.	3.2
Cash & Cash Equivalents	3.1
Safran S.A.	3.1
DBS Group Holdings Ltd.	3.1
Bridgestone Corp.	3.1
easyJet Plc.	3.0
Ingenico S.A.	3.0
Ashtead Group Plc.	3.0
ProSiebenSat.1 Media AG	2.6
Allianz SE	2.5
Svenska Cellulosa AB	2.5
Sampo OYJ	2.5
Deutsche Telekom AG	2.4
Top 25 Holdings	84.0

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available by contacting us at 1-800-662-0652.



INTERNATIONAL EQUITY FUND

RBC INTERNATIONAL EQUITY FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor: RBC Global Asset Management (UK) Limited, London, England
(for the European equity portion of the Fund)

Sub-Advisor: RBC Investment Management (Asia) Limited, Hong Kong, China
(for the Asian equity portion of the Fund)

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund aims to provide long-term capital growth by investing in stocks of companies outside North America, providing exposure to economies that may be at different stages of the business cycle or offer growth opportunities unavailable in U.S. and Canadian markets. The Fund focuses on companies that are primarily in Europe, Australasia and the Far East.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$256 million as of December 31, 2014, from \$182 million at the end of 2013. Most of the change was due to net inflows.

Over the past year, the Fund's Series A units gained 0.5%, which underperformed the 3.7% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

European equities rose over the course of 2014, albeit against a backdrop of continued volatility. Economic growth was healthy, if not robust, until the middle of the year before economic indicators turned down and markets followed suit in October. European stocks then rallied to their highs for the year after Mario Draghi, president of the European Central Bank (the "ECB"), persuaded investors that he will undertake new forms of extraordinary monetary policies with the goal of stimulating economic growth and combatting a broad drop in the price level.

The macroeconomic environment was challenging for Asia and emerging markets in general. While some countries benefited from falling oil prices, including India, Thailand and Indonesia, the rising U.S. dollar was not generally conducive to equity-market performance in the region. In Japan, the central bank emphasized its preference for a lower yen, and the currency depreciated over the period. The depreciation resulted in significant volatility for the Fund.

Stocks in Germany, the Europe's biggest economy, generally outperformed later in the year after economic data worsened. For all of 2014, Germany did not keep pace because of euro strength in the earlier part of the period and slowing emerging-market growth. This scenario was positive for the Fund because Germany was a small underweight position for much of the year. Pharmaceuticals were the best-performing group in the European segment of the Fund's holdings, thanks to attractive company valuations and a slew of new products. The Fund's preference in this area was a positive for relative returns, led by Shire, the U.K. pharmaceuticals company.

Recent Developments

Investors enter 2015 expecting the ECB to conduct large-scale asset purchases. The sub-advisor, however, does not expect that such extraordinary monetary measures will be as far-reaching as many investors believe. The sub-advisor anticipates that market volatility could continue for at least another six months, and has therefore positioned the Fund to withstand market swings. This entails a defensive tilt, with an overweight position in northern Europe and a bias to the Nordic countries, the Netherlands and the U.K.

The sub-advisor believes that high Chinese corporate leverage is a risk that remains largely unaddressed. The sub-advisor therefore prefers to maintain exposure to higher-quality businesses in China. The sub-advisor will look to increase allocations to cyclical sectors, such as Energy, when the current decline bottoms out and valuations become more attractive. The big boost to stocks provided by the yen's decline in 2014 will not likely recur in 2015. That said, the sub-advisor expects the Japanese currency to weaken marginally this year and continue to help underpin the stock market. The real test for Japanese stocks, however, will come from whether Prime Minister Shinzo Abe succeeds in accelerating the economic reforms that he has promised.

Effective August 11, 2014, Series H and Series I units of the Fund were launched.



Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Sub-Advisors

RBC Global Asset Management (UK) Limited and RBC Investment Management (Asia) Limited are the sub-advisors and provide investment advice for the Fund.

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$44,000 (2013 – \$11,000) or 5% (2013 – 3%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	15.96	0.35	(0.36)	1.12	(1.00)	0.11	–	–	–	–	–	16.04
Dec. 31, 2013	12.32	0.36	(0.32)	0.65	3.05	3.74	–	(0.03)	–	–	(0.03)	15.96
Dec. 31, 2012	10.73	0.35	(0.26)	0.02	1.57	1.68	–	(0.10)	–	–	(0.10)	12.32
Dec. 31, 2011	12.21	0.34	(0.25)	(0.07)	(1.40)	(1.38)	–	(0.07)	–	–	(0.07)	10.73
Dec. 31, 2010	12.13	0.28	(0.25)	(0.33)	0.22	(0.08)	–	(0.07)	–	–	(0.07)	12.21
Advisor Series												
Dec. 31, 2014	15.83	0.35	(0.35)	1.11	(0.99)	0.12	–	–	–	–	–	15.91
Dec. 31, 2013	12.21	0.35	(0.32)	0.63	2.96	3.62	–	(0.03)	–	–	(0.03)	15.83
Dec. 31, 2012	10.62	0.35	(0.25)	0.02	1.56	1.68	–	(0.09)	–	–	(0.09)	12.21
Dec. 31, 2011	12.09	0.34	(0.24)	(0.06)	(1.39)	(1.35)	–	(0.07)	–	–	(0.07)	10.62
Dec. 31, 2010	12.00	0.27	(0.24)	(0.32)	0.21	(0.08)	–	(0.07)	–	–	(0.07)	12.09
Series H												
Dec. 31, 2014³	15.62[†]	0.12	(0.12)	0.39	(0.35)	0.04	–	(0.02)	–	–	(0.02)	15.92
Series D												
Dec. 31, 2014	16.23	0.35	(0.21)	1.13	(1.01)	0.26	–	(0.11)	–	–	(0.11)	16.37
Dec. 31, 2013	12.48	0.36	(0.19)	0.65	3.03	3.85	–	(0.12)	–	–	(0.12)	16.23
Dec. 31, 2012	10.86	0.35	(0.15)	0.02	1.60	1.82	–	(0.21)	–	–	(0.21)	12.48
Dec. 31, 2011	12.26	0.35	(0.14)	(0.07)	(1.43)	(1.29)	–	(0.09)	–	–	(0.09)	10.86
Dec. 31, 2010	12.14	0.28	(0.14)	(0.33)	0.22	0.03	–	(0.15)	–	–	(0.15)	12.26
Series F												
Dec. 31, 2014	17.63	0.39	(0.18)	1.25	(1.12)	0.34	–	(0.19)	–	–	(0.19)	17.76
Dec. 31, 2013	13.57	0.40	(0.16)	0.72	3.36	4.32	–	(0.20)	–	–	(0.20)	17.63
Dec. 31, 2012	11.84	0.36	(0.13)	0.02	1.74	1.99	–	(0.31)	–	–	(0.31)	13.57
Dec. 31, 2011	13.54	0.38	(0.12)	(0.07)	(1.56)	(1.37)	–	(0.28)	–	–	(0.28)	11.84
Dec. 31, 2010	13.41	0.31	(0.12)	(0.36)	0.24	0.07	–	(0.20)	–	–	(0.20)	13.54
Series I												
Dec. 31, 2014³	17.53[†]	0.14	(0.05)	0.43	(0.39)	0.13	–	(0.08)	–	–	(0.08)	17.88



FINANCIAL HIGHLIGHTS (cont.)

Change in Net Assets Per Unit (\$) (cont.)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series O												
Dec. 31, 2014	16.66	0.35	–	1.12	(1.01)	0.46	–	(0.21)	–	–	(0.21)	16.91
Dec. 31, 2013	12.73	0.36	–	0.64	3.00	4.00	–	(0.23)	–	–	(0.23)	16.66
Dec. 31, 2012	10.87	0.36	–	0.02	1.63	2.01	–	(0.14)	–	–	(0.14)	12.73
Dec. 31, 2011	12.25	0.35	–	(0.07)	(1.44)	(1.16)	–	(0.25)	–	–	(0.25)	10.87
Dec. 31, 2010	12.11	0.26	–	(0.30)	0.20	0.16	–	(0.28)	–	–	(0.28)	12.25

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From August 11, 2014.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	16.04	120 626	7 521	2.26	2.26	68.87	0.40
Dec. 31, 2013	15.96	124 714	7 814	2.27	2.27	55.63	0.30
Dec. 31, 2012	12.32	87 471	7 100	2.25	2.25	89.96	0.43
Dec. 31, 2011	10.73	83 992	7 830	2.25	2.25	115.22	0.65
Dec. 31, 2010	12.21	108 490	8 883	2.20	2.20	123.29	0.62
Advisor Series							
Dec. 31, 2014	15.91	1 638	103	2.21	2.21	68.87	0.40
Dec. 31, 2013	15.83	1 353	85	2.23	2.23	55.63	0.30
Dec. 31, 2012	12.21	523	43	2.21	2.21	89.96	0.43
Dec. 31, 2011	10.62	376	35	2.21	2.21	115.22	0.65
Dec. 31, 2010	12.09	473	39	2.16	2.16	123.29	0.62
Series H							
Dec. 31, 2014⁴	15.92	1	–	0.85	0.85	68.87	0.40
Series D							
Dec. 31, 2014	16.37	37 444	2 288	1.27	1.27	68.87	0.40
Dec. 31, 2013	16.23	25 776	1 588	1.29	1.29	55.63	0.30
Dec. 31, 2012	12.48	9 300	745	1.28	1.28	89.96	0.43
Dec. 31, 2011	10.86	7 951	732	1.27	1.27	115.22	0.65
Dec. 31, 2010	12.26	2 618	214	1.24	1.24	123.29	0.62
Series F							
Dec. 31, 2014	17.76	1 784	100	1.01	1.01	68.87	0.40
Dec. 31, 2013	17.63	1 907	108	1.01	1.01	55.63	0.30
Dec. 31, 2012	13.57	1 196	88	1.01	1.01	89.96	0.43
Dec. 31, 2011	11.84	1 443	122	1.01	1.01	115.22	0.65
Dec. 31, 2010	13.54	2 105	155	0.98	0.98	123.29	0.62
Series I							
Dec. 31, 2014⁴	17.88	1	–	0.79	0.79	68.87	0.40



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data (cont.)

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series O							
Dec. 31, 2014	16.91	94 897	5 611	0.02	0.02	68.87	0.40
Dec. 31, 2013	16.66	27 929	1 676	0.02	0.02	55.63	0.30
Dec. 31, 2012	12.73	4 026	316	0.03	0.03	89.96	0.43
Dec. 31, 2011	10.87	644	59	0.02	0.02	115.22	0.65
Dec. 31, 2010	12.25	91	7	0.02	0.02	123.29	0.62

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From August 11, 2014.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund.

Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.85%	62%	38%
Advisor Series	1.85%	62%	38%
Series H	1.70%	68%	32%
Series D	1.00%	25%	75%
Series F	0.75%	—	100%
Series I	0.60%	—	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

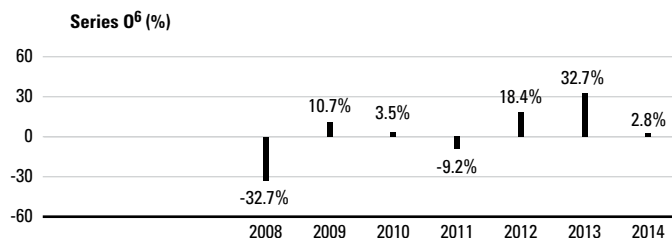
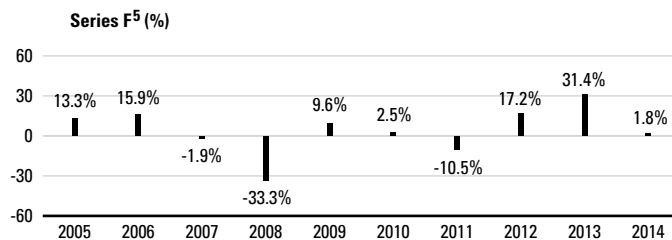
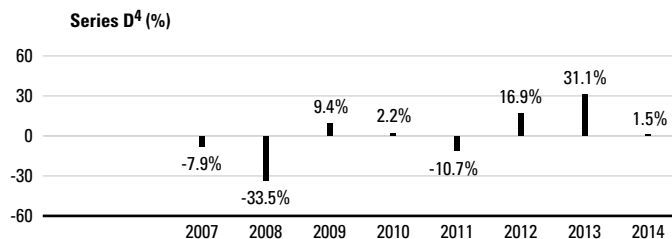
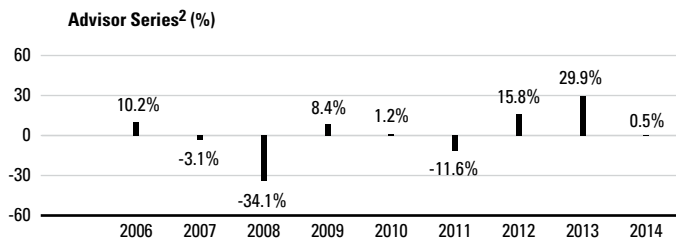
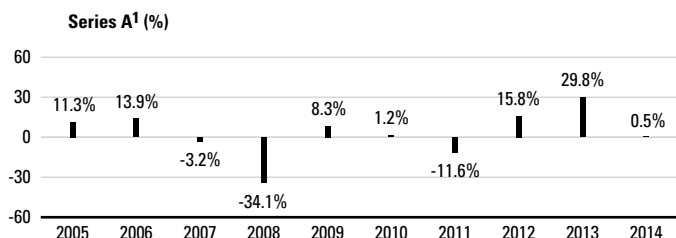


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

MSCI EAFE Total Return Net Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	0.5	14.7	6.2	1.7	–
Benchmark	3.7	15.9	7.5	4.1	–
Advisor Series ²	0.5	14.8	6.3	–	0.4
Benchmark	3.7	15.9	7.5	–	2.6
Series H ³	–	–	–	–	2.0
Benchmark	–	–	–	–	-1.0
Series D ⁴	1.5	15.9	7.2	–	-0.7
Benchmark	3.7	15.9	7.5	–	0.9
Series F ⁵	1.8	16.2	7.5	3.1	–
Benchmark	3.7	15.9	7.5	4.1	–
Series I ³	–	–	–	–	2.5
Benchmark	–	–	–	–	-1.0
Series O ⁶	2.8	17.3	8.7	–	1.8
Benchmark	3.7	15.9	7.5	–	1.8

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date January 11, 1993.

² Inception date August 28, 2006.

³ Inception date August 11, 2014.

⁴ Inception date July 3, 2007.

⁵ Inception date August 13, 2001.

⁶ Inception date January 1, 2008.

INDEX DESCRIPTION

MSCI EAFE Total Return Net Index (CAD) This index is a broad measure of the Canadian dollar performance of stocks from developed equity markets covering countries in Europe, Australasia and the Far East. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
United Kingdom	22.0
Japan	20.2
Other Countries	12.0
Germany	8.0
Australia	7.7
Switzerland	6.9
Netherlands	6.0
Hong Kong	4.7
Denmark	4.5
Ireland	3.7
Finland	3.4
Cash/Other	0.9

Top 25 Holdings

	% of Net Asset Value
Unilever Plc.	2.9
InBev N.V.	2.8
Elsevier N.V.	2.8
Novo Nordisk A/S	2.5
Roche Holdings AG Genussscheine	2.5
Novartis AG	2.4
SAP SE	2.1
Royal Dutch Shell Plc., A Shares	1.9
Bayer AG	1.8
Daily Mail & General Trust Plc.	1.8
BT Group Plc.	1.7
Toyota Motor Corp.	1.7
Sampo OYJ	1.6
Diageo Plc.	1.6
British American Tobacco Plc.	1.6
Fuji Heavy Industries Ltd.	1.6
Swedbank AB	1.6
Henkel KGaA, Preferred Non-Voting	1.5
Kerry Group Plc.	1.4
Paddy Power Plc.	1.4
ING Groep N.V.	1.4
Christian Dior S.A.	1.4
Olympus Optical Co. Ltd.	1.3
Koninklijke KPN N.V.	1.3
The Dai-ichi Life Insurance Co. Ltd.	1.2
Top 25 Holdings	45.8

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



INTERNATIONAL EQUITY FUND

RBC INTERNATIONAL EQUITY CURRENCY NEUTRAL FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor (for the European equity portion of the underlying fund):
RBC Global Asset Management (UK) Limited, London, England

Sub-Advisor (for the Asian equity portion of the underlying fund):
RBC Investment Management (Asia) Limited, Hong Kong, China

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term capital growth by investing primarily in units of other mutual funds managed by RBC GAM or an affiliate of RBC GAM (called the “underlying funds”), emphasizing mutual funds that invest in equity securities of companies outside of North America in order to provide exposure to economies that offer different business cycles and growth opportunities than North American markets. The Fund also seeks to minimize the exposure to currency fluctuations between foreign currencies and the Canadian dollar.

To achieve its objective, the Fund invests its assets primarily in units of the RBC International Equity Fund, or other underlying funds. Each underlying fund’s investment process is primarily based on fundamental research, although the portfolio manager will also consider quantitative and technical factors. Stock selection decisions are ultimately based on an understanding of the company, its business and its outlook.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund’s overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund was launched on April 28, 2014, and its net asset value was \$21 million as of December 31, 2014. Investment performance is not provided for a fund that has been available for less than one year.

Recent Developments

Investors enter 2015 expecting the European Central Bank to conduct large-scale asset purchases. The sub-advisor, however, does not expect that such extraordinary monetary measures will be as far-reaching as many investors believe. The sub-advisor anticipates that market volatility could continue for at least another six months, and has therefore positioned the Fund to withstand market swings. This entails a defensive tilt, with an overweight position in northern Europe and a bias to the Nordic countries, the Netherlands and the U.K.

The sub-advisor believes that high Chinese corporate leverage is a risk that remains largely unaddressed. The sub-advisor therefore prefers to maintain exposure to higher-quality businesses in China. The sub-advisor will look to increase allocations to cyclical sectors, such as Energy, when the current decline bottoms out and valuations become more attractive. The big boost to stocks provided by the yen’s decline in 2014 will not likely recur in 2015. That said, the sub-advisor expects the Japanese currency to weaken marginally this year and

continue to help underpin the stock market. The real test for Japanese stocks, however, will come from whether Prime Minister Shinzo Abe succeeds in accelerating the economic reforms that he has promised.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada (“Royal Bank”) and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund’s day-to-day operations, holds title to the Fund’s property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Sub-Advisors

RBC Global Asset Management (UK) Limited and RBC Investment Management (Asia) Limited are the sub-advisors and provide investment advice for the Fund.

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients’ Series A, Advisor Series, Series H and Series D units.

Custodian

RBC Investor Services Trust (“RBC IS”) is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. There were no related-party commissions.



Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014³	10.00[†]	0.17	(0.16)	0.35	0.19	0.55	(0.03)	–	(0.26)	–	(0.29)	10.46
Advisor Series												
Dec. 31, 2014³	10.00[†]	0.34	(0.14)	0.68	0.38	1.26	(0.06)	–	(0.26)	–	(0.32)	10.46
Series H												
Dec. 31, 2014³	10.00[†]	0.34	(0.13)	0.68	0.38	1.27	(0.06)	–	(0.26)	–	(0.32)	10.46
Series D												
Dec. 31, 2014³	10.00[†]	0.16	(0.09)	0.32	0.18	0.57	(0.05)	–	(0.26)	–	(0.31)	10.51
Series F												
Dec. 31, 2014³	10.00[†]	0.34	(0.06)	0.68	0.38	1.34	(0.14)	–	(0.26)	–	(0.40)	10.46
Series I												
Dec. 31, 2014³	10.00[†]	0.34	(0.05)	0.68	0.38	1.35	(0.14)	–	(0.26)	–	(0.40)	10.46
Series O												
Dec. 31, 2014³	10.00[†]	0.18	–	0.36	0.20	0.74	(0.14)	–	(0.26)	–	(0.40)	10.52

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From April 28, 2014.

[†] Initial offering net asset value per unit.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014⁴	10.46	923	88	2.29	2.30	5.57	0.39
Advisor Series							
Dec. 31, 2014⁴	10.46	1	–	2.12	2.13	5.57	0.39
Series H							
Dec. 31, 2014⁴	10.46	1	–	1.96	1.97	5.57	0.39
Series D							
Dec. 31, 2014⁴	10.51	139	13	1.25	1.26	5.57	0.39
Series F							
Dec. 31, 2014⁴	10.46	1	–	0.96	0.97	5.57	0.39
Series I							
Dec. 31, 2014⁴	10.46	1	–	0.81	0.82	5.57	0.39
Series O							
Dec. 31, 2014⁴	10.52	19 975	1 900	0.04	0.05	5.57	0.39

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From April 28, 2014.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.85%	54%	46%
Advisor Series	1.85%	54%	46%
Series H	1.70%	59%	41%
Series D	1.00%	25%	75%
Series F	0.75%	–	100%
Series I	0.60%	–	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.



PAST PERFORMANCE

Investment performance in respect of a fund that has been available for less than one year is not provided. Series A, Advisor Series, Series H, Series D, Series F, Series I and Series O units of this Fund were launched on April 28, 2014.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)
As at December 31, 2014

Investment Mix

	% of Net Asset Value
United Kingdom	22.0
Japan	20.2
Other Countries	12.0
Germany	8.0
Australia	7.7
Switzerland	6.9
Netherlands	6.0
Hong Kong	4.7
Denmark	4.5
Ireland	3.7
Finland	3.4
Cash/Other	0.9

Top 25 Holdings*

	% of Net Asset Value
Unilever Plc.	2.9
InBev N.V.	2.8
Elsevier N.V.	2.8
Novo Nordisk A/S	2.5
Roche Holdings AG Genussscheine	2.5
Novartis AG	2.4
SAP SE	2.1
Royal Dutch Shell Plc., A Shares	1.9
Bayer AG	1.8
Daily Mail & General Trust Plc.	1.8
BT Group Plc.	1.7
Toyota Motor Corp.	1.7
Sampo OYJ	1.6
Diageo Plc.	1.6
British American Tobacco Plc.	1.6
Fuji Heavy Industries Ltd.	1.6
Swedbank AB	1.6
Henkel KGaA, Preferred Non-Voting	1.5
Kerry Group Plc.	1.4
Paddy Power Plc.	1.4
ING Groep N.V.	1.4
Christian Dior S.A.	1.4
Olympus Optical Co. Ltd.	1.3
Koninklijke KPN N.V.	1.3
The Dai-ichi Life Insurance Co. Ltd.	1.2
Top 25 Holdings	45.8

* The Fund invests substantially all of its assets directly in the RBC International Equity Fund. The above are the Top 25 holdings of the RBC International Equity Fund.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



INTERNATIONAL EQUITY FUND

**RBC INTERNATIONAL INDEX
CURRENCY NEUTRAL FUND**

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor: State Street Global Advisors, Ltd.

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term capital growth by tracking the performance of the Morgan Stanley Capital International – Europe, Australasia and Far East Total Return Index (“MSCI EAFE Index”) (in local currencies). By investing primarily in Canadian money market securities, the Fund is generally not exposed to currency fluctuations between the Canadian dollar and foreign currencies. The Fund’s return is based on the international markets’ returns, in their local currencies.

To track the performance of the benchmark, the Fund uses derivatives, such as futures, to gain exposure to the markets and securities.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund’s overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund’s net asset value rose to \$344 million as of December 31, 2014, from \$316 million at the end of 2013. Of the change, \$17 million was due to investment returns and \$11 million to net inflows.

Over the past year, the Fund’s Series A units gained 5.1%, which underperformed the 5.9% rise in the benchmark. The Fund’s return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The best-performing stock market was Switzerland, followed by the U.K. and Japan. The worst-performing were Germany, Norway and Portugal.

The best-performing sectors were Health Care, Financials and Consumer Staples. The worst-performing sectors were Energy, Materials and Industrials. Unitholders benefited from the Fund’s currency-hedging strategy, which offset the decline of global currencies against the Canadian dollar for 2014.

Recent Developments

The sub-advisor has no recent developments to report.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada (“Royal Bank”) and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund’s day-to-day operations, holds title to the Fund’s property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients’ Series A units.

Custodian

RBC Investor Services Trust (“RBC IS”) is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.



Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Dec. 31, 2014	9.68	0.56	(0.07)	–	0.01	0.50	–	–	–	–	–	10.17
Dec. 31, 2013	7.70	2.03	(0.06)	–	–	1.97	–	–	–	–	–	9.68
Dec. 31, 2012	6.61	1.14	(0.05)	–	(0.01)	1.08	–	–	–	–	–	7.70
Dec. 31, 2011	7.55	(0.87)	(0.05)	(0.02)	–	(0.94)	–	–	–	–	–	6.61
Dec. 31, 2010	7.31	0.27	(0.05)	–	–	0.22	–	–	–	–	–	7.55

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Dec. 31, 2014	10.17	343 613	33 773	0.71	0.71	n/a	–
Dec. 31, 2013	9.68	315 975	32 642	0.71	0.71	n/a	–
Dec. 31, 2012	7.70	216 401	28 112	0.70	0.70	n/a	–
Dec. 31, 2011	6.61	193 188	29 206	0.68	0.68	n/a	–
Dec. 31, 2010	7.55	246 795	32 679	0.69	0.69	n/a	–

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

Series A	Management Fees	Breakdown of Services	
		Distribution	Other*
	0.50%	20%	80%

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

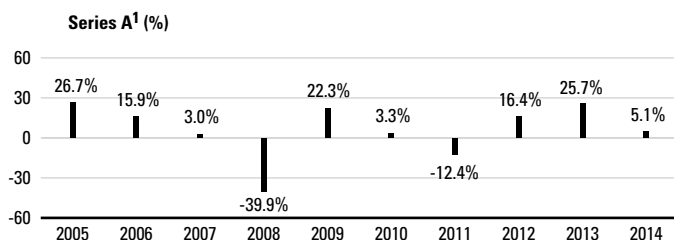


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for Series A of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

MSCI EAFE Total Return Net Index (local currency)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	5.1	15.4	6.8	4.5	–
Benchmark	5.9	16.4	7.7	5.3	–

The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date October 13, 1998.

INDEX DESCRIPTION

MSCI EAFE Total Return Net Index (local currency) This index is a broad measure of the local currency performance of major stock markets in Europe, Australasia and the Far East. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Japan	21.9
United Kingdom	20.8
France	9.5
Switzerland	9.4
Germany	9.3
Australia	7.5
Hong Kong	4.8
Other Countries	4.5
Sweden	3.8
Spain	3.6
Netherlands	2.7
Italy	2.2

Top 25 Holdings

	% of Net Asset Value
Nestlé S.A.	1.9
Novartis AG	1.8
Roche Holdings AG Genussscheine	1.6
HSBC Holdings Plc. (U.K. Reg.)	1.4
Toyota Motor Corp.	1.4
Royal Dutch Shell Plc.	1.0
Bayer AG	0.9
BP Plc.	0.9
Commonwealth Bank of Australia	0.9
Sanofi	0.9
Total S.A.	0.9
GlaxoSmithKline Plc.	0.9
BCO Santander Central Hispano S.A.	0.8
British American Tobacco Plc.	0.8
InBev N.V.	0.7
Vodafone Group Plc.	0.7
Siemens AG	0.7
AstraZeneca Plc.	0.7
Novo Nordisk A/S	0.7
Westpac Banking Corporation	0.7
Royal Dutch Shell Plc., B Shares	0.7
Daimler AG	0.7
BASF AG	0.6
Allianz SE	0.6
BHP Billiton Ltd.	0.6
Top 25 Holdings	23.6

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



INTERNATIONAL EQUITY FUND

**RBC O'SHAUGHNESSY
INTERNATIONAL EQUITY FUND**

December 31, 2014

Portfolio Manager *RBC Global Asset Management Inc. ("RBC GAM")*

Sub-Advisor: O'Shaughnessy Asset Management, L.L.C., Stamford, Connecticut

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term total returns composed of capital growth and current income from investments outside North America. Stock selection is based on Strategy Indexing[®], an investment portfolio management model developed in 1995 by Jim O'Shaughnessy.

To achieve its objective, the Fund selects high dividend-yielding stocks. The stocks must also meet certain market capitalization and liquidity thresholds. In addition, the Fund selects stocks with the most attractive momentum based on a variety of measures such as six-month total return and nine-month total return. The Fund does not hedge currency exposure back to Canadian dollars.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$473 million as of December 31, 2014, from \$467 million at the end of 2013. The change was due to investment returns.

Over the past year, the Fund's Series A units gained 3.6%, trailing the 3.7% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

In 2014, global equity markets did not match the huge gains of 2013. The U.S. market continued to do well, while markets in Canada and elsewhere had only moderate gains. Volatility picked up at times during the year, especially in energy prices, which were hit hard by a swift decline in the price of oil. Earnings continued to grow, but stocks remained more expensive than they have been in recent years.

Stocks with high momentum, which are emphasized by the Fund, underperformed during the period. Companies with low valuations and high dividend yields, which are also emphasized, contributed to performance during the period. Additionally, stocks with high earnings quality, earnings growth and financial strength helped performance.

The impact of country and sector allocation was negative, but was offset somewhat by overall security selection. Overweight allocations to Japan and Norway were main drivers of underperformance. While an overweight allocation to Israel aided returns, this was more than offset by negative security selection in the country. Security selection in Italy also had a negative impact. An overweight allocation to Finland, as well as security selection in France and New Zealand, aided performance.

An underweight allocation to the Health Care sector and an overweight allocation to Energy hurt the Fund's performance. The effect was somewhat offset by an overweight allocation and security selection in the Telecommunication Services sector. Within the sector, Spark New Zealand and Orange were the Fund's top performers. An overweight allocation to the Utilities sector as well as security selection in the Industrials sector also contributed to performance. Security selection in the Financials and Consumer Staples sectors negatively affected performance. Underweight positions in Novartis in the Health Care sector and Showa Denko in the Materials sector had a negative impact.

Recent Developments

To identify the most attractive investments, the sub-advisor uses historically proven, objectively measured characteristics like low valuations, strong balance sheets and earnings quality, and strong but stable momentum.

Due to the Fund's investment process and market conditions over the course of 2014, the Fund decreased allocations to the Consumer Discretionary sector and increased allocations to the Industrials sector. The sub-advisor believes that stock selection becomes more important when the overall market is more expensive and that portfolios which are very different from the market offer the best chance to outperform.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.



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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. There were no related-party commissions.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	9.18	0.45	(0.22)	1.35	(1.27)	0.31	–	(0.23)	–	–	(0.23)	9.28
Dec. 31, 2013	6.77	0.31	(0.18)	0.60	1.82	2.55	–	(0.14)	–	–	(0.14)	9.18
Dec. 31, 2012	6.32	0.32	(0.15)	(0.69)	1.15	0.63	–	(0.20)	–	–	(0.20)	6.77
Dec. 31, 2011	7.73	0.43	(0.16)	0.13	(1.44)	(1.04)	–	(0.31)	–	–	(0.31)	6.32
Dec. 31, 2010	7.41	0.28	(0.15)	0.03	0.18	0.34	–	(0.12)	–	–	(0.12)	7.73
Advisor Series												
Dec. 31, 2014	9.08	0.44	(0.21)	1.33	(1.25)	0.31	–	(0.25)	–	–	(0.25)	9.16
Dec. 31, 2013	6.69	0.30	(0.17)	0.59	1.79	2.51	–	(0.14)	–	–	(0.14)	9.08
Dec. 31, 2012	6.26	0.32	(0.14)	(0.68)	1.14	0.64	–	(0.22)	–	–	(0.22)	6.69
Dec. 31, 2011	7.70	0.43	(0.16)	0.13	(1.43)	(1.03)	–	(0.35)	–	–	(0.35)	6.26
Dec. 31, 2010	7.41	0.28	(0.15)	0.03	0.18	0.34	–	(0.16)	–	–	(0.16)	7.70
Series D												
Dec. 31, 2014	9.26	0.45	(0.13)	1.36	(1.28)	0.40	–	(0.29)	–	–	(0.29)	9.39
Dec. 31, 2013	6.79	0.31	(0.11)	0.61	1.83	2.64	–	(0.18)	–	–	(0.18)	9.26
Dec. 31, 2012	6.33	0.32	(0.09)	(0.69)	1.16	0.70	–	(0.25)	–	–	(0.25)	6.79
Dec. 31, 2011	7.74	0.44	(0.10)	0.13	(1.45)	(0.98)	–	(0.37)	–	–	(0.37)	6.33
Dec. 31, 2010	7.43	0.28	(0.09)	0.03	0.18	0.40	–	(0.20)	–	–	(0.20)	7.74
Series F												
Dec. 31, 2014	8.59	0.42	(0.10)	1.27	(1.19)	0.40	–	(0.33)	–	–	(0.33)	8.67
Dec. 31, 2013	6.33	0.29	(0.08)	0.56	1.70	2.47	–	(0.23)	–	–	(0.23)	8.59
Dec. 31, 2012	5.96	0.30	(0.07)	(0.65)	1.08	0.66	–	(0.33)	–	–	(0.33)	6.33
Dec. 31, 2011	7.62	0.43	(0.08)	0.12	(1.41)	(0.94)	–	(0.64)	–	–	(0.64)	5.96
Dec. 31, 2010	7.32	0.28	(0.07)	0.03	0.18	0.42	–	(0.23)	–	–	(0.23)	7.62
Series I												
Dec. 31, 2014	10.05	0.49	(0.09)	1.48	(1.40)	0.48	–	(0.39)	–	–	(0.39)	10.17
Dec. 31, 2013	7.40	0.34	(0.07)	0.66	2.00	2.93	–	(0.28)	–	–	(0.28)	10.05
Dec. 31, 2012	6.88	0.36	(0.06)	(0.76)	1.27	0.81	–	(0.30)	–	–	(0.30)	7.40
Dec. 31, 2011	8.40	0.48	(0.07)	0.14	(1.58)	(1.03)	–	(0.42)	–	–	(0.42)	6.88
Dec. 31, 2010	8.22	0.31	(0.06)	0.03	0.20	0.48	–	(0.43)	–	–	(0.43)	8.40



FINANCIAL HIGHLIGHTS (cont.)

Change in Net Assets Per Unit (\$) (cont.)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series O												
Dec. 31, 2014	8.25	0.41	–	1.22	(1.15)	0.48	–	(0.42)	–	–	(0.42)	8.32
Dec. 31, 2013	6.05	0.28	–	0.54	1.64	2.46	–	(0.26)	–	–	(0.26)	8.25
Dec. 31, 2012	6.51	0.36	–	(0.69)	1.16	0.83	–	(1.30)	–	–	(1.30)	6.05
Dec. 31, 2011	8.00	0.46	–	0.13	(1.51)	(0.92)	–	(0.50)	–	–	(0.50)	6.51
Dec. 31, 2010	7.64	0.29	–	0.03	0.19	0.51	–	(0.27)	–	–	(0.27)	8.00

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	9.28	403 941	43 521	2.25	2.25	76.56	0.14
Dec. 31, 2013	9.18	407 485	44 377	2.26	2.26	71.42	0.13
Dec. 31, 2012	6.77	330 243	48 812	2.24	2.24	58.58	0.14
Dec. 31, 2011	6.32	374 035	59 211	2.25	2.25	73.28	0.13
Dec. 31, 2010	7.73	531 488	68 784	2.20	2.20	93.69	0.19
Advisor Series							
Dec. 31, 2014	9.16	6 193	676	2.20	2.20	76.56	0.14
Dec. 31, 2013	9.08	5 350	589	2.22	2.22	71.42	0.13
Dec. 31, 2012	6.69	4 469	668	2.20	2.20	58.58	0.14
Dec. 31, 2011	6.26	5 553	888	2.18	2.18	73.28	0.13
Dec. 31, 2010	7.70	9 797	1 272	2.15	2.15	93.69	0.19
Series D							
Dec. 31, 2014	9.39	19 646	2 092	1.37	1.37	76.56	0.14
Dec. 31, 2013	9.26	12 508	1 351	1.38	1.38	71.42	0.13
Dec. 31, 2012	6.79	7 326	1 078	1.38	1.38	58.58	0.14
Dec. 31, 2011	6.33	7 160	1 131	1.38	1.38	73.28	0.13
Dec. 31, 2010	7.74	9 135	1 179	1.34	1.34	93.69	0.19
Series F							
Dec. 31, 2014	8.67	13 703	1 580	1.08	1.08	76.56	0.14
Dec. 31, 2013	8.59	12 870	1 498	1.10	1.10	71.42	0.13
Dec. 31, 2012	6.33	11 108	1 755	1.09	1.09	58.58	0.14
Dec. 31, 2011	5.96	18 823	3 157	1.09	1.09	73.28	0.13
Dec. 31, 2010	7.62	48 276	6 339	1.07	1.07	93.69	0.19
Series I							
Dec. 31, 2014	10.17	14 023	1 379	0.81	0.81	76.56	0.14
Dec. 31, 2013	10.05	13 510	1 344	0.82	0.82	71.42	0.13
Dec. 31, 2012	7.40	10 232	1 383	0.86	0.86	58.58	0.14
Dec. 31, 2011	6.88	8 273	1 202	0.86	0.86	73.28	0.13
Dec. 31, 2010	8.40	9 521	1 134	0.83	0.83	93.69	0.19



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data (cont.)

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series O							
Dec. 31, 2014	8.32	15 947	1 917	0.02	0.02	76.56	0.14
Dec. 31, 2013	8.25	15 416	1 868	0.02	0.02	71.42	0.13
Dec. 31, 2012	6.05	10 010	1 655	0.02	0.02	58.58	0.14
Dec. 31, 2011	6.51	46 844	7 194	0.02	0.02	73.28	0.13
Dec. 31, 2010	8.00	59 765	7 467	0.02	0.02	93.69	0.19

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

Management Fees	Breakdown of Services	
	Distribution	Other*
Series A	54%	46%
Advisor Series	54%	46%
Series D	23%	77%
Series F	–	100%
Series I	–	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

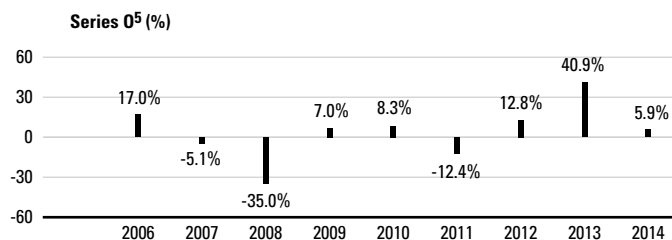
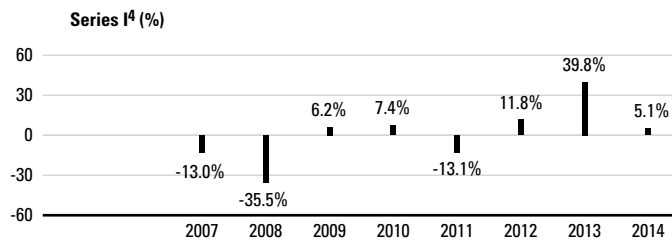
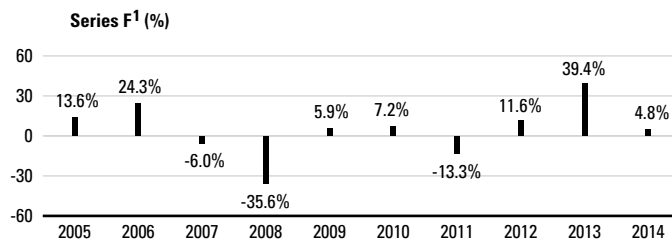
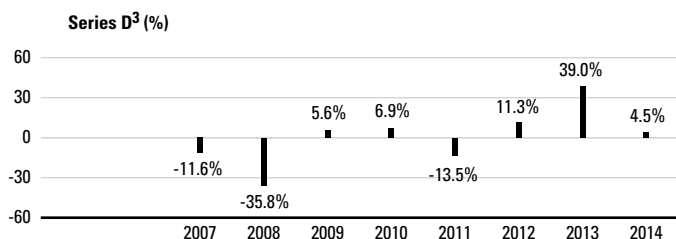
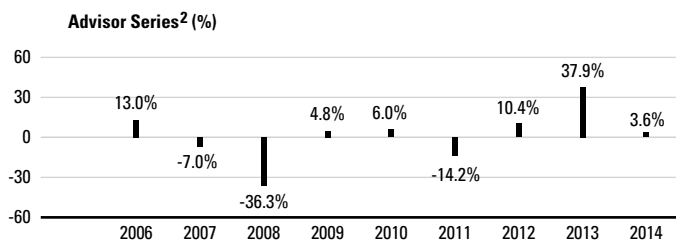
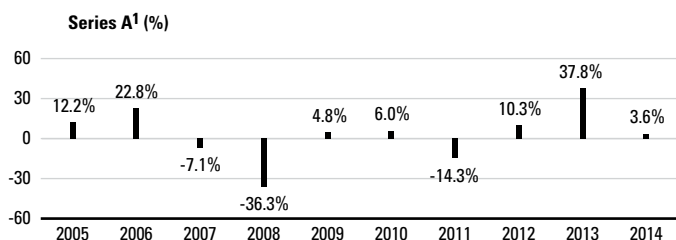


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

MSCI EAFE Total Return Net Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	3.6	16.3	7.4	–	2.0
Benchmark	3.7	15.9	7.5	–	3.9
Advisor Series ²	3.6	16.4	7.5	–	0.1
Benchmark	3.7	15.9	7.5	–	2.4
Series D ³	4.5	17.3	8.4	–	-1.5
Benchmark	3.7	15.9	7.5	–	0.9
Series F ¹	4.8	17.7	8.7	–	3.2
Benchmark	3.7	15.9	7.5	–	3.9
Series I ⁴	5.1	18.0	8.9	–	-1.2
Benchmark	3.7	15.9	7.5	–	0.5
Series O ⁵	5.9	18.9	9.8	–	2.6
Benchmark	3.7	15.9	7.5	–	2.6

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date January 17, 2005.

² Inception date March 20, 2006.

³ Inception date July 3, 2007.

⁴ Inception date April 17, 2007.

⁵ Inception date September 5, 2006.

INDEX DESCRIPTION

MSCI EAFE Total Return Net Index (CAD) This index is a broad measure of the Canadian dollar performance of stocks from developed equity markets covering countries in Europe, Australasia and the Far East. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Japan	24.4
United Kingdom	13.1
France	11.0
Other Countries	10.8
Australia	9.0
Germany	6.0
New Zealand	5.9
Norway	5.3
Italy	4.4
Sweden	3.4
Israel	3.1
Spain	2.9
Cash/Other	0.7

Top 25 Holdings

	% of Net Asset Value
Spark New Zealand Ltd.	3.3
Bezeq Israeli Telecommunication Corporation Ltd.	2.8
France Telecom S.A.	2.8
Telstra Corp. Ltd.	2.7
GDF Suez	2.5
Leighton Holdings Ltd.	2.2
Belgacom S.A.	2.2
ENI S.p.A.	2.1
Centrica Plc.	2.1
Antofagasta Plc.	1.8
Orica Ltd.	1.7
Total S.A.	1.6
Air New Zealand Ltd.	1.3
WH Smith Plc.	1.3
J Sainsbury Plc.	1.2
Borregaard ASA	1.1
Woodside Petroleum Ltd.	1.1
San-Ai Oil Co. Ltd.	1.1
StatoilHydro ASA	1.0
Fukuda Denshi Co. Ltd.	1.0
Itochu Enex Co. Ltd.	1.0
Chesnara Plc.	1.0
Red Electrica de Espana	1.0
A P Moller - Maersk A/S	1.0
Energias de Portugal S.A.	1.0
Top 25 Holdings	41.9

The Summary of Investment Portfolio may change due to ongoing portfolio transactions. A segment of the Fund is rebalanced around the end of the period. The Top 25 holdings may not reflect current positions. A quarterly update is available at www.rbcgam.com/funds.



INTERNATIONAL EQUITY FUND

RBC EUROPEAN DIVIDEND FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor: RBC Global Asset Management (UK) Limited, London, England

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term total returns consisting of regular dividend income and modest capital growth.

To achieve its objective, the Fund invests primarily in preferred equity securities of major European companies with above-average dividend yields. The Fund's investment process is primarily based on fundamental research, although the portfolio manager will also consider quantitative and technical factors. Stock selection decisions are ultimately based on an understanding of the company, its business and its outlook.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund was launched on August 11, 2014, and its net asset value was \$53 million as of December 31, 2014. Investment performance is not provided for a fund that has been available for less than one year.

Recent Developments

Investors enter 2015 expecting the European Central Bank to conduct large-scale asset purchases. The sub-advisor, however, does not expect that such extraordinary monetary measures will be as far-reaching as many investors believe. The sub-advisor anticipates that market volatility could continue for at least another six months, and has therefore positioned the Fund to withstand market swings. This entails a defensive tilt, with an overweight position in northern Europe and a bias to the Nordic countries, the Netherlands and the U.K.

The sub-advisor believes that the euro has fallen to a level that will help spur corporate earnings after acting as a drag on economic performance for a considerable period.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Sub-Advisor

RBC Global Asset Management (UK) Limited is the sub-advisor and provides investment advice for the Fund.

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series, Series H and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$11,000 (2013 – \$0) or 6% (2013 – 0%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014³	10.00[†]	0.04	(0.09)	(0.02)	0.07	–	–	–	–	–	–	10.16
Advisor Series												
Dec. 31, 2014³	10.00[†]	0.04	(0.09)	(0.02)	0.07	–	–	–	–	–	–	10.16
Series H												
Dec. 31, 2014³	10.00[†]	0.06	(0.08)	(0.03)	0.09	0.04	–	(0.02)	–	–	(0.02)	10.15
Series D												
Dec. 31, 2014³	10.00[†]	0.04	(0.06)	(0.02)	0.07	0.03	–	(0.02)	–	–	(0.02)	10.17
Series F												
Dec. 31, 2014³	10.00[†]	0.04	(0.05)	(0.02)	0.06	0.03	–	(0.01)	–	–	(0.01)	10.19
Series I												
Dec. 31, 2014³	10.00[†]	0.04	(0.04)	(0.02)	0.06	0.04	–	(0.01)	–	–	(0.01)	10.20
Series O												
Dec. 31, 2014⁴	10.02[†]	0.30	(0.01)	(0.15)	0.44	0.58	–	(0.09)	–	–	(0.09)	10.44

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From August 11, 2014.

⁴ From October 29, 2012. Although Series O units of the Fund were created in October 2012, units were not offered for sale under a simplified prospectus until August 11, 2014.

[†] Initial offering net asset value per unit.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014⁴	10.16	3 667	361	2.26	2.27	29.25	0.82
Advisor Series							
Dec. 31, 2014⁴	10.16	75	7	2.26	2.27	29.25	0.82
Series H							
Dec. 31, 2014⁴	10.15	1	–	2.09	2.10	29.25	0.82
Series D							
Dec. 31, 2014⁴	10.17	535	53	1.41	1.42	29.25	0.82
Series F							
Dec. 31, 2014⁴	10.19	726	71	1.13	1.14	29.25	0.82
Series I							
Dec. 31, 2014⁴	10.20	197	19	0.96	0.97	29.25	0.82
Series O							
Dec. 31, 2014⁵	10.44	47 973	4 596	0.05	0.06	29.25	0.82

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From August 11, 2014.

⁵ From October 29, 2012. Although Series O units of the Fund were created in October 2012, units were not offered for sale under a simplified prospectus until August 11, 2014.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.85%	54%	46%
Advisor Series	1.85%	54%	46%
Series H	1.70%	59%	41%
Series D	1.10%	23%	77%
Series F	0.85%	–	100%
Series I	0.70%	–	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.



PAST PERFORMANCE

Investment performance in respect of a fund that has been available for less than one year is not provided. Although Series O units of the Fund were created on October 29, 2012, units were not offered for sale under a simplified prospectus until August 11, 2014. Series A, Advisor Series, Series H, Series D, Series F and Series I units of the Fund were also launched on August 11, 2014.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
United Kingdom	46.1
Netherlands	11.1
Switzerland	7.3
France	6.3
Other European Countries	6.2
Finland	6.2
Spain	5.5
Sweden	5.3
Germany	4.7
Cash/Other	1.3

Top 25 Holdings

	% of Net Asset Value
Unilever N.V.	4.7
Elsevier N.V.	4.2
British American Tobacco Plc.	3.9
Novartis AG	3.8
Reckitt Benckiser Plc.	3.5
Roche Holdings AG Genussscheine	3.5
Swedbank AB	3.1
BT Group Plc.	3.0
Sampo OYJ	2.9
GlaxoSmithKline Plc.	2.7
Sanofi	2.6
Capita Plc.	2.4
Red Electrica de Espana	2.3
Royal Dutch Shell Plc., A Shares	2.3
Vodafone Group Plc.	2.3
Imperial Tobacco Group Plc.	2.2
AstraZeneca Plc.	2.2
Nordbanken Holding AB	2.2
ING Groep N.V.	2.2
Rio Tinto Plc.	2.0
Daily Mail & General Trust Plc.	1.9
Nokia OYJ	1.9
Novozymes A/S	1.8
Gas Natural SDG S.A.	1.8
Segro Plc. Real Estate Investment Trust	1.8
Top 25 Holdings	67.2

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



INTERNATIONAL EQUITY FUND

RBC EUROPEAN EQUITY FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor: RBC Global Asset Management (UK) Limited, London, England

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

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MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund pursues long-term capital growth by investing primarily in European stocks.

The Fund provides exposure to growth opportunities in the European economy and diversification benefits beyond North America.

The sub-advisor reviews the economic outlook for Europe and then selects stocks based on fundamental, technical and quantitative inputs. The Fund is managed to limit risk by spreading investments across different industries. The Fund may also invest in debt securities issued or guaranteed by European governments and international agencies.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$3.9 billion as of December 31, 2014, from \$3.0 billion at the end of 2013. Most of the change was due to net inflows.

Over the past year, the Fund's Series A units gained 0.2%, which underperformed the 2.8% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

European equities rose over the course of 2014, albeit against a backdrop of continued volatility. Economic growth was healthy, if not robust, until the middle of the year before economic indicators turned down and markets followed suit in October. European stocks then rallied to their highs for the year after Mario Draghi, president of the European Central Bank (the "ECB"), persuaded investors that he will undertake new forms of extraordinary monetary policies with the goal of stimulating economic growth and combatting a broad drop in the price level.

During the second quarter, investors favoured riskier assets over the Fund's "quality" assets, which typically demonstrate consistent earnings and solid balance sheets. The negative effect of this orientation on the Fund's returns was partially reversed after the downturn in economic data, which led investors back to the kind

of assets favoured by the Fund. Similarly, the outperformance of companies with larger market capitalizations had a positive impact on relative returns.

Stocks in Germany, Europe's most powerful economy, generally outperformed in the latter part of the year after the economic data worsened. For the year as a whole, Germany did not keep pace because a generally strong euro in the earlier part of the period and slowing emerging-market growth curbed demand for exports. This scenario was positive for the Fund's returns because Germany was a small underweight position for much of the year. Spain outperformed for much of the year as it benefited from economic reforms and improved corporate earnings. The Fund benefited from above-benchmark exposure to Spain's stock market for most of 2014. Toward the end of the period, the sub-advisor reduced the Fund's allocation to Spain to underweight.

Pharmaceuticals were the best-performing group in the Fund, thanks to attractive valuations and a slew of new products. The Fund's preference in this area was a positive for relative returns, with Shire, the U.K. pharmaceuticals company, the Fund's top performer. The other key allocation that aided performance was a decision in the second quarter to hold an overweight position in the more conservative Consumer Staples sector. This decision had a positive impact on the Fund when stocks declined. Elsewhere, the Fund's largest position, Reed Elsevier, a business-to-business publisher, was a top performer, with the airline Ryanair also contributing strongly.

Recent Developments

Investors enter 2015 expecting the ECB to conduct large-scale asset purchases. The sub-advisor, however, does not expect that such extraordinary monetary measures will be as far-reaching as many investors believe. The sub-advisor anticipates that market volatility could continue for at least another six months, and has therefore positioned the Fund to withstand market swings. This entails a defensive tilt, with an overweight position in northern Europe and a bias to the Nordic countries, the Netherlands and the U.K.

The sub-advisor believes that the euro has fallen to a level that will help spur corporate earnings after acting as a drag on economic performance for a considerable period.

Effective June 27, 2014, the RBC Private European Equity Pool merged into the Fund and unitholders of the RBC Private European Equity Pool received units of the Fund on a dollar-for-dollar, tax-deferred basis.



Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Sub-Advisor

RBC Global Asset Management (UK) Limited is the sub-advisor and provides investment advice for the Fund.

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$1,080,000 (2013 – \$291,000) or 7% (2013 – 4%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	21.05	0.48	(0.48)	2.12	(2.00)	0.12	–	(0.05)	(1.83)	–	(1.88)	19.22
Dec. 31, 2013	15.45	0.46	(0.41)	1.42	4.16	5.63	–	(0.05)	–	–	(0.05)	21.05
Dec. 31, 2012	13.13	0.46	(0.32)	0.28	2.23	2.65	–	(0.14)	–	–	(0.14)	15.45
Dec. 31, 2011	14.97	0.46	(0.31)	(0.40)	(1.41)	(1.66)	–	(0.13)	–	–	(0.13)	13.13
Dec. 31, 2010	14.93	0.33	(0.30)	(0.52)	0.68	0.19	–	(0.03)	–	–	(0.03)	14.97
Advisor Series												
Dec. 31, 2014	21.28	0.47	(0.47)	2.11	(2.00)	0.11	–	(0.05)	(1.83)	–	(1.88)	19.47
Dec. 31, 2013	15.60	0.46	(0.43)	1.44	4.23	5.70	–	(0.03)	–	–	(0.03)	21.28
Dec. 31, 2012	13.26	0.46	(0.32)	0.28	2.22	2.64	–	(0.14)	–	–	(0.14)	15.60
Dec. 31, 2011	15.04	0.46	(0.30)	(0.40)	(1.42)	(1.66)	–	(0.08)	–	–	(0.08)	13.26
Dec. 31, 2010	15.02	0.33	(0.30)	(0.52)	0.68	0.19	–	(0.05)	–	–	(0.05)	15.04
Series D												
Dec. 31, 2014	21.16	0.48	(0.27)	2.14	(2.02)	0.33	–	(0.19)	(1.82)	–	(2.01)	19.41
Dec. 31, 2013	15.49	0.46	(0.23)	1.43	4.19	5.85	–	(0.18)	–	–	(0.18)	21.16
Dec. 31, 2012	13.13	0.46	(0.18)	0.28	2.22	2.78	–	(0.25)	–	–	(0.25)	15.49
Dec. 31, 2011	14.98	0.46	(0.17)	(0.40)	(1.41)	(1.52)	–	(0.28)	–	–	(0.28)	13.13
Dec. 31, 2010	14.94	0.33	(0.17)	(0.52)	0.68	0.32	–	(0.17)	–	–	(0.17)	14.98
Series F												
Dec. 31, 2014	22.47	0.50	(0.22)	2.22	(2.10)	0.40	–	(0.24)	(1.94)	–	(2.18)	20.64
Dec. 31, 2013	16.37	0.49	(0.20)	1.51	4.45	6.25	–	(0.15)	–	–	(0.15)	22.47
Dec. 31, 2012	13.91	0.49	(0.15)	0.28	2.24	2.86	–	(0.35)	–	–	(0.35)	16.37
Dec. 31, 2011	16.00	0.49	(0.14)	(0.43)	(1.52)	(1.60)	–	(0.44)	–	–	(0.44)	13.91
Dec. 31, 2010	15.98	0.36	(0.14)	(0.56)	0.73	0.39	–	(0.26)	–	–	(0.26)	16.00
Series O												
Dec. 31, 2014	21.36	0.48	–	2.12	(2.01)	0.59	–	(0.45)	(1.85)	–	(2.30)	19.59
Dec. 31, 2013	15.66	0.47	–	1.45	4.25	6.17	–	(0.47)	–	–	(0.47)	21.36
Dec. 31, 2012	13.25	0.46	–	0.28	2.24	2.98	–	(0.42)	–	–	(0.42)	15.66
Dec. 31, 2011	15.15	0.47	–	(0.41)	(1.44)	(1.38)	–	(0.46)	–	–	(0.46)	13.25
Dec. 31, 2010	15.09	0.34	–	(0.53)	0.69	0.50	–	(0.35)	–	–	(0.35)	15.15

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	19.22	258 306	13 441	2.26	2.26	67.36	0.43
Dec. 31, 2013	21.05	262 203	12 459	2.27	2.27	51.92	0.31
Dec. 31, 2012	15.45	189 468	12 259	2.25	2.25	85.50	0.46
Dec. 31, 2011	13.13	187 379	14 269	2.23	2.23	131.45	0.75
Dec. 31, 2010	14.97	254 600	17 007	2.20	2.20	130.00	0.68
Advisor Series							
Dec. 31, 2014	19.47	5 469	281	2.19	2.19	67.36	0.43
Dec. 31, 2013	21.28	2 946	138	2.23	2.23	51.92	0.31
Dec. 31, 2012	15.60	191	12	2.23	2.23	85.50	0.46
Dec. 31, 2011	13.26	157	12	2.19	2.19	131.45	0.75
Dec. 31, 2010	15.04	89	6	2.15	2.15	130.00	0.68
Series D							
Dec. 31, 2014	19.41	15 966	822	1.27	1.27	67.36	0.43
Dec. 31, 2013	21.16	15 483	732	1.28	1.28	51.92	0.31
Dec. 31, 2012	15.49	7 042	455	1.27	1.27	85.50	0.46
Dec. 31, 2011	13.13	5 103	389	1.25	1.25	131.45	0.75
Dec. 31, 2010	14.98	5 970	398	1.24	1.24	130.00	0.68
Series F							
Dec. 31, 2014	20.64	8 937	433	0.97	0.97	67.36	0.43
Dec. 31, 2013	22.47	1 651	73	1.00	1.00	51.92	0.31
Dec. 31, 2012	16.37	330	20	0.99	0.99	85.50	0.46
Dec. 31, 2011	13.91	311	22	0.97	0.97	131.45	0.75
Dec. 31, 2010	16.00	653	41	0.97	0.97	130.00	0.68
Series O							
Dec. 31, 2014	19.59	3 659 903	186 781	0.02	0.02	67.36	0.43
Dec. 31, 2013	21.36	2 737 024	128 123	0.02	0.02	51.92	0.31
Dec. 31, 2012	15.66	1 961 068	125 229	0.02	0.02	85.50	0.46
Dec. 31, 2011	13.25	1 401 048	105 716	0.02	0.02	131.45	0.75
Dec. 31, 2010	15.15	1 442 311	95 222	0.02	0.02	130.00	0.68

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.85%	62%	38%
Advisor Series	1.85%	62%	38%
Series D	1.00%	25%	75%
Series F	0.75%	–	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

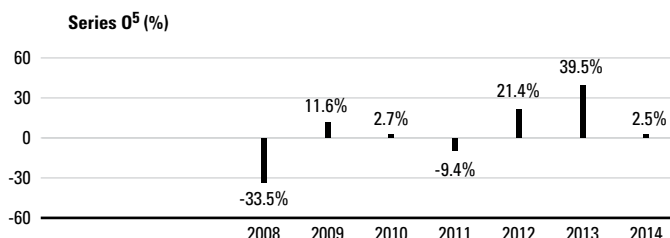
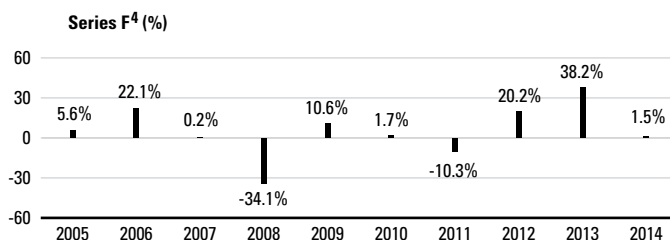
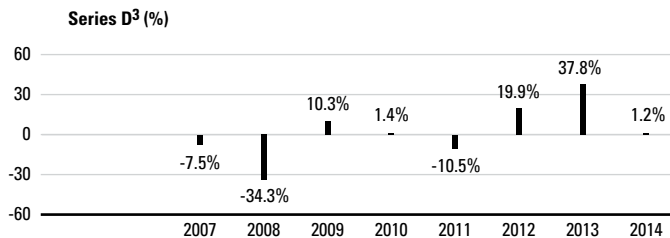
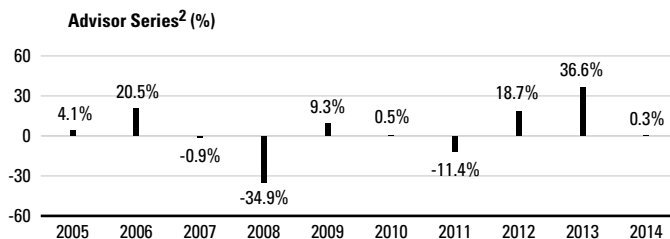
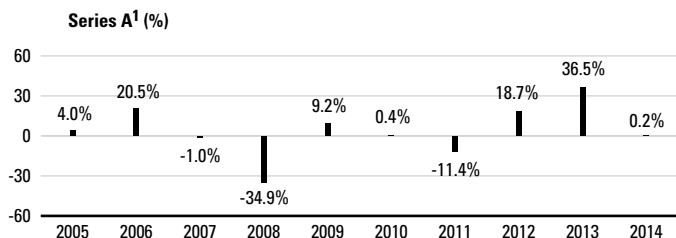
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

MSCI Europe Total Return Net Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	0.2	17.5	7.6	2.4	–
Benchmark	2.8	17.5	8.0	4.8	–
Advisor Series ²	0.3	17.6	7.7	2.5	–
Benchmark	2.8	17.5	8.0	4.8	–
Series D ³	1.2	18.7	8.7	–	0.2
Benchmark	2.8	17.5	8.0	–	1.3
Series F ⁴	1.5	19.0	9.0	3.8	–
Benchmark	2.8	17.5	8.0	4.8	–
Series O ⁵	2.5	20.2	10.0	–	2.6
Benchmark	2.8	17.5	8.0	–	2.1

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date July 31, 1987.

² Inception date January 13, 2003.

³ Inception date July 3, 2007.

⁴ Inception date August 13, 2001.

⁵ Inception date January 1, 2008.

INDEX DESCRIPTION

MSCI Europe Total Return Net Index (CAD) This index is a broad measure of the Canadian dollar performance of major stock markets in Europe. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
United Kingdom	31.8
Germany	12.8
Other Countries	12.7
Switzerland	10.5
Netherlands	8.6
Denmark	6.6
Ireland	5.9
Finland	5.5
France	4.7
Cash/Other	0.9

Top 25 Holdings

	% of Net Asset Value
Unilever Plc.	4.2
Elsevier N.V.	4.1
InBev N.V.	3.9
Roche Holdings AG Genussscheine	3.9
Novo Nordisk A/S	3.6
Novartis AG	3.3
SAP SE	3.3
British American Tobacco Plc.	2.9
Sampo OYJ	2.8
Royal Dutch Shell Plc., A Shares	2.8
Bayer AG	2.7
Daily Mail & General Trust Plc.	2.7
BT Group Plc.	2.6
Henkel KGaA, Preferred Non-Voting	2.5
Diageo Plc.	2.4
Paddy Power Plc.	2.4
Swedbank AB	2.3
Kerry Group Plc.	2.1
ING Groep N.V.	2.0
London Stock Exchange Group Plc.	1.9
Koninklijke KPN N.V.	1.8
Christian Dior S.A.	1.8
Straumann Holding AG	1.8
Christian Hansen Holding A/S	1.7
Nokia OYJ	1.6
Top 25 Holdings	67.1

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



INTERNATIONAL EQUITY FUND

RBC ASIAN EQUITY FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor: RBC Investment Management (Asia) Limited, Hong Kong, China

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term total returns by investing in equity securities of companies located in or having a principal business interest in Asian markets such as Japan, Hong Kong, Taiwan, South Korea, Singapore, China and Australia, either directly or indirectly through investment in other mutual funds managed by RBC GAM or an affiliate of RBC GAM (called “underlying funds”).

To achieve its investment objective, the Fund selects underlying funds from the RBC Funds family or PH&N Funds family, including the RBC Asia Pacific ex-Japan Equity Fund and the RBC Japanese Equity Fund, that focus on Asian sectors and themes and diversify their holdings across the region to reduce risk. The Fund typically diversifies by sector within the region.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund’s overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund’s net asset value fell to \$269 million as of December 31, 2014, from \$1.2 billion at the end of 2013. The change was due mainly to net redemptions.

Over the past year, the Fund’s Series A units gained 1.7%, which underperformed the 9.0% rise in the benchmark. The Fund’s return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The global economic climate was characterized by gradually declining global growth and inflation expectations. In Asia, China’s economy slowed, which reduced demand for commodities and their prices. This hurt emerging markets that rely on commodities for economic growth. The slowdown prompted the People’s Bank of China to cut its key policy rate to 5.6% from 6.0% late in the year amid concern that the economy may not achieve the government’s 7.5% growth target. The slowing Chinese economy had an especially large impact on resource-based Australia, a developed market whose outlook is closely tied to the performance of China’s economy.

Japanese markets benefited from the depreciation of the yen, although the decline in the currency limited returns in Canadian dollars. Significant weakness in the Japanese yen against the U.S. dollar continued in the fourth quarter after the Bank of Japan restated its policy of encouraging yen weakness and the U.S. Federal Reserve ended its quantitative-easing program.

Both of the Fund’s components – Asia excluding Japan and Japan – had a positive impact on returns. The Fund’s overweight allocation to Japan was negative for relative performance, as the Japanese stock market performed worse than many other regional markets.

In June 2014, the Fund began investing its assets primarily in units of other funds managed by RBC GAM. Portfolio turnover was high for the Fund in 2014 due to this transition, and also as the result of the Fund’s merger with the RBC Private Asian Equity Pool.

Recent Developments

The portfolio manager remains concerned that some Chinese corporations do not generate sufficient cash to cover their debts, and the increased use of margin debt among retail investors in recent months has increased the risk. However, the steep decline in commodity prices in 2014, both for base metals and oil, is likely to provide a tailwind to most of Asia, including China, as this region tends to import its resource needs. Within the Asia-Pacific portion of the Fund, the portfolio continues to have an overweight position in India and the Southeast Asian markets of Thailand and Indonesia, where the portfolio manager sees more attractive opportunities.

Corporations in Japan, under increasing pressure from the government and investors, are focusing more on corporate governance and investor returns. This trend is likely to continue, providing additional support to the Japanese stock market. However, the portfolio manager continues to expect the market to be relatively volatile in the near future given policy uncertainties and global macroeconomic instability.

Effective June 23, 2014, the Fund’s investment objective was changed to provide the Fund with the flexibility to invest its assets primarily in other funds managed by RBC GAM or an RBC GAM affiliate. This change enables the Fund to invest in the RBC Asia Pacific ex-Japan Equity Fund and the RBC Japanese Equity Fund and enables the portfolio manager to more efficiently manage the regional asset allocations within the Fund.

Effective July 1, 2014, the administration fees were reduced as follows: from 0.20% to 0.05% in respect of Series A units and from 0.15% to 0.05% in respect of Advisor Series, Series D and Series F units.



Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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RBC Investment Management (Asia) Limited is the sub-advisor and provides investment advice for the Fund.

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RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. There were no related-party commissions.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	8.50	0.43	(0.18)	8.67	(9.66)	(0.74)	(0.01)	(0.02)	–	–	(0.03)	8.62
Dec. 31, 2013	7.14	0.21	(0.18)	0.62	0.74	1.39	–	(0.02)	–	–	(0.02)	8.50
Dec. 31, 2012	6.49	0.19	(0.15)	(0.19)	0.92	0.77	–	(0.04)	–	–	(0.04)	7.14
Dec. 31, 2011	8.02	0.18	(0.16)	(0.54)	(0.97)	(1.49)	–	(0.01)	–	–	(0.01)	6.49
Dec. 31, 2010	7.81	0.15	(0.16)	0.06	0.26	0.31	–	–	–	–	–	8.02
Advisor Series												
Dec. 31, 2014	8.53	0.43	(0.19)	8.64	(9.63)	(0.75)	(0.01)	(0.02)	–	–	(0.03)	8.65
Dec. 31, 2013	7.16	0.21	(0.18)	0.62	0.74	1.39	–	(0.02)	–	–	(0.02)	8.53
Dec. 31, 2012	6.51	0.19	(0.15)	(0.19)	0.92	0.77	–	(0.04)	–	–	(0.04)	7.16
Dec. 31, 2011	8.05	0.18	(0.16)	(0.55)	(0.98)	(1.51)	–	(0.01)	–	–	(0.01)	6.51
Dec. 31, 2010	7.83	0.15	(0.16)	0.06	0.26	0.31	–	–	–	–	–	8.05
Series D												
Dec. 31, 2014	8.57	0.44	(0.10)	8.78	(9.78)	(0.66)	(0.03)	(0.09)	–	–	(0.12)	8.69
Dec. 31, 2013	7.20	0.21	(0.10)	0.63	0.75	1.49	–	(0.10)	–	–	(0.10)	8.57
Dec. 31, 2012	6.54	0.19	(0.09)	(0.19)	0.93	0.84	–	(0.11)	–	–	(0.11)	7.20
Dec. 31, 2011	8.10	0.19	(0.09)	(0.55)	(0.98)	(1.43)	–	(0.09)	–	–	(0.09)	6.54
Dec. 31, 2010	7.86	0.15	(0.09)	0.06	0.26	0.38	–	(0.06)	–	–	(0.06)	8.10
Series F												
Dec. 31, 2014	9.23	0.43	(0.09)	8.61	(9.60)	(0.65)	(0.02)	(0.07)	–	–	(0.09)	9.41
Dec. 31, 2013	7.76	0.23	(0.09)	0.68	0.81	1.63	–	(0.15)	–	–	(0.15)	9.23
Dec. 31, 2012	7.06	0.20	(0.07)	(0.21)	0.91	0.83	–	(0.15)	–	–	(0.15)	7.76
Dec. 31, 2011	8.77	0.20	(0.08)	(0.60)	(1.07)	(1.55)	–	(0.13)	–	–	(0.13)	7.06
Dec. 31, 2010	8.50	0.16	(0.08)	0.06	0.28	0.42	–	(0.07)	–	–	(0.07)	8.77
Series O												
Dec. 31, 2014	8.63	0.14	–	2.81	(3.13)	(0.18)	(0.10)	(0.34)	–	–	(0.44)	8.56
Dec. 31, 2013	7.24	0.21	–	0.64	0.76	1.61	–	(0.20)	–	–	(0.20)	8.63
Dec. 31, 2012	6.56	0.19	–	(0.19)	0.92	0.92	–	(0.17)	–	–	(0.17)	7.24
Dec. 31, 2011	8.13	0.19	–	(0.55)	(0.99)	(1.35)	–	(0.18)	–	–	(0.18)	6.56
Dec. 31, 2010	7.86	0.15	–	0.06	0.26	0.47	–	(0.13)	–	–	(0.13)	8.13

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	8.62	56 922	6 602	2.18	2.18	175.02	0.64
Dec. 31, 2013	8.50	63 284	7 445	2.26	2.26	86.06	0.33
Dec. 31, 2012	7.14	57 926	8 111	2.25	2.25	98.72	0.46
Dec. 31, 2011	6.49	59 267	9 128	2.25	2.25	113.78	0.57
Dec. 31, 2010	8.02	83 741	10 436	2.20	2.20	128.51	0.69
Advisor Series							
Dec. 31, 2014	8.65	280	32	2.20	2.20	175.02	0.64
Dec. 31, 2013	8.53	260	30	2.22	2.22	86.06	0.33
Dec. 31, 2012	7.16	63	9	2.20	2.20	98.72	0.46
Dec. 31, 2011	6.51	58	9	2.21	2.21	113.78	0.57
Dec. 31, 2010	8.05	118	15	2.15	2.15	128.51	0.69
Series D							
Dec. 31, 2014	8.69	5 578	642	1.22	1.22	175.02	0.64
Dec. 31, 2013	8.57	5 512	643	1.27	1.27	86.06	0.33
Dec. 31, 2012	7.20	3 675	511	1.26	1.26	98.72	0.46
Dec. 31, 2011	6.54	3 328	509	1.26	1.26	113.78	0.57
Dec. 31, 2010	8.10	4 339	536	1.24	1.24	128.51	0.69
Series F							
Dec. 31, 2014	9.41	675	72	0.95	0.95	175.02	0.64
Dec. 31, 2013	9.23	285	31	1.01	1.01	86.06	0.33
Dec. 31, 2012	7.76	175	22	1.00	1.00	98.72	0.46
Dec. 31, 2011	7.06	190	27	0.99	0.99	113.78	0.57
Dec. 31, 2010	8.77	297	34	0.97	0.97	128.51	0.69
Series O							
Dec. 31, 2014	8.56	206 023	24 055	0.03	0.03	175.02	0.64
Dec. 31, 2013	8.63	1 163 528	134 860	0.02	0.02	86.06	0.33
Dec. 31, 2012	7.24	892 460	123 264	0.02	0.02	98.72	0.46
Dec. 31, 2011	6.56	662 670	101 089	0.02	0.02	113.78	0.57
Dec. 31, 2010	8.13	706 273	86 920	0.02	0.02	128.51	0.69

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.85%	62%	38%
Advisor Series	1.85%	62%	38%
Series D	1.00%	25%	75%
Series F	0.75%	—	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

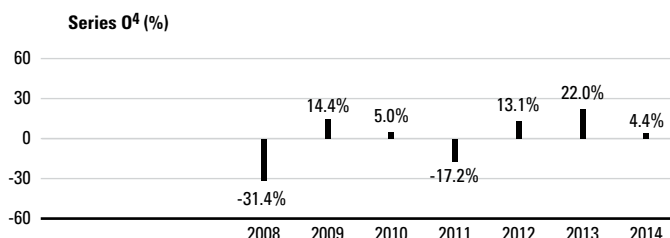
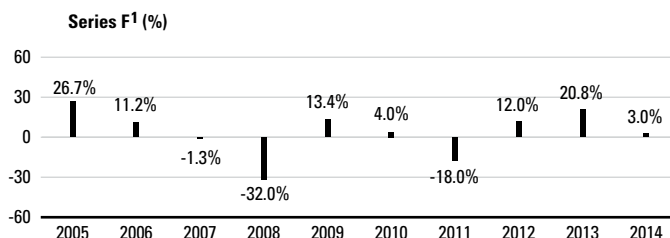
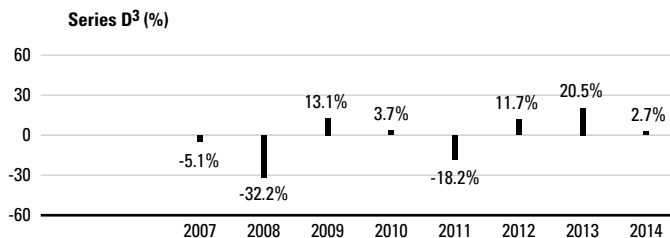
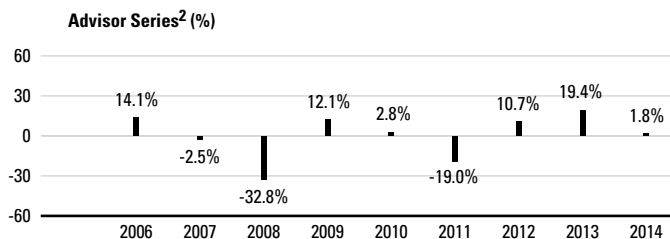
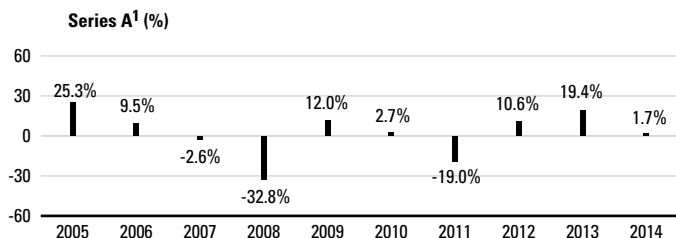
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

The new benchmark (the "New benchmark") is the MSCI AC Asia Pacific Total Return Net Index (CAD).

The old benchmark (the "Old benchmark") is the MSCI AC Pacific Free Total Return Net Index (CAD).

The change in benchmark better reflects the composition of the Fund.

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	1.7	10.3	2.2	1.2	–
New benchmark	9.0	14.2	7.5	5.1	–
Old benchmark	8.1	13.9	7.6	5.0	–
Advisor Series ²	1.8	10.4	2.3	–	-0.8
New benchmark	9.0	14.2	7.5	–	3.7
Old benchmark	8.1	13.9	7.6	–	3.6
Series D ³	2.7	11.4	3.2	–	-2.1
New benchmark	9.0	14.2	7.5	–	1.9
Old benchmark	8.1	13.9	7.6	–	1.9
Series F ¹	3.0	11.7	3.5	2.5	–
New benchmark	9.0	14.2	7.5	5.1	–
Old benchmark	8.1	13.9	7.6	5.0	–
Series O ⁴	4.4	12.9	4.6	–	-0.2
New benchmark	9.0	14.2	7.5	–	2.9
Old benchmark	8.1	13.9	7.6	–	3.1

The returns of each series may vary because of differences in management fees and expenses. The New benchmark and Old benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the New benchmark and Old benchmark indexes.

¹ Inception date June 28, 2002.

² Inception date August 28, 2006.

³ Inception date July 3, 2007.

⁴ Inception date January 1, 2008.

INDEX DESCRIPTIONS

MSCI AC Asia Pacific Total Return Net Index (CAD) This index is a broad measure of the Canadian-dollar performance of stocks from equity markets covering countries that are mostly in the Pacific Rim, but includes India. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

MSCI AC Pacific Free Total Return Net Index (CAD) This index is a broad measure of the Canadian dollar performance of stocks from equity markets covering countries in the Pacific Rim region. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Asia Pacific ex-Japan	60.2
Japan	39.6
Cash/Other	0.2

Top 25 Holdings*

	% of Net Asset Value
RBC Asia Pacific ex-Japan Equity Fund	60.2
RBC Japanese Equity Fund	39.6
Cash & Cash Equivalents	0.2
Total	100.0

* The Fund holds fewer than 25 holdings.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



INTERNATIONAL EQUITY FUND

**RBC ASIA PACIFIC EX-JAPAN
EQUITY FUND**

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor: RBC Investment Management (Asia) Limited, Hong Kong, China

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term capital growth by investing primarily in equity securities of companies located or having a principal business interest in Asian markets such as Hong Kong, South Korea, China, Taiwan, Australia, New Zealand, Singapore, India, Malaysia, Thailand, the Philippines and Indonesia. The Fund does not invest in Japan.

To achieve the Fund's objectives, the portfolio manager uses primarily fundamental research to assess the economic outlook for the Asian region, including expected growth, market valuations and economic trends. The portfolio manager may invest as much as 10% of the Fund's assets in other mutual funds managed by RBC GAM or an affiliate.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund was launched on March 10, 2014, and its net asset value was \$1.1 billion as of December 31, 2014. Investment performance is not provided for a fund that has been available for less than one year.

Recent Developments

A sharp rise in Shanghai-traded stocks over the last few months of 2014 partly reflected speculation among retail investors that China would benefit from a new program making it easier to trade stocks in Shanghai. Also aiding stock prices in Shanghai and Hong Kong were interest-rate cuts by China's central bank and likely further monetary easing. While these and other developments are generally positive for Asian equities, the sub-advisor believes that high Chinese corporate leverage is a risk that remains largely unaddressed. The sub-advisor therefore prefers to maintain exposure to higher-quality businesses in China. The sub-advisor will look to increase allocations to cyclical sectors when the current decline in these sectors bottoms out and valuations become more attractive.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Sub-Advisor

RBC Investment Management (Asia) Limited is the sub-advisor and provides investment advice for the Fund.

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series, Series H and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. There were no related-party commissions.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014³	10.00[†]	0.28	(0.19)	0.13	0.25	0.47	(0.01)	(0.04)	(0.08)	–	(0.13)	10.34
Advisor Series												
Dec. 31, 2014³	10.00[†]	0.32	(0.18)	0.15	0.29	0.58	–	(0.02)	(0.08)	–	(0.10)	10.39
Series H												
Dec. 31, 2014³	10.00[†]	0.55	(0.16)	0.25	0.51	1.15	(0.03)	(0.08)	(0.08)	–	(0.19)	10.30
Series D												
Dec. 31, 2014³	10.00[†]	0.27	(0.12)	0.12	0.25	0.52	(0.02)	(0.05)	(0.08)	–	(0.15)	10.39
Series F												
Dec. 31, 2014³	10.00[†]	0.26	(0.09)	0.12	0.24	0.53	(0.01)	(0.04)	(0.08)	–	(0.13)	10.45
Series I												
Dec. 31, 2014³	10.00[†]	0.55	(0.06)	0.25	0.51	1.25	(0.05)	(0.16)	(0.08)	–	(0.29)	10.31
Series O												
Dec. 31, 2014³	10.00[†]	0.29	–	0.13	0.27	0.69	(0.06)	(0.17)	(0.08)	–	(0.31)	10.35

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From March 10, 2014.

[†] Initial offering net asset value per unit.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014⁴	10.34	1 271	123	2.19	2.19	105.08	0.51
Advisor Series							
Dec. 31, 2014⁴	10.39	23	2	2.10	2.10	105.08	0.51
Series H							
Dec. 31, 2014⁴	10.30	1	–	1.94	1.94	105.08	0.51
Series D							
Dec. 31, 2014⁴	10.39	352	34	1.39	1.39	105.08	0.51
Series F							
Dec. 31, 2014⁴	10.45	160	15	1.05	1.05	105.08	0.51
Series I							
Dec. 31, 2014⁴	10.31	1	–	0.96	0.96	105.08	0.51
Series O							
Dec. 31, 2014⁴	10.35	1 083 454	104 714	0.02	0.02	105.08	0.51

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From March 10, 2014.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.85%	54%	46%
Advisor Series	1.85%	54%	46%
Series H	1.70%	59%	41%
Series D	1.10%	23%	77%
Series F	0.85%	–	100%
Series I	0.70%	–	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.



PAST PERFORMANCE

Investment performance in respect of a fund that has been available for less than one year is not provided. Series A, Advisor Series, Series H, Series D, Series F, Series I and Series O units of this Fund were launched on March 10, 2014.

SUMMARY OF INVESTMENT PORTFOLIO

*(after consideration of derivative products, if any)
As at December 31, 2014*

Investment Mix

	% of Net Asset Value
Australia	28.7
Hong Kong	19.3
India	11.6
China	9.4
South Korea	8.9
Taiwan	8.1
Indonesia	6.4
Other Countries	6.2
Cash/Other	1.4

Top 25 Holdings

	% of Net Asset Value
Samsung Electronics Co. Ltd.	3.8
Westpac Banking Corporation	3.6
AIA Group Ltd.	3.4
Tencent Holdings Ltd.	3.1
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	2.8
CSL Ltd.	2.4
Baidu.com Inc. ADR	2.4
Medibank Pvt Ltd.	2.4
ICICI Bank Ltd. ADR	2.1
China Construction Bank Corp.	2.0
Hyundai Motor Co.	2.0
HDFC Bank Ltd. ADR	2.0
PT Matahari Department Store Tbk	1.9
Macquarie Group Ltd.	1.8
Samsonite International S.A.	1.7
Siam Commercial Bank Public Company Ltd. (Foreign)	1.7
Brambles Ltd.	1.6
PT Panin Financial Tbk	1.6
Jardine Matheson Holdings Ltd.	1.6
PT Surya Citra Media Tbk	1.5
Alibaba Group Holding Ltd. ADR	1.5
Standard Chartered Plc.	1.5
Kerry Logistics Network Ltd.	1.5
BHP Billiton Ltd.	1.5
Hong Kong Electric Holdings Ltd.	1.4
Top 25 Holdings	52.8

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



INTERNATIONAL EQUITY FUND

RBC JAPANESE EQUITY FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor: RBC Investment Management (Asia) Limited, Hong Kong, China

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term capital growth by investing primarily in equity securities of Japanese companies.

To achieve the Fund's objectives, the portfolio manager uses primarily fundamental research to assess the economic outlook for Japan, including expected growth, market valuations and economic trends. The portfolio manager may invest as much as 10% of the Fund's assets in other mutual funds managed by RBC GAM or an affiliate.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund was launched on March 10, 2014 and its net asset value was \$699 million as of December 31, 2014. Investment performance is not provided for a fund that has been available for less than one year.

Recent Developments

The big boost to stocks provided by the yen's decline in 2014 will not likely recur in 2015. That said, the sub-advisor expects the Japanese currency to weaken marginally this year and continue to help underpin the stock market. The real test for Japanese stocks, however, will come from whether Prime Minister Shinzo Abe succeeds in accelerating the economic reforms that he has promised. To restore sustainable economic growth, the government is working closely with the Bank of Japan to alter consumer expectations that prices will continue to fall even after two decades of steady deflation. Another change that is likely to be good for Japan's equity markets in 2015 is a sharper corporate focus on shareholder returns.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Sub-Advisor

RBC Investment Management (Asia) Limited is the sub-advisor and provides investment advice for the Fund.

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series, Series H and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. There were no related-party commissions.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014³	10.00[†]	0.11	(0.18)	0.25	0.38	0.56	–	–	(0.21)	–	(0.21)	10.00
Advisor Series												
Dec. 31, 2014³	10.00[†]	0.16	(0.17)	0.35	0.55	0.89	–	–	(0.21)	–	(0.21)	10.02
Series H												
Dec. 31, 2014³	10.00[†]	0.20	(0.15)	0.44	0.68	1.17	–	–	(0.21)	–	(0.21)	10.03
Series D												
Dec. 31, 2014³	10.00[†]	0.11	(0.11)	0.25	0.39	0.64	–	(0.01)	(0.21)	–	(0.22)	10.06
Series F												
Dec. 31, 2014³	10.00[†]	0.20	(0.07)	0.44	0.68	1.25	–	(0.04)	(0.21)	–	(0.25)	10.07
Series I												
Dec. 31, 2014³	10.00[†]	0.20	(0.06)	0.44	0.68	1.26	–	(0.05)	(0.21)	–	(0.26)	10.07
Series O												
Dec. 31, 2014³	10.00[†]	0.12	–	0.27	0.41	0.80	–	(0.10)	(0.21)	–	(0.31)	10.08

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From March 10, 2014.

[†] Initial offering net asset value per unit.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014⁴	10.00	711	71	2.23	2.23	91.34	0.29
Advisor Series							
Dec. 31, 2014⁴	10.02	4	–	2.10	2.10	91.34	0.29
Series H							
Dec. 31, 2014⁴	10.03	1	–	1.94	1.94	91.34	0.29
Series D							
Dec. 31, 2014⁴	10.06	311	31	1.38	1.38	91.34	0.29
Series F							
Dec. 31, 2014⁴	10.07	1	–	1.05	1.05	91.34	0.29
Series I							
Dec. 31, 2014⁴	10.07	1	–	0.96	0.96	91.34	0.29
Series O							
Dec. 31, 2014⁴	10.08	698 163	69 231	0.02	0.02	91.34	0.29

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From March 10, 2014.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.85%	54%	46%
Advisor Series	1.85%	54%	46%
Series H	1.70%	59%	41%
Series D	1.10%	23%	77%
Series F	0.85%	–	100%
Series I	0.70%	–	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.



PAST PERFORMANCE

Investment performance in respect of a fund that has been available for less than one year is not provided. Series A, Advisor Series, Series H, Series D, Series F, Series I and Series O units of this Fund were launched on March 10, 2014.

SUMMARY OF INVESTMENT PORTFOLIO

*(after consideration of derivative products, if any)
As at December 31, 2014*

Investment Mix

	% of Net Asset Value
Consumer Discretionary	27.6
Financials	17.1
Information Technology	13.2
Industrials	12.3
Consumer Staples	10.3
Health Care	7.9
Materials	6.0
Other Sectors	5.0
Cash/Other	0.6

Top 25 Holdings

	% of Net Asset Value
Toyota Motor Corp.	6.2
SoftBank Corp.	4.5
Mitsubishi UFJ Financial Group Inc.	4.0
Seiko Epson Corp.	3.4
Fuji Heavy Industries Ltd.	3.3
Sumitomo Mitsui Financial Group Inc.	3.0
Mizuho Financial Group Inc.	2.3
Daikin Industries Ltd.	2.2
T&D Holdings Inc.	2.1
Olympus Optical Co. Ltd.	1.9
Mazda Motor Corp.	1.8
Calbee Inc.	1.7
Casio Computer Co., Ltd.	1.6
Japan Tobacco Inc.	1.6
The Dai-ichi Life Insurance Co. Ltd.	1.5
Asahi Breweries Ltd.	1.5
Mitsubishi Corp.	1.5
Mitsui Fudosan Co. Ltd.	1.5
Murata Manufacturing Co. Ltd.	1.5
Yahoo! Japan Corp.	1.4
Nissin Foods Holdings Co. Ltd.	1.4
Cosmos Pharmaceutical Corp.	1.4
SMC Corp.	1.4
Rinnai Corp.	1.4
Hamamatsu Photonics K.K.	1.4
Top 25 Holdings	55.5

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



INTERNATIONAL EQUITY FUND

RBC EMERGING MARKETS DIVIDEND FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor: RBC Global Asset Management (UK) Limited, London, England

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term total returns consisting of dividend income and capital growth by investing in equity securities of companies that are located or active in emerging markets and that offer above-average dividend yields.

To achieve the Fund's objectives, the portfolio manager selects equity securities of companies in emerging-market countries, including, but not limited to, China, Brazil, South Korea, Taiwan, India, South Africa, Russia, Mexico, Peru, Malaysia, Indonesia, Turkey, Chile, Thailand and Poland. The Fund's investment process is based primarily on fundamental research, although the portfolio manager will also consider quantitative and technical factors. Stock selection is ultimately based on an understanding of the company, its business and its outlook. The portfolio manager also assesses the economic outlook in each emerging-market region, including expected growth, market valuations and economic trends. The Fund is diversified by sector and emerging-market country to help reduce risk.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$293 million as of December 31, 2014, from \$99 million at the end of 2013. Most of the change was due to net inflows.

Over the past year, the Fund's Series A units gained 7.6%, which outperformed the 6.6% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

Emerging-market equities performed poorly relative to developed markets in 2014 amid an appreciating U.S. dollar and falling prices for commodities, which many emerging markets depend on for a substantial portion of national income. The Fund's overweight exposure to Energy and Materials, which are traditionally high-dividend sectors, had a negative impact on relative performance as these sectors dramatically underperformed during the year.

From a geographical point of view, the Fund's large relative exposure to India contributed to performance as the country turned out to be one of the best-performing emerging-market stock markets. The Fund also benefited from an underweight position in Malaysia as well as from avoiding countries like Greece and the United Arab Emirates.

Stock selection in Brazil had a negative impact on performance. Vale, a commodity producer, was a disappointment during the year as iron-ore prices have been much weaker than the sub-advisor expected. Stock selection in most other markets, especially India, Taiwan and South Africa, had a positive impact on performance.

Indiabulls, an Indian finance company, aided relative performance. The stock performed well as the company expanded in housing finance and made efforts to improve corporate governance. Among larger-capitalization stocks, Chinese state-owned enterprises such as China Mobile and Bank of China rose strongly in the second half of the year on hopes of reform and an interest-rate cut. The Russian bank Sberbank performed poorly. The armed conflict between Russia and Ukraine, as well as a significant decline in value of the Russian currency, drove the stock lower.

Recent Developments

While lower fuel prices are positive for certain emerging-market countries that import oil, such as China and India, they could present a general risk for emerging markets if they coincide with a continued rise in the U.S. dollar. Looking ahead, it is important to consider the difference in the gap of growth rates between emerging and developed markets. Recent data showing an improving emerging-market growth outlook, coupled with the fall in growth expectations in the Eurozone and Japan, could mean that growth differences have already started to stabilize after three years of contraction. There is also a strong commitment to pursuing economic reforms in many emerging countries, potentially reducing costs and improving profit margins. The Fund will retain broad geographical and sector exposure to high-dividend stocks.



Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Sub-Advisor

RBC Global Asset Management (UK) Limited is the sub-advisor and provides investment advice for the Fund.

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series, and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$1,000 (2013 – \$0) or 0% (2013 – 0%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	10.68	0.47	(0.28)	0.13	0.35	0.67	–	(0.12)	(0.11)	–	(0.23)	11.26
Dec. 31, 2013 ³	10.00 [†]	0.15	(0.15)	(0.10)	0.48	0.38	–	(0.02)	–	–	(0.02)	10.67
Advisor Series												
Dec. 31, 2014	10.68	0.46	(0.27)	0.13	0.34	0.66	–	(0.11)	(0.11)	–	(0.22)	11.28
Dec. 31, 2013 ³	10.00 [†]	0.14	(0.15)	(0.10)	0.46	0.35	–	(0.02)	–	–	(0.02)	10.68
Series D												
Dec. 31, 2014	10.70	0.48	(0.18)	0.13	0.36	0.79	–	(0.20)	(0.11)	–	(0.31)	11.30
Dec. 31, 2013 ³	10.00 [†]	0.15	(0.10)	(0.10)	0.48	0.43	–	(0.03)	–	–	(0.03)	10.70
Series F												
Dec. 31, 2014	10.71	0.43	(0.15)	0.12	0.32	0.72	–	(0.16)	(0.11)	–	(0.27)	11.38
Dec. 31, 2013 ³	10.00 [†]	0.15	(0.08)	(0.10)	0.47	0.44	–	(0.03)	–	–	(0.03)	10.70
Series O												
Dec. 31, 2014	10.43	0.45	(0.03)	0.13	0.34	0.89	–	(0.31)	(0.11)	–	(0.42)	11.04
Dec. 31, 2013 ⁴	10.00 [†]	0.17	(0.02)	(0.12)	0.56	0.59	(0.01)	(0.11)	–	–	(0.12)	10.42

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From August 12, 2013.

⁴ From June 10, 2013.

[†] Initial offering net asset value per unit.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	11.26	11 639	1 034	2.46	2.46	74.47	0.49
Dec. 31, 2013 ⁴	10.68	3 362	315	2.46	2.46	45.95	0.43
Advisor Series							
Dec. 31, 2014	11.28	1 656	147	2.39	2.39	74.47	0.49
Dec. 31, 2013 ⁴	10.68	408	38	2.38	2.38	45.95	0.43
Series D							
Dec. 31, 2014	11.30	1 636	145	1.62	1.62	74.47	0.49
Dec. 31, 2013 ⁴	10.70	696	65	1.62	1.62	45.95	0.43
Series F							
Dec. 31, 2014	11.38	8 435	741	1.35	1.35	74.47	0.49
Dec. 31, 2013 ⁴	10.71	602	56	1.34	1.34	45.95	0.43
Series O							
Dec. 31, 2014	11.04	269 582	24 428	0.28	0.28	74.47	0.49
Dec. 31, 2013 ⁵	10.43	94 132	9 026	0.28	0.28	45.95	0.43

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From August 12, 2013

⁵ From June 10, 2013.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.85%	54%	46%
Advisor Series	1.85%	54%	46%
Series D	1.10%	23%	77%
Series F	0.85%	—	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.



PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

MSCI Emerging Markets Total Return Net Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	7.6	—	—	—	10.6
Benchmark	6.6	—	—	—	10.2
Advisor Series ¹	7.7	—	—	—	10.8
Benchmark	6.6	—	—	—	10.2
Series D ¹	8.5	—	—	—	11.6
Benchmark	6.6	—	—	—	10.2
Series F ¹	8.8	—	—	—	11.9
Benchmark	6.6	—	—	—	10.2
Series O ²	10.0	—	—	—	10.0
Benchmark	6.6	—	—	—	10.2

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date August 12, 2013.

² Inception date June 10, 2013.

INDEX DESCRIPTION

MSCI Emerging Markets Total Return Net Index (CAD) This index is a broad measure of the Canadian dollar performance of emerging-market equities. As of May 2010, the index consisted of the following 21 emerging-market country indexes: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, South Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand and Turkey. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
China	22.3
South Korea	16.7
Taiwan	11.9
Other Countries	11.7
India	11.1
Brazil	9.2
South Africa	4.2
Thailand	3.4
Russia	3.3
Mexico	3.2
Indonesia	2.6
Cash/Other	0.4

Top 25 Holdings

	% of Net Asset Value
Samsung Electronics Co. Ltd.	4.0
Bank of China Ltd.	3.3
Taiwan Semiconductor Manufacturing Co. Ltd.	3.2
China Construction Bank Corp.	3.1
China Mobile (Hong Kong) Ltd.	2.6
Itau Unibanco Holding S.A. Preference	2.1
Naspers Ltd.	2.1
China Petroleum & Chemical Corp.	1.7
Infosys Technologies Ltd. ADR	1.6
CNOOC Ltd.	1.6
Vale S.A. Preference	1.5
Turkiye Is Bankasi	1.5
Hyundai Motor Co.	1.4
Vista Land & Lifescapes Inc.	1.4
Credicorp Ltd.	1.4
Huaneng Power International Inc. 'H'	1.4
China Minsheng Banking Corp., Ltd.	1.3
Petrochina Co.	1.3
Hon Hai Precision Industry Co. Ltd.	1.3
HCL Technologies Ltd.	1.3
China Railway Construction Corp Ltd.	1.3
Grupo Mexico S.A.B. de C.V.	1.2
Dongbu Insurance Co. Ltd.	1.2
Dr Reddy's Laboratories Ltd.	1.2
LUKOIL ADR	1.2
Top 25 Holdings	45.2

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



INTERNATIONAL EQUITY FUND

RBC EMERGING MARKETS EQUITY FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor: RBC Global Asset Management (UK) Limited, London, England

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund aims to provide long-term capital growth by investing primarily in equity securities of companies located or active in emerging markets.

The Fund's investment process is based primarily on fundamental research, and includes an assessment of each emerging-market region, including expected growth, market valuations and economic trends. Quantitative and technical factors may also be considered. The Fund may invest in securities of companies located or active in emerging-market countries, including, but not limited to: China, Brazil, South Korea, Taiwan, India, South Africa, Russia, Mexico, Israel, Malaysia, Indonesia, Turkey, Chile, Thailand and Poland. The portfolio is diversified by sector and emerging-market country to help reduce risk. Individual stocks are selected based on the intrinsic value of each company, liquidity and overall portfolio risk.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$1.9 billion as of December 31, 2014, from \$1.5 billion on December 31, 2013. The change was due to \$252 million of investment returns and \$104 million of net inflows.

Over the past year, the Fund's Series A units gained 14.0%, which outperformed the 6.6% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

Emerging-market equities performed relatively poorly in 2014, underperforming developed markets, amid an appreciating U.S. dollar and falling commodity prices. The Fund had a preference for attractively valued companies with solid balance sheets and steady profits that benefit from economic growth in their home markets.

This orientation came at the expense of sectors where profits tend to be more volatile, such as companies in the commodity sectors. Over the year, a lack of relative exposure to the Materials and Energy sectors proved to be positive for returns, as these were the worst-performing sectors. An overweight position in the Health Care sector also supported the Fund's performance, as this was by far the best-performing sector. The Fund's overweight position in the Consumer Staples sector was negative for returns as this sector underperformed.

The Indian market and the Southeast Asian markets of Indonesia and Philippines were among the best performing during the year, which aided returns as the Fund was overweight in all these markets. India benefited from falling inflation and economic reform under new Prime Minister Narendra Modi, while Indonesia performed well after Joko Widodo was elected president on a platform of structural reform. The Philippines market recovered from last year as bond yields fell and growth remained resilient. Holding back results was an overweight position in Chile, which was one of the worst-performing markets due to the negative effect on growth of falling copper prices, and pressure on corporate earnings due to increasing corporate-tax rates.

The Fund benefited from a position in the Indian pharmaceutical company Lupin, which was a standout in a strong sector given its attractive drug pipeline and relatively high and rising returns on equity. The pharmaceutical company Hikma also performed strongly after the company acquired Bedford Laboratories, a U.S. company that specializes in developing injectable drugs. Among portfolio holdings that had a negative impact on performance were Wynn Macau. The Chinese region's gaming sector was hurt by a substantial slowdown after new government measures to fight capital flight and limit stays for visitors in transit.

Recent Developments

While lower fuel prices are positive for certain emerging-market countries that import oil, such as China and India, they could present a general risk for emerging markets if they coincide with a continued rise in the U.S. dollar. Looking ahead, it is important to consider the difference in the gap of growth rates between emerging and developed markets. Recent data showing an improving emerging-market growth outlook, coupled with the fall in growth expectations in the Eurozone and Japan, could mean that growth differences have already started to stabilize after three years of contraction. There is also a strong commitment to pursuing economic reforms in many emerging countries, potentially reducing costs and improving profit margins. The Fund will retain its bias towards high-quality stocks and sectors that benefit from domestic growth, and away from areas exposed to commodity prices.



Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Sub-Advisor

RBC Global Asset Management (UK) Limited is the sub-advisor and provides investment advice for the Fund.

Distributors

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

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. There were no related-party commissions.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	11.50	0.33	(0.30)	0.31	1.29	1.63	–	(0.01)	–	–	(0.01)	13.10
Dec. 31, 2013	10.97	0.26	(0.27)	0.27	0.25	0.51	–	–	–	–	–	11.49
Dec. 31, 2012	9.33	0.25	(0.24)	(0.12)	1.95	1.84	–	(0.01)	–	–	(0.01)	10.97
Dec. 31, 2011	11.06	0.25	(0.23)	(0.52)	(1.21)	(1.71)	–	–	–	–	–	9.33
Dec. 31, 2010	10.22	0.16	(0.25)	0.10	1.35	1.36	–	–	(0.05)	–	(0.05)	11.06
Advisor Series												
Dec. 31, 2014	11.48	0.33	(0.30)	0.31	1.29	1.63	–	(0.01)	–	–	(0.01)	13.08
Dec. 31, 2013	10.95	0.26	(0.27)	0.27	0.25	0.51	–	–	–	–	–	11.47
Dec. 31, 2012	9.31	0.25	(0.24)	(0.12)	1.92	1.81	–	(0.01)	–	–	(0.01)	10.95
Dec. 31, 2011	11.05	0.25	(0.23)	(0.52)	(1.21)	(1.71)	–	–	–	–	–	9.31
Dec. 31, 2010	10.22	0.16	(0.24)	0.10	1.35	1.37	–	–	(0.05)	–	(0.05)	11.05
Series D												
Dec. 31, 2014	11.61	0.33	(0.19)	0.31	1.31	1.76	–	(0.11)	–	–	(0.11)	13.25
Dec. 31, 2013	11.06	0.26	(0.17)	0.28	0.26	0.63	–	(0.09)	–	–	(0.09)	11.60
Dec. 31, 2012	9.39	0.25	(0.15)	(0.12)	1.98	1.96	–	(0.09)	–	–	(0.09)	11.06
Dec. 31, 2011	11.14	0.25	(0.15)	(0.53)	(1.23)	(1.66)	–	(0.09)	–	–	(0.09)	9.39
Dec. 31, 2010	10.22	0.21	(0.15)	0.13	1.81	2.00	–	(0.02)	(0.05)	–	(0.07)	11.14
Series F												
Dec. 31, 2014	11.63	0.33	(0.15)	0.31	1.31	1.80	–	(0.08)	–	–	(0.08)	13.33
Dec. 31, 2013	11.06	0.27	(0.13)	0.28	0.26	0.68	–	(0.10)	–	–	(0.10)	11.62
Dec. 31, 2012	9.37	0.25	(0.12)	(0.12)	1.96	1.97	–	(0.11)	–	–	(0.11)	11.06
Dec. 31, 2011	11.16	0.26	(0.12)	(0.54)	(1.25)	(1.65)	–	(0.16)	–	–	(0.16)	9.37
Dec. 31, 2010	10.22	0.20	(0.12)	0.13	1.85	2.06	–	(0.03)	(0.05)	–	(0.08)	11.16
Series I												
Dec. 31, 2014	11.70	0.33	(0.12)	0.31	1.31	1.83	–	(0.07)	–	–	(0.07)	13.48
Dec. 31, 2013	11.09	0.27	(0.10)	0.28	0.26	0.71	–	(0.10)	–	–	(0.10)	11.69
Dec. 31, 2012 ³	9.82 [†]	0.11	(0.05)	(0.05)	0.86	0.87	–	(0.08)	–	–	(0.08)	11.09



FINANCIAL HIGHLIGHTS (cont.)

Change in Net Assets Per Unit (\$) (cont.)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series O												
Dec. 31, 2014	11.72	0.34	(0.04)	0.32	1.33	1.95	–	(0.27)	–	–	(0.27)	13.37
Dec. 31, 2013	11.18	0.27	(0.03)	0.28	0.26	0.78	–	(0.25)	–	–	(0.25)	11.71
Dec. 31, 2012	9.46	0.25	(0.03)	(0.12)	1.98	2.08	–	(0.19)	–	–	(0.19)	11.18
Dec. 31, 2011	11.21	0.26	(0.03)	(0.54)	(1.24)	(1.55)	–	(0.19)	–	–	(0.19)	9.46
Dec. 31, 2010	10.22	0.21	(0.03)	0.14	1.85	2.17	–	(0.09)	(0.05)	–	(0.14)	11.21

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From July 9, 2012.

† Initial offering net asset value per unit.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	13.10	110 209	8 416	2.43	2.43	38.68	0.21
Dec. 31, 2013	11.50	93 340	8 119	2.44	2.44	42.50	0.25
Dec. 31, 2012	10.97	69 217	6 307	2.40	2.40	37.84	0.32
Dec. 31, 2011	9.33	48 449	5 193	2.39	2.39	65.49	0.46
Dec. 31, 2010	11.07	30 930	2 794	2.39	2.39	60.54	0.58
Advisor Series							
Dec. 31, 2014	13.08	9 308	712	2.44	2.44	38.68	0.21
Dec. 31, 2013	11.48	3 870	337	2.41	2.41	42.50	0.25
Dec. 31, 2012	10.96	1 143	104	2.44	2.44	37.84	0.32
Dec. 31, 2011	9.32	541	58	2.43	2.43	65.49	0.46
Dec. 31, 2010	11.06	412	37	2.43	2.43	60.54	0.58
Series D							
Dec. 31, 2014	13.25	19 721	1 489	1.48	1.48	38.68	0.21
Dec. 31, 2013	11.61	13 121	1 130	1.48	1.48	42.50	0.25
Dec. 31, 2012	11.07	8 197	741	1.49	1.49	37.84	0.32
Dec. 31, 2011	9.40	5 607	597	1.49	1.49	65.49	0.46
Dec. 31, 2010	11.15	4 857	436	1.50	1.50	60.54	0.58
Series F							
Dec. 31, 2014	13.33	14 802	1 111	1.20	1.20	38.68	0.21
Dec. 31, 2013	11.63	3 400	292	1.19	1.19	42.50	0.25
Dec. 31, 2012	11.06	1 219	110	1.22	1.22	37.84	0.32
Dec. 31, 2011	9.37	828	88	1.21	1.21	65.49	0.46
Dec. 31, 2010	11.17	1 236	111	1.22	1.22	60.54	0.58
Series I							
Dec. 31, 2014	13.48	1 863	138	0.90	0.90	38.68	0.21
Dec. 31, 2013	11.70	256	22	0.90	0.90	42.50	0.25
Dec. 31, 2012 ⁴	11.10	1	–	0.96	0.96	37.84	0.32



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data (cont.)

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series O							
Dec. 31, 2014	13.37	1 727 073	129 154	0.28	0.28	38.68	0.21
Dec. 31, 2013	11.72	1 412 998	120 577	0.28	0.28	42.50	0.25
Dec. 31, 2012	11.19	1 395 194	124 730	0.28	0.28	37.84	0.32
Dec. 31, 2011	9.46	834 723	88 216	0.28	0.28	65.49	0.46
Dec. 31, 2010	11.21	757 118	67 511	0.27	0.27	60.54	0.58

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From July 9, 2012.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

Management Fees	Breakdown of Services	
	Distribution	Other*
Series A	54%	46%
Advisor Series	54%	46%
Series D	25%	75%
Series F	—	100%
Series I	—	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

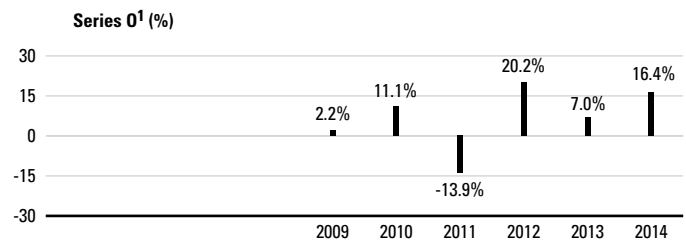
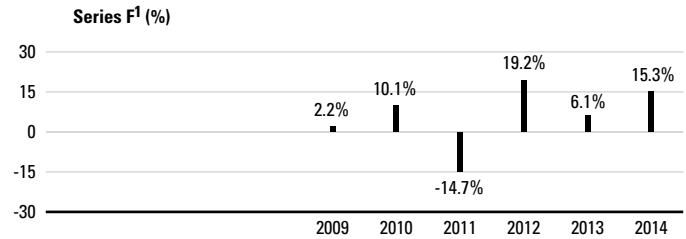
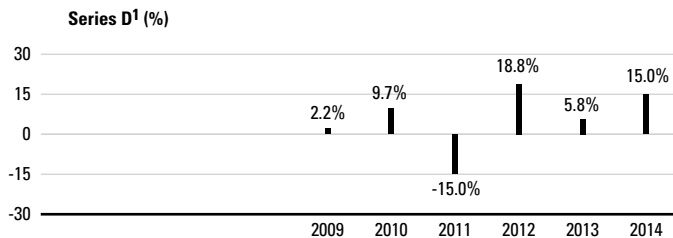
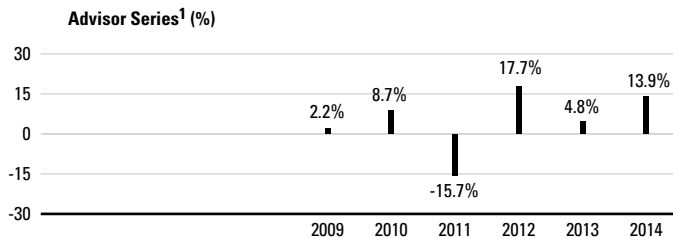
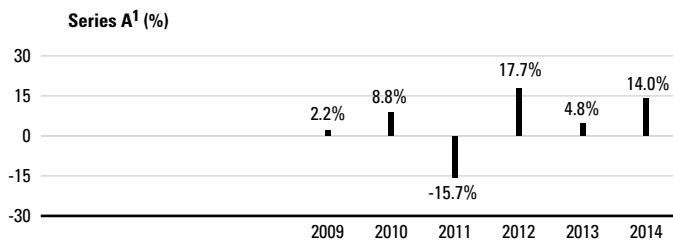


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

MSCI Emerging Markets Total Return Net Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	14.0	12.0	5.2	—	5.6
Benchmark	6.6	8.6	3.8	—	3.8
Advisor Series ¹	13.9	12.0	5.2	—	5.6
Benchmark	6.6	8.6	3.8	—	3.8
Series D ¹	15.0	13.1	6.2	—	6.6
Benchmark	6.6	8.6	3.8	—	3.8
Series F ¹	15.3	13.4	6.5	—	6.9
Benchmark	6.6	8.6	3.8	—	3.8
Series I ²	15.7	—	—	—	14.5
Benchmark	6.6	—	—	—	8.9
Series O ¹	16.4	14.4	7.5	—	7.9
Benchmark	6.6	8.6	3.8	—	3.8

The returns of each series may vary because of differences in management fees and expenses. The Benchmark returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date December 23, 2009.

² Inception date July 9, 2012.

INDEX DESCRIPTION

MSCI Emerging Markets Total Return Net Index (CAD) This index is a broad measure of the Canadian dollar performance of emerging-market equities. As of May 2010, the index consisted of the following 21 emerging-market country indexes: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, South Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand and Turkey. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Other Countries	16.2
India	12.8
China	11.9
South Korea	10.2
Taiwan	9.9
South Africa	8.8
Brazil	6.6
Hong Kong	6.5
Indonesia	4.0
Malaysia	3.8
Mexico	3.1
Peru	2.4
Cash/Other	3.8

Top 25 Holdings

	% of Net Asset Value
Housing Development Finance Corp.	4.4
Taiwan Semiconductor Manufacturing Co. Ltd.	4.1
Cash & Cash Equivalents	3.6
Samsung Electronics Co. Ltd.	3.4
Naspers Ltd.	2.9
Cheung Kong (Holdings) Ltd.	2.7
Credicorp Ltd.	2.4
Banco Bradesco S.A. ADR	2.4
Lupin Ltd.	2.3
China Mobile (Hong Kong) Ltd.	2.3
Axiata Group Berhad	2.2
HCL Technologies Ltd.	2.2
AIA Group Ltd.	2.1
South African Breweries Plc.	2.1
Lenovo Group Limited	2.1
SM Investments Corp.	2.0
Hikma Pharmaceuticals Plc.	1.9
Dragon Oil Plc.	1.8
Clicks Group Ltd.	1.7
Hyundai Motor Co., Preferred	1.7
Baidu.com Inc. ADR	1.7
Samsonite International S.A.	1.6
Standard Foods Corp.	1.6
Public Bank Berhad	1.6
Samsung Fire & Marine Insurance Co. Ltd.	1.6
Top 25 Holdings	58.4

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



INTERNATIONAL EQUITY FUND

**RBC EMERGING MARKETS
SMALL-CAP EQUITY FUND**

December 31, 2014

Portfolio Manager *RBC Global Asset Management Inc. ("RBC GAM")*

Sub-Advisor: RBC Global Asset Management (UK) Limited, London, England

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term capital growth by investing primarily in equity securities of small-cap companies located or active in emerging markets.

To achieve the Fund's objectives, the portfolio manager selects equity securities of companies in emerging-market countries, including, but not limited to, China, Brazil, South Korea, Taiwan, India, South Africa, Russia, Mexico, Peru, Malaysia, Indonesia, Turkey, Chile, Thailand and Poland. The Fund's investment process is based primarily on fundamental research, although the portfolio manager will also consider quantitative and technical factors. Stock selection is ultimately based on an understanding of the company, its business and its outlook. The portfolio manager also assesses the economic outlook in each emerging-market region, including expected growth, market valuations and economic trends. The Fund is diversified by sector and emerging market country to help reduce risk.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$201 million as of December 31, 2014, from \$63 million at the end of 2013. Most of the change was due to net inflows.

Over the past year, the Fund's Series A units gained 14.6%, which outperformed the 10.1% rise in the benchmark. The broad-based index rose 6.6%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

Emerging-market equities performed poorly relative to developed markets in 2014 amid an appreciating U.S. dollar and falling prices for commodities. The Fund had a preference for attractively-valued companies with solid balance sheets and steady profits that benefit from economic growth in their home markets. This orientation came at the expense of sectors where profits tend to be more volatile, such as the commodity sectors. Over the six-month period, a lack of relative exposure to the Materials and Energy sectors proved to be positive for returns as these were two of the worst-performing sectors. Overweight positions in Health Care, Financials and

Telecommunication Services also aided performance as these were the best-performing sectors. The Fund's relative overweight position in the Consumer Staples sector was negative for returns as this sector underperformed.

The Indian market and the Southeast Asian markets of Indonesia and Thailand were among the best performing over the year, aiding returns as the Fund was overweight in all these markets. India benefited from falling inflation and reform progress under new Prime Minister Narendra Modi, while Indonesia performed well after Joko Widodo was elected president on a platform of structural reform. In Thailand, stability on the political front and expectations that earnings had bottomed out led the market higher. Holding back results was an overweight position in Chile, which was one of the worst-performing emerging markets due to the negative effect on growth of falling copper prices, and pressure on corporate earnings due to increasing corporate-tax rates.

The Fund benefited from a position in Cummins India, a manufacturer of diesel generators. The company has a dominant market share and has been able to generate high and consistent returns on capital. Shares of South Korean bank DGB Financial fell following a rights issue to finance growth, as the increase in the number of company shares had a negative impact on earnings per share.

Recent Developments

Emerging-market equities were weak this year and underperformed developed markets as an appreciating U.S. dollar and falling commodity prices put the asset class under pressure. While lower fuel prices are positive for certain emerging-market countries that import oil, such as China and India, it is a risk for emerging markets if the U.S. dollar continues to strengthen.

Looking ahead, the sub-advisor is of the view that it is important to consider the difference in growth rates between emerging and developed markets. Recent data showing an improving emerging-market growth outlook, coupled with the fall in growth expectations in the Eurozone and Japan, could mean that growth differences have already started to stabilize after three years of contraction. There is also a strong commitment to pursuing economic reforms in many key emerging-market countries, which could reduce costs and improve net profit margins, which should be positive for equities. The Fund will retain its bias towards high-quality stocks and domestic sectors and away from areas exposed to commodity prices.



Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Sub-Advisor

RBC Global Asset Management (UK) Limited is the sub-advisor and provides investment advice for the Fund.

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series, and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. There were no related-party commissions.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	10.14	0.28	(0.27)	0.14	1.10	1.25	–	–	(0.11)	–	(0.11)	11.51
Dec. 31, 2013 ³	10.00 [†]	–	(0.14)	(0.04)	0.30	0.12	–	–	–	–	–	10.12
Advisor Series												
Dec. 31, 2014	10.14	0.22	(0.29)	0.11	0.87	0.91	–	–	(0.11)	–	(0.11)	11.50
Dec. 31, 2013 ³	10.00 [†]	–	(0.14)	(0.04)	0.30	0.12	–	–	–	–	–	10.12
Series D												
Dec. 31, 2014	10.17	0.28	(0.18)	0.13	1.09	1.32	–	(0.04)	(0.11)	–	(0.15)	11.60
Dec. 31, 2013 ³	10.00 [†]	–	(0.09)	(0.04)	0.30	0.17	–	–	–	–	–	10.15
Series F												
Dec. 31, 2014	10.19	0.22	(0.15)	0.11	0.89	1.07	–	(0.03)	(0.11)	–	(0.14)	11.67
Dec. 31, 2013 ³	10.00 [†]	–	(0.07)	(0.04)	0.29	0.18	–	–	–	–	–	10.17
Series O												
Dec. 31, 2014	10.24	0.28	(0.03)	0.13	1.09	1.47	(0.02)	(0.13)	(0.11)	–	(0.26)	11.72
Dec. 31, 2013 ⁴	10.00 [†]	–	(0.02)	(0.04)	0.32	0.26	–	–	–	–	–	10.21

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From August 12, 2013.

⁴ From June 10, 2013.

[†] Initial offering net asset value per unit.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	11.51	1 509	131	2.42	2.42	30.77	0.36
Dec. 31, 2013 ⁴	10.14	492	48	2.41	2.41	22.87	0.29
Advisor Series							
Dec. 31, 2014	11.50	4 402	383	2.51	2.51	30.77	0.36
Dec. 31, 2013 ⁴	10.14	230	23	2.48	2.48	22.87	0.29
Series D							
Dec. 31, 2014	11.60	1 008	87	1.59	1.59	30.77	0.36
Dec. 31, 2013 ⁴	10.17	242	24	1.58	1.58	22.87	0.29
Series F							
Dec. 31, 2014	11.67	430	37	1.27	1.27	30.77	0.36
Dec. 31, 2013 ⁴	10.19	26	3	1.26	1.26	22.87	0.29
Series O							
Dec. 31, 2014	11.72	193 849	16 545	0.28	0.28	30.77	0.36
Dec. 31, 2013 ⁵	10.24	62 320	6 088	0.28	0.28	22.87	0.29

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From August 12, 2013.

⁵ From June 10, 2013.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

Management Fees	Breakdown of Services	
	Distribution	Other*
Series A	54%	46%
Advisor Series	54%	46%
Series D	23%	77%
Series F	—	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.



PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

MSCI Emerging Markets Small-Cap Total Return Net Index (CAD)

The broad-based index is the MSCI Emerging Markets Total Return Net Index (CAD).

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	14.6	—	—	—	11.4
Benchmark	10.1	—	—	—	10.5
Broad-based index	6.6	—	—	—	10.2
Advisor Series ¹	14.5	—	—	—	11.3
Benchmark	10.1	—	—	—	10.5
Broad-based index	6.6	—	—	—	10.2
Series D ¹	15.5	—	—	—	12.3
Benchmark	10.1	—	—	—	10.5
Broad-based index	6.6	—	—	—	10.2
Series F ¹	15.9	—	—	—	12.7
Benchmark	10.1	—	—	—	10.5
Broad-based index	6.6	—	—	—	10.2
Series O ²	17.0	—	—	—	12.3
Benchmark	10.1	—	—	—	10.5
Broad-based index	6.6	—	—	—	10.2

The returns of each series may vary because of differences in management fees and expenses. The Benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark and broad-based indexes.

¹ Inception date August 12, 2013.

² Inception date June 10, 2013.



PAST PERFORMANCE (cont.)

INDEX DESCRIPTIONS

MSCI Emerging Markets Small-Cap Total Return Net Index (CAD) This index is a broad measure of the Canadian-dollar performance of small-capitalization companies in emerging markets. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

MSCI Emerging Markets Total Return Net Index (CAD) This index is a broad measure of the Canadian dollar performance of emerging-market equities. As of May 2010, the index consisted of the following 21 emerging-market country indexes: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, South Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand and Turkey. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
India	14.8
Taiwan	12.8
Other Countries	9.2
Thailand	8.5
South Africa	7.8
China	7.4
South Korea	7.4
Hong Kong	6.6
Indonesia	5.0
Chile	4.7
Brazil	4.0
Philippines	3.4
Mexico	3.0
Malaysia	3.0
Cash/Other	2.4

Top 25 Holdings

	% of Net Asset Value
Security Bank Corp.	3.4
Delta Electronics Thailand PCL	3.1
Airtac International Group	3.0
WuXi PharmaTech Cayman Inc. ADR	2.9
Aeon Thana Sinsap Thailand PCL, Subscription Receipts	2.8
PT Ace Hardware Indonesia Tbk	2.7
Cummins India Ltd.	2.7
Sino Biopharmaceutical Ltd.	2.6
Chroma ATE Inc.	2.4
Marico Ltd.	2.4
DGB Financial Group Inc.	2.4
Cash & Cash Equivalents	2.3
Tube Investments of India Ltd.	2.2
Standard Foods Corp.	2.2
Hollysys Automation Technologies Ltd.	2.1
Hyprop Investments Ltd. Real Estate Investment Trust	2.1
Naturalendo Tech Co. Ltd.	2.0
Samsonite International S.A.	2.0
Bank of Georgia Holdings Plc.	1.9
Ipca Laboratories Ltd.	1.8
Clicks Group Ltd.	1.7
Godrej Industries Ltd.	1.7
PT Pakuwon Jati Tbk	1.7
Hikma Pharmaceuticals Plc.	1.7
Sundaram Finance Ltd.	1.6
Top 25 Holdings	57.4

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



GLOBAL EQUITY FUND

RBC GLOBAL DIVIDEND GROWTH FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks long-term capital growth by investing in equity securities of a diversified mix of companies operating in various countries around the world across a range of sectors.

The Fund invests in stocks that have undergone a selection process emphasizing companies with a leading market position or lucrative niche, consistent and predictable profit growth and strong management teams.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$1.6 billion as of December 31, 2014, from \$865 million at the end of 2013. Most of the change was due to net inflows.

Over the past year, the Fund's Series A units gained 13.1%, which underperformed the 14.4% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The year 2014 was one of diverging equity-market performance. A robust economy led to significant gains for U.S. equities, while European and Japanese markets posted low-single-digit returns. Geopolitical tensions were felt most acutely in Europe as the armed conflict between Russia and Ukraine, and subsequent sanctions on Russia, took their toll on economic growth.

Industry sectors also provided a broad spread of returns over the past year, with the Health Care sector posting sizable gains while the Energy sector recorded losses. Health-care stocks, and biotechnology stocks in particular, benefited from progress in creating and getting approvals for new drugs. High levels of merger and acquisition activity also aided returns in the sector. Strong performance from health-care stocks including AbbVie, Shire and Medtronic contributed to the Fund's overall return. Information Technology was another sector of strength at both the benchmark and Fund level. Portfolio holdings Microsoft, which is taking advantage of a shift towards cloud computing; Apple Inc., whose product launches were well received; and Seagate Technology, the hard disc drive maker that is benefiting from industry consolidation, all outperformed in 2014.

Reduced capital expenditures by major energy companies provided little shelter during 2014, as OPEC's decision to not cut production in November led to a precipitous fall in the price of oil and shares of energy companies. A sizeable position in Williams Cos., a distribution and pipeline company whose stock held up better than the sector as a whole, and minimal exposure to oil-services stocks, meant the Fund avoided most of the negative performance of the sector. More negative for the Fund was the Materials sector, as continued weakness in iron-ore prices hurt shares of Rio Tinto and BHP Billiton. The BHP Billiton stake was sold by the end of the year.

Exposure to U.S. equities increased significantly over the period, with additions in the Consumer Discretionary, Industrials, Health Care, Financials and Information Technology sectors. These additions and very strong performance from our U.S. holdings were a major contributing factor to overall Fund performance in 2014.

Portfolio turnover is relatively high for the Fund, as the portfolio manager attempts to generate better returns through active fund management.

Recent Developments

Uneven economic growth was one of the hallmarks of 2014. The U.S. and U.K. experienced solid growth while Japan and the Eurozone disappointed. For the coming year, the portfolio manager expects a slight broadening of growth, even if regional prospects remain varied. The portfolio manager believes that we remain in the expansion phase of this business cycle. Inflation is very low and seems destined to remain so given the recent oil price collapse. The monetary-policy environment is unusually diverse with the U.S. Federal Reserve and the Bank of England appearing set to tighten rates over the next 12 months, while the Bank of Japan and the European Central Bank are actively delivering more stimulus.

The Eurozone economy, in aggregate, experienced minimal growth in 2014, and consensus forecasts call for 2015 growth of only 1.25%. The U.S. and U.K. are likely to fare better, with growth forecast to be in the 3% range, while Japan's economy has been slowed by a sales tax increase in April 2014 and is forecast to grow 1.5% over the next 12 months. The Fund remains well positioned to benefit from exposure to companies with strong business models in growth industries that exhibit solid profits growth and sustainable dividends.

Effective August 11, 2014, Series H units of the Fund were launched.

Effective June 27, 2014, the RBC Private Global Dividend Growth Pool merged into the Fund, and unitholders of the RBC Private Global Dividend Growth Pool received units of the Fund on a dollar-for-dollar, tax-deferred basis.



Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series, Series T5, Series T8 and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$64,000 (2013 – \$96,000) or 2% (2013 – 4%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	11.94	0.40	(0.28)	2.22	(0.54)	1.80	–	(0.13)	(1.15)	–	(1.28)	12.23
Dec. 31, 2013	8.80	0.25	(0.23)	1.60	1.56	3.18	–	(0.03)	–	–	(0.03)	11.94
Dec. 31, 2012	7.91	0.24	(0.19)	0.32	0.55	0.92	–	(0.05)	–	–	(0.05)	8.80
Dec. 31, 2011	8.43	0.26	(0.18)	(0.03)	(0.49)	(0.44)	–	(0.07)	–	–	(0.07)	7.91
Dec. 31, 2010	8.27	0.17	(0.17)	(0.10)	0.24	0.14	–	–	–	–	–	8.43
Advisor Series												
Dec. 31, 2014	12.06	0.40	(0.29)	2.20	(0.53)	1.78	–	(0.11)	(1.16)	–	(1.27)	12.37
Dec. 31, 2013	8.88	0.26	(0.23)	1.62	1.57	3.22	–	(0.03)	–	–	(0.03)	12.06
Dec. 31, 2012	7.98	0.24	(0.19)	0.32	0.55	0.92	–	(0.05)	–	–	(0.05)	8.88
Dec. 31, 2011	8.49	0.26	(0.17)	(0.03)	(0.50)	(0.44)	–	(0.07)	–	–	(0.07)	7.98
Dec. 31, 2010	8.32	0.17	(0.17)	(0.10)	0.24	0.14	–	–	–	–	–	8.49
Series T5												
Dec. 31, 2014	11.39	0.37	(0.26)	2.06	(0.50)	1.67	–	(0.09)	(1.33)	–	(1.42)	11.45
Dec. 31, 2013	8.74	0.24	(0.24)	1.54	1.49	3.03	–	(0.03)	–	(0.41)	(0.44)	11.39
Dec. 31, 2012 ³	8.61 [†]	0.06	(0.05)	0.09	0.14	0.24	–	(0.01)	–	(0.10)	(0.11)	8.74
Series T8												
Dec. 31, 2014	8.85	0.29	(0.20)	1.58	(0.38)	1.29	–	(0.07)	(0.94)	–	(1.01)	8.97
Dec. 31, 2013	6.98	0.19	(0.18)	1.23	1.19	2.43	–	(0.02)	–	(0.54)	(0.56)	8.85
Dec. 31, 2012	6.75	0.20	(0.15)	0.26	0.45	0.76	–	(0.04)	–	(0.50)	(0.54)	6.98
Dec. 31, 2011	7.75	0.23	(0.16)	(0.03)	(0.44)	(0.40)	–	(0.06)	–	(0.56)	(0.62)	7.75
Dec. 31, 2010	8.30	0.17	(0.16)	(0.09)	0.23	0.15	–	–	–	(0.66)	(0.66)	7.75
Series H												
Dec. 31, 2014⁴	12.68[†]	0.11	(0.11)	0.63	(0.15)	0.48	–	(0.03)	(1.16)	–	(1.19)	12.35
Series D												
Dec. 31, 2014	12.10	0.40	(0.16)	2.22	(0.54)	1.92	–	(0.20)	(1.17)	–	(1.37)	12.45
Dec. 31, 2013	8.88	0.26	(0.13)	1.62	1.58	3.33	–	(0.10)	–	–	(0.10)	12.10
Dec. 31, 2012	7.97	0.25	(0.11)	0.33	0.55	1.02	–	(0.13)	–	–	(0.13)	8.88
Dec. 31, 2011	8.49	0.26	(0.10)	(0.03)	(0.50)	(0.37)	–	(0.14)	–	–	(0.14)	7.97
Dec. 31, 2010	8.32	0.18	(0.10)	(0.10)	0.24	0.22	–	(0.08)	–	–	(0.08)	8.49
Series F												
Dec. 31, 2014	12.89	0.41	(0.14)	2.28	(0.55)	2.00	–	(0.23)	(1.26)	–	(1.49)	13.26
Dec. 31, 2013	9.45	0.27	(0.11)	1.73	1.68	3.57	–	(0.14)	–	–	(0.14)	12.88
Dec. 31, 2012	8.49	0.26	(0.09)	0.35	0.59	1.11	–	(0.17)	–	–	(0.17)	9.45
Dec. 31, 2011	9.05	0.28	(0.08)	(0.04)	(0.53)	(0.37)	–	(0.19)	–	–	(0.19)	8.49
Dec. 31, 2010	8.89	0.19	(0.08)	(0.11)	0.26	0.26	–	(0.12)	–	–	(0.12)	9.05



FINANCIAL HIGHLIGHTS (cont.)

Change in Net Assets Per Unit (\$) (cont.)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series I												
Dec. 31, 2014	12.35	0.34	(0.09)	1.87	(0.45)	1.67	–	(0.36)	(1.19)	–	(1.55)	12.62
Dec. 31, 2013	8.94	0.26	(0.08)	1.63	1.59	3.40	–	(0.01)	–	–	(0.01)	12.35
Dec. 31, 2012	8.03	0.25	(0.06)	0.33	0.56	1.08	–	(0.19)	–	–	(0.19)	8.94
Dec. 31, 2011	8.55	0.27	(0.05)	(0.04)	(0.51)	(0.33)	–	(0.20)	–	–	(0.20)	8.03
Dec. 31, 2010	8.25	0.17	(0.04)	(0.10)	0.24	0.27	–	–	–	–	–	8.55
Series O												
Dec. 31, 2014	12.24	0.37	–	2.06	(0.50)	1.93	–	(0.56)	(1.17)	–	(1.73)	12.40
Dec. 31, 2013	9.00	0.26	–	1.66	1.61	3.53	–	(0.27)	–	–	(0.27)	12.24
Dec. 31, 2012	8.09	0.25	–	0.33	0.56	1.14	–	(0.25)	–	–	(0.25)	9.00
Dec. 31, 2011	8.64	0.27	–	(0.04)	(0.51)	(0.28)	–	(0.28)	–	–	(0.28)	8.09
Dec. 31, 2010	8.49	0.18	–	(0.10)	0.24	0.32	–	(0.20)	–	–	(0.20)	8.64

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From September 24, 2012.

⁴ From August 11, 2014.

† Initial offering net asset value per unit.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	12.23	251 698	20 581	2.25	2.25	155.90	0.39
Dec. 31, 2013	11.94	207 142	17 348	2.26	2.26	143.17	0.36
Dec. 31, 2012	8.81	148 837	16 900	2.24	2.24	139.72	0.28
Dec. 31, 2011	7.91	147 634	18 655	2.25	2.25	136.55	0.43
Dec. 31, 2010	8.43	177 089	21 010	2.20	2.20	117.58	0.30
Advisor Series							
Dec. 31, 2014	12.37	26 567	2 148	2.24	2.24	155.90	0.39
Dec. 31, 2013	12.06	14 769	1 225	2.24	2.24	143.17	0.36
Dec. 31, 2012	8.89	6 430	723	2.18	2.18	139.72	0.28
Dec. 31, 2011	7.98	2 949	370	2.19	2.19	136.55	0.43
Dec. 31, 2010	8.49	3 041	358	2.14	2.14	117.58	0.30
Series T5							
Dec. 31, 2014	11.45	1 107	97	2.18	2.18	155.90	0.39
Dec. 31, 2013	11.39	691	61	2.27	2.27	143.17	0.36
Dec. 31, 2012 ⁴	8.75	2	–	2.26	2.26	139.72	0.28
Series T8							
Dec. 31, 2014	8.97	1 664	185	2.22	2.22	155.90	0.39
Dec. 31, 2013	8.85	1 027	116	2.24	2.24	143.17	0.36
Dec. 31, 2012	6.99	396	57	2.19	2.19	139.72	0.28
Dec. 31, 2011	6.75	303	45	2.21	2.21	136.55	0.43
Dec. 31, 2010	7.75	587	76	2.14	2.14	117.58	0.30



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data (cont.)

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series H							
Dec. 31, 2014⁵	12.35	1 564	127	2.15	2.15	155.90	0.39
Series D							
Dec. 31, 2014	12.45	12 482	1 003	1.26	1.26	155.90	0.39
Dec. 31, 2013	12.10	6 521	539	1.27	1.27	143.17	0.36
Dec. 31, 2012	8.89	2 434	274	1.26	1.26	139.72	0.28
Dec. 31, 2011	7.97	1 892	237	1.26	1.26	136.55	0.43
Dec. 31, 2010	8.49	1 939	229	1.24	1.24	117.58	0.30
Series F							
Dec. 31, 2014	13.26	6 324	477	1.00	1.00	155.90	0.39
Dec. 31, 2013	12.89	2 273	176	0.99	0.99	143.17	0.36
Dec. 31, 2012	9.46	897	95	0.99	0.99	139.72	0.28
Dec. 31, 2011	8.49	856	101	0.99	0.99	136.55	0.43
Dec. 31, 2010	9.05	1 025	113	0.97	0.97	117.58	0.30
Series I							
Dec. 31, 2014	12.62	2 786	221	0.70	0.70	155.90	0.39
Dec. 31, 2013	12.35	247	20	0.65	0.65	143.17	0.36
Dec. 31, 2012	8.95	1	–	0.65	0.65	139.72	0.28
Dec. 31, 2011	8.04	1	–	0.65	0.65	136.55	0.43
Dec. 31, 2010	8.55	1	–	0.65	0.65	117.58	0.30
Series O							
Dec. 31, 2014	12.40	1 248 577	100 686	0.02	0.02	155.90	0.39
Dec. 31, 2013	12.24	632 520	51 672	0.02	0.02	143.17	0.36
Dec. 31, 2012	9.01	448 601	49 789	0.02	0.02	139.72	0.28
Dec. 31, 2011	8.09	351 421	43 453	0.02	0.02	136.55	0.43
Dec. 31, 2010	8.64	387 394	44 818	0.02	0.02	117.58	0.30

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From September 24, 2012.

⁵ From August 11, 2014.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.85%	62%	38%
Advisor Series	1.85%	62%	38%
Series T5	1.85%	62%	38%
Series T8	1.85%	62%	38%
Series H	1.75%	66%	34%
Series D	1.00%	25%	75%
Series F	0.75%	—	100%
Series I	0.60%	—	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

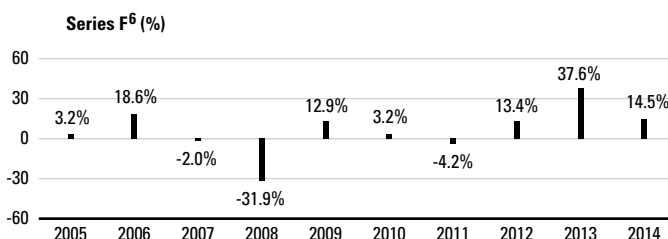
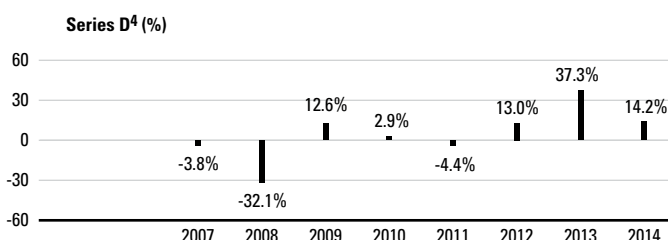
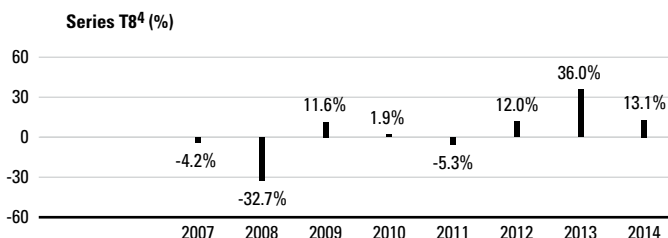
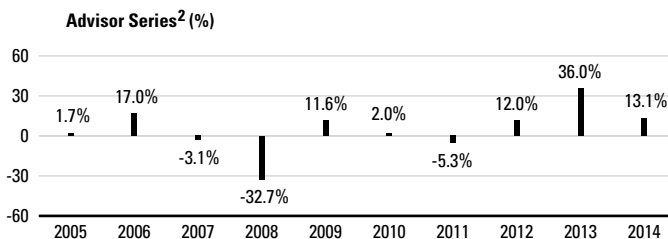
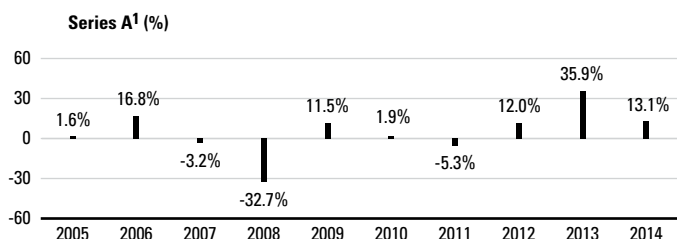
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

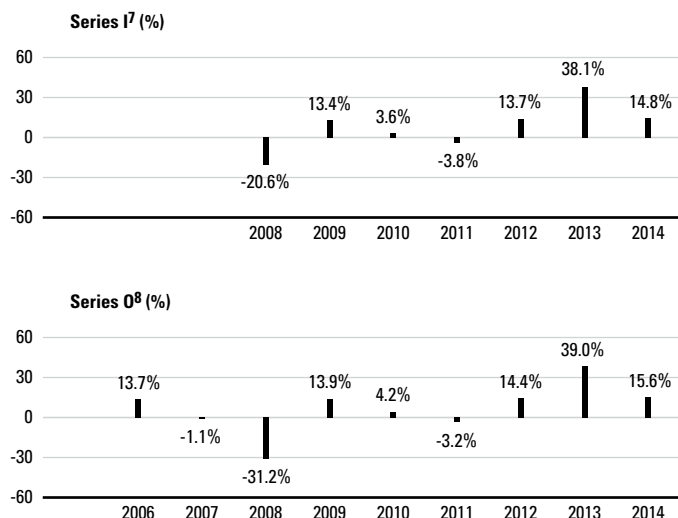
Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

MSCI World Total Return Net Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	13.1	19.8	10.7	3.7	—
Benchmark	14.4	20.5	12.4	5.7	—
Advisor Series ²	13.1	19.9	10.7	3.7	—
Benchmark	14.4	20.5	12.4	5.7	—
Series T5 ³	13.1	—	—	—	22.4
Benchmark	14.4	—	—	—	23.4
Series T8 ⁴	13.1	19.9	10.7	—	2.4
Benchmark	14.4	20.5	12.4	—	4.5
Series H ⁵	—	—	—	—	6.7
Benchmark	—	—	—	—	4.9
Series D ⁴	14.2	21.0	11.8	—	3.4
Benchmark	14.4	20.5	12.4	—	4.5
Series F ⁶	14.5	21.3	12.1	5.0	—
Benchmark	14.4	20.5	12.4	5.7	—
Series I ⁷	14.8	21.7	12.4	—	7.2
Benchmark	14.4	20.5	12.4	—	6.6
Series O ⁸	15.6	22.5	13.1	—	6.1
Benchmark	14.4	20.5	12.4	—	5.3

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

- ¹ Inception date December 29, 2000.
- ² Inception date August 6, 2003.
- ³ Inception date September 24, 2012.
- ⁴ Inception date July 3, 2007.
- ⁵ Inception date August 11, 2014.
- ⁶ Inception date August 13, 2001.
- ⁷ Inception date January 21, 2008.
- ⁸ Inception date September 5, 2006.

INDEX DESCRIPTION

MSCI World Total Return Net Index (CAD) This index is the capitalization-weighted index measuring the Canadian dollar performance of selected companies listed on stock exchanges in countries around the world. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
United States	52.4
United Kingdom	12.4
Japan	8.9
France	7.2
Other Countries	6.5
Belgium	4.8
Germany	4.3
Singapore	2.0
Cash/Other	1.5

Top 25 Holdings

	% of Net Asset Value
Rio Tinto Plc.	3.9
Seagate Technology	3.6
CVS Health Corp.	3.6
UnitedHealth Group Incorporated	3.5
Verizon Communications Inc.	3.5
Union Pacific Corp.	3.3
Toyota Motor Corp.	3.2
InBev N.V.	3.0
Microsoft Corp.	2.8
Blackstone Group LP	2.6
Williams Companies Inc.	2.5
Prudential Corporation Plc.	2.5
Honeywell International Inc.	2.5
Total S.A.	2.4
Medtronic Inc.	2.4
AbbVie Inc.	2.4
Intel Corp.	2.1
Legal & General Group Plc.	2.0
Bridgestone Corp.	2.0
Apple Inc.	2.0
Sumitomo Mitsui Financial Group Inc.	2.0
Bayer AG	1.9
Navient Corp.	1.8
KBC Groep N.V.	1.8
Valeo S.A.	1.8
Top 25 Holdings	65.1

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



GLOBAL EQUITY FUND

RBC GLOBAL EQUITY FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor: RBC Global Asset Management (UK) Limited, London, England

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term capital growth by investing primarily in equity securities of a diversified mix of companies operating around the world and across a range of sectors.

To achieve the Fund's objectives, the portfolio manager uses primarily fundamental research to assess the economic outlook for regions around the world, including expected growth, market valuations and economic trends. The Fund may invest in American Depositary Receipts and may invest as much as 10% of its assets in units of other mutual funds managed by RBC GAM or an affiliate.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund was launched on March 10, 2014, and its net asset value was \$316 million as of December 31, 2014. Investment performance is not provided for a fund that has been available for less than one year.

Recent Developments

Investors have enjoyed a strong stock-market rebound in recent years, characterized by unusually low volatility. The conditions that have led to this situation – loose monetary policies, low interest rates and improving consumer sentiment – remain largely in place. However, other considerations may soon challenge the prevailing economic consensus. For example, the recent fall in the price of oil will benefit some countries and penalize others, while rising U.S. interest rates will likely lead to a stronger U.S. dollar, posing problems for emerging markets whose currencies are pegged to the U.S. dollar.

At the corporate level, the sub-advisor continues to see attractive investment opportunities, and is focused on finding companies with strong competitive advantages and prospects that are under appreciated by the market.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Sub-Advisor

RBC Global Asset Management (UK) Limited is the sub-advisor and provides investment advice for the Fund.

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series, Series H and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$40,000 or 6% of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014³	10.00[†]	0.14	(0.18)	(0.03)	0.84	0.77	–	–	–	–	–	10.68
Advisor Series												
Dec. 31, 2014³	10.00[†]	0.14	(0.19)	(0.03)	0.85	0.77	–	–	–	–	–	10.68
Series H												
Dec. 31, 2014³	10.00[†]	0.13	(0.18)	(0.03)	0.82	0.74	–	–	–	–	–	10.71
Series D												
Dec. 31, 2014³	10.00[†]	0.14	(0.12)	(0.03)	0.86	0.85	–	(0.03)	–	–	(0.03)	10.73
Series F												
Dec. 31, 2014³	10.00[†]	0.14	(0.09)	(0.03)	0.87	0.89	–	(0.04)	–	–	(0.04)	10.74
Series I												
Dec. 31, 2014³	10.00[†]	0.14	(0.06)	(0.03)	0.88	0.93	–	(0.08)	–	–	(0.08)	10.73
Series O												
Dec. 31, 2014³	10.00[†]	0.14	–	(0.03)	0.88	0.99	–	(0.13)	–	–	(0.13)	10.75

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From March 10, 2014.

[†] Initial offering net asset value per unit.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014⁴	10.68	3 325	311	2.21	2.21	52.06	0.24
Advisor Series							
Dec. 31, 2014⁴	10.68	44	4	2.28	2.28	52.06	0.24
Series H							
Dec. 31, 2014⁴	10.71	403	38	2.11	2.11	52.06	0.24
Series D							
Dec. 31, 2014⁴	10.73	167	16	1.41	1.41	52.06	0.24
Series F							
Dec. 31, 2014⁴	10.74	359	33	1.13	1.13	52.06	0.24
Series I							
Dec. 31, 2014⁴	10.73	1	–	0.89	0.89	52.06	0.24
Series O							
Dec. 31, 2014⁴	10.75	311 664	29 004	0.02	0.02	52.06	0.24

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From March 10, 2014.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.85%	54%	46%
Advisor Series	1.85%	54%	46%
Series H	1.70%	59%	41%
Series D	1.10%	23%	77%
Series F	0.85%	–	100%
Series I	0.70%	–	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.



PAST PERFORMANCE

Investment performance in respect of a fund that has been available for less than one year is not provided. Series A, Advisor Series, Series H, Series D, Series F, Series I and Series O units of this Fund were launched on March 10, 2014.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
United States	55.9
Other Countries	11.9
Switzerland	6.4
United Kingdom	5.6
Japan	4.9
Germany	4.5
Canada	3.2
Belgium	3.1
Taiwan	3.0
Cash/Other	1.5

Top 25 Holdings

	% of Net Asset Value
Amgen Inc.	3.3
Cognizant Technology Solutions Corp., Class A	3.2
Enbridge Inc.	3.2
ITC Holdings Corp.	3.1
InBev N.V.	3.1
TJX Companies Inc.	3.1
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	3.0
Toyota Motor Corp.	3.0
UnitedHealth Group Incorporated	2.9
Blackstone Group LP	2.9
Roche Holdings AG Genusscheine	2.8
First Republic Bank	2.8
Danaher Corp.	2.7
Deutsche Post AG	2.6
EOG Resources Inc.	2.5
Naspers Ltd.	2.3
Kansas City Southern Industries Inc.	2.3
Grainger (W.W.) Inc.	2.2
Safran S.A.	2.2
Estée Lauder Companies Inc., Class A	2.2
HDFC Bank Ltd. ADR	2.1
ASML Holding N.V.	2.0
Invesco Ltd.	2.0
Baxter International Inc.	2.0
AIA Group Ltd.	2.0
Top 25 Holdings	65.5

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



GLOBAL EQUITY FUND

RBC GLOBAL EQUITY FOCUS FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor: RBC Global Asset Management (UK) Limited, London, England

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term capital growth by investing primarily in equity securities of a diversified mix of companies operating around the world and across a range of sectors. The Fund generally invests in fewer companies and has a more concentrated portfolio than other global equity funds.

To achieve the Fund's objectives, the portfolio manager uses primarily fundamental research to assess the economic outlook for regions around the world, including expected growth, market valuations and economic trends. The Fund may invest in American Depositary Receipts and may invest as much as 10% of its assets in units of other mutual funds managed by RBC GAM or an affiliate.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund was launched on April 28, 2014, and its net asset value was \$1.1 billion as of December 31, 2014. Investment performance is not provided for a fund that has been available for less than one year.

Recent Developments

Investors have enjoyed a strong stock-market rebound in recent years, characterized by unusually low volatility. The conditions that have led to this situation – loose monetary policies, low interest rates and improving consumer sentiment – remain largely in place. However, other considerations may soon challenge the prevailing economic consensus. For example, the recent fall in the price of oil will benefit some countries and penalize others, while rising U.S. interest rates will likely lead to a stronger U.S. dollar, posing problems for emerging markets whose currencies are pegged to the U.S. dollar.

At the corporate level, the sub-advisor continues to see attractive investment opportunities, and is focused on finding companies with strong competitive advantages and prospects that are under-appreciated by the market.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Sub-Advisor

RBC Global Asset Management (UK) Limited is the sub-advisor and provides investment advice for the Fund.

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series, Series H and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$82,000 or 5% of the total transaction costs paid for this Fund.



Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014³	10.00[†]	0.11	(0.16)	(0.15)	1.17	0.97	–	–	–	–	–	11.17
Advisor Series												
Dec. 31, 2014³	10.00[†]	0.10	(0.16)	(0.15)	1.13	0.92	–	–	–	–	–	11.17
Series H												
Dec. 31, 2014³	10.00[†]	0.07	(0.15)	(0.10)	0.80	0.62	–	(0.01)	–	–	(0.01)	11.19
Series D												
Dec. 31, 2014³	10.00[†]	0.11	(0.10)	(0.16)	1.20	1.05	–	(0.03)	–	–	(0.03)	11.20
Series F												
Dec. 31, 2014³	10.00[†]	0.10	(0.08)	(0.14)	1.07	0.95	–	(0.05)	–	–	(0.05)	11.21
Series I												
Dec. 31, 2014³	10.00[†]	0.13	(0.05)	(0.18)	1.42	1.32	–	(0.10)	–	–	(0.10)	11.18
Series O												
Dec. 31, 2014⁴	9.95[†]	0.24	–	(0.34)	2.63	2.53	–	(0.11)	–	–	(0.11)	11.34

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From April 28, 2014.

⁴ From December 30, 2013. Although Series O units of the Fund were created in December 2013, units were not offered for sale under a simplified prospectus until April 28, 2014.

[†] Initial offering net asset value per unit.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014⁴	11.17	964	86	2.23	2.23	54.23	0.38
Advisor Series							
Dec. 31, 2014⁴	11.17	152	14	2.27	2.27	54.23	0.38
Series H							
Dec. 31, 2014⁴	11.19	203	18	1.94	1.94	54.23	0.38
Series D							
Dec. 31, 2014⁴	11.20	338	30	1.38	1.38	54.23	0.38
Series F							
Dec. 31, 2014⁴	11.21	426	38	1.13	1.13	54.23	0.38
Series I							
Dec. 31, 2014⁴	11.18	1	–	0.89	0.89	54.23	0.38
Series O							
Dec. 31, 2014⁵	11.34	1 050 728	92 674	0.02	0.02	n/a	0.38

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From April 28, 2014.

⁵ From December 30, 2013. Although Series O units of the Fund were created in December 2013, units were not offered for sale under a simplified prospectus until April 28, 2014.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.85%	54%	46%
Advisor Series	1.85%	54%	46%
Series H	1.70%	59%	41%
Series D	1.10%	23%	77%
Series F	0.85%	–	100%
Series I	0.70%	–	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.



PAST PERFORMANCE

Investment performance in respect of a fund that has been available for less than one year is not provided. Although Series O units of the Fund were created in December 2013, units were not offered for sale under a simplified prospectus until April 28, 2014. Series A, Advisor Series, Series D and Series F units of the Fund were also launched on April 28, 2014.

SUMMARY OF INVESTMENT PORTFOLIO

*(after consideration of derivative products, if any)
As at December 31, 2014*

Investment Mix

	% of Net Asset Value
United States	58.0
Other Countries	10.9
Switzerland	5.0
Germany	4.1
Canada	3.8
Japan	3.6
Belgium	3.6
Taiwan	3.6
United Kingdom	3.2
Netherlands	3.2
Cash/Other	1.0

Top 25 Holdings

	% of Net Asset Value
TJX Companies Inc.	3.8
Enbridge Inc.	3.7
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	3.6
UnitedHealth Group Incorporated	3.6
Toyota Motor Corp.	3.6
Amgen Inc.	3.6
InBev N.V.	3.6
Blackstone Group LP	3.5
First Republic Bank	3.4
ITC Holdings Corp.	3.4
Cognizant Technology Solutions Corp., Class A	3.4
Roche Holdings AG Genussscheine	3.2
Danaher Corp.	3.2
ASML Holding N.V.	3.2
EOG Resources Inc.	3.1
Grainger (W.W.) Inc.	3.1
Deutsche Post AG	3.1
Naspers Ltd.	3.0
HDFC Bank Ltd. ADR	3.0
Baxter International Inc.	2.7
Kansas City Southern Industries Inc.	2.7
Safran S.A.	2.7
Praxair Inc.	2.5
Estée Lauder Companies Inc., Class A	2.3
Invesco Ltd.	2.2
Top 25 Holdings	79.2

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



GLOBAL EQUITY FUND

RBC QUBE GLOBAL EQUITY FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term capital growth by investing primarily in equity securities of companies throughout the world using a quantitative investment approach.

The Fund is managed using a quantitative investment model designed to select individual stocks while controlling portfolio-level risk. This involves building a portfolio that maximizes exposure to factors associated with outperformance, while controlling for exposure to risk factors. The portfolio manager will diversify across industries within the global market.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$365 million as of December 31, 2014, from \$236 million at the end of 2013. Of the change, \$83 million was due to net inflows and \$46 million to investment returns.

Over the past 12 months, the Fund's Series O units gained 17.4%, which outperformed the 14.4% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The Fund's gains were due to good stock selection in the Industrials, Consumer Staples and Information Technology sectors. In the Industrials sector, airlines, aerospace and defence companies contributed the most to relative performance. Subpar stock selection in the Financials and Utilities sectors had a negative impact on the Fund's relative performance. In Financials, the Fund was hurt by the bank stocks Société Générale and Mizuho Financial, which performed poorly.

The stocks that contributed the most to the Fund's relative returns were Southwest Airlines; food and drug retailer Kroger; and aerospace and defence company Lockheed Martin. In the Information Technology sector, Hewlett-Packard, Apple Inc. and Microsoft were among the top contributors to relative performance. Société Générale and Electricité de France hurt relative returns most.

The Fund has generally high turnover given the portfolio manager's investment model.

Recent Developments

Equities continued to rally through 2014, but valuations for most major equity markets are not yet expensive by historical comparison. Fuller valuations, however, mean that the odds of lower average returns and greater volatility increase. As a result, the portfolio manager is more cautious about the potential for stock gains at current valuations.

Uneven global economic growth was one of the hallmarks of 2014. For 2015, the portfolio manager expects growth to come from a broader set of global economies. As the global economic recovery becomes self-sustaining, the portfolio manager expects rising corporate profits to aid stock prices.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$2,000 (2013 – \$0) or 1% (2013 – 0%) of the total transaction costs paid for this Fund.



Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Dec. 31, 2014	11.68	0.43	–	0.91	0.67	2.01	–	(0.36)	(0.80)	–	(1.16)	12.56
Dec. 31, 2013 ³	10.00 [†]	0.10	–	0.21	1.99	2.30	–	(0.05)	(0.12)	–	(0.17)	11.68

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From June 28, 2013.

[†] Initial offering net asset value per unit.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Dec. 31, 2014	12.56	365 354	29 083	0.02	0.02	110.16	0.11
Dec. 31, 2013 ⁴	11.68	236 478	20 247	0.02	0.02	37.64	0.23

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From June 28, 2013.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. No management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for Series O of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

MSCI World Total Return Net Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series O ¹	17.4	—	—	—	24.6
Benchmark	14.4	—	—	—	21.1

The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date June 28, 2013.

INDEX DESCRIPTION

MSCI World Total Return Net Index (CAD) This index is the capitalization-weighted index measuring the Canadian dollar performance of selected companies listed on stock exchanges in countries around the world. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
United States	58.1
Japan	9.3
United Kingdom	7.7
France	6.8
Other Countries	6.7
Canada	3.6
Switzerland	2.3
Australia	1.9
Denmark	1.8
Germany	1.7
Cash/Other	0.1

Top 25 Holdings

	% of Net Asset Value
Altria Group Inc.	3.0
Microsoft Corp.	2.9
ConocoPhillips	2.5
General Dynamics Corp.	2.5
Lockheed Martin Corporation	2.4
Intel Corp.	2.3
Royal Bank of Canada	2.2
Apple Inc.	2.2
McGraw Hill Financial Inc.	2.1
Anthem Inc.	2.0
Caterpillar Inc.	1.9
Hewlett-Packard Co.	1.9
American Capital Agency Corp. Real Estate Investment Trust	1.9
Computer Sciences Corp.	1.9
Southwest Airlines	1.9
Roche Holdings AG Genussscheine	1.8
The Kroger Co.	1.8
Nippon Telegraph & Telephone Corp.	1.7
American International Group Inc.	1.7
Bunge Ltd.	1.6
Credit Agricole S.A.	1.6
Archer Daniels Midland Co.	1.6
LyondellBasell Industries N.V.	1.6
Pfizer Inc.	1.5
Kimberly-Clark Corp.	1.4
Top 25 Holdings	49.9

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



GLOBAL EQUITY FUND

**RBC QUBE LOW VOLATILITY
GLOBAL EQUITY FUND**

December 31, 2014

Portfolio Manager *RBC Global Asset Management Inc. ("RBC GAM")*

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term capital growth by investing primarily in equity securities of global companies using a quantitative approach. The Fund seeks to achieve a reduced level of volatility of returns compared with the broader global equity market.

The Fund is managed using a quantitative investment model designed to select individual stocks while controlling portfolio-level risk.

This involves building a portfolio that maximizes exposure to factors associated with outperformance, while controlling for exposure to risk factors. The portfolio manager will diversify across industries within the global market.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$159 million as of December 31, 2014, from \$79 million at the end of 2013. Of the change, \$57 million was due to net inflows and \$23 million to investment returns.

Over the past 12 months, the Fund's Series A units gained 20.0%, which outperformed the 14.4% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The Utilities, Consumer Staples and Health Care sectors contributed significantly to the Fund's performance. In the Utilities sector, electricity producers and utility companies that produce more than one type of energy had the greatest positive impact on performance. Beverage and pharmaceutical companies also contributed to performance.

Individual stocks that contributed the most to the Fund's returns were chemical manufacturer and distributor Sigma-Aldrich, and energy companies DTE Energy and Wisconsin Energy. Stocks such as Johnson & Johnson and 3M were also top contributors to performance. Exxon Mobil and Loews hurt the Fund's returns most.

Recent Developments

Equities continued to rally through 2014, but valuations for most major equity markets are not yet expensive by historical comparison. Fuller valuations, however, mean that the odds of lower average returns and greater volatility increase. As a result, the portfolio manager is more cautious about the potential for stock gains at current valuations.

Uneven global economic growth was one of the hallmarks of 2014. For 2015, the portfolio manager expects growth to come from a broader set of global economies. As the global economic recovery becomes self-sustaining, the portfolio manager expects rising corporate profits to aid stock prices.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series, Series H and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. There were no related-party commissions.



Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	12.32	0.34	(0.30)	0.86	1.63	2.53	–	(0.02)	(0.28)	–	(0.30)	14.48
Dec. 31, 2013	9.99	0.20	(0.25)	0.07	1.32	1.34	–	(0.01)	(0.08)	–	(0.09)	12.32
Dec. 31, 2012 ³	10.00 [†]	0.02	(0.01)	0.01	0.01	0.03	(0.03)	–	–	–	(0.03)	9.99
Advisor Series												
Dec. 31, 2014	12.32	0.35	(0.29)	0.88	1.66	2.60	–	(0.03)	(0.28)	–	(0.31)	14.48
Dec. 31, 2013	9.99	0.20	(0.25)	0.07	1.31	1.33	–	(0.01)	(0.08)	–	(0.09)	12.31
Dec. 31, 2012 ³	10.00 [†]	0.02	(0.01)	0.01	0.01	0.03	(0.03)	–	–	–	(0.03)	9.99
Series H												
Dec. 31, 2014	12.32	0.33	(0.26)	0.83	1.56	2.46	–	(0.04)	(0.28)	–	(0.32)	14.51
Dec. 31, 2013 ⁴	11.62 [†]	0.07	(0.09)	0.03	0.46	0.47	–	(0.02)	(0.08)	–	(0.10)	12.31
Series D												
Dec. 31, 2014	12.38	0.34	(0.18)	0.87	1.64	2.67	–	(0.09)	(0.28)	–	(0.37)	14.62
Dec. 31, 2013	9.99	0.21	(0.16)	0.08	1.41	1.54	–	(0.05)	(0.08)	–	(0.13)	12.38
Dec. 31, 2012 ³	10.00 [†]	0.02	–	0.01	0.01	0.04	(0.03)	–	–	–	(0.03)	9.99
Series F												
Dec. 31, 2014	12.42	0.36	(0.15)	0.90	1.71	2.82	–	(0.19)	(0.28)	–	(0.47)	14.60
Dec. 31, 2013	10.00	0.19	(0.13)	0.07	1.25	1.38	–	(0.04)	(0.08)	–	(0.12)	12.42
Dec. 31, 2012 ³	10.00 [†]	0.02	–	0.01	0.01	0.04	(0.03)	–	–	–	(0.03)	10.00
Series I												
Dec. 31, 2014	12.40	0.29	(0.13)	0.73	1.38	2.27	–	(0.03)	(0.29)	–	(0.32)	14.78
Dec. 31, 2013 ⁴	11.70 [†]	0.07	(0.04)	0.03	0.47	0.53	–	(0.07)	(0.08)	–	(0.15)	12.40
Series O												
Dec. 31, 2014	12.42	0.35	–	0.89	1.69	2.93	–	(0.28)	(0.29)	–	(0.57)	14.66
Dec. 31, 2013	10.00	0.30	–	0.11	2.02	2.43	–	(0.16)	(0.08)	–	(0.24)	12.42
Dec. 31, 2012 ³	10.00 [†]	0.02	–	0.01	0.01	0.04	(0.04)	–	–	–	(0.04)	10.00

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From December 17, 2012.

⁴ From August 12, 2013.

[†] Initial offering net asset value per unit.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	14.48	24 317	1 679	2.21	2.21	60.53	0.07
Dec. 31, 2013	12.32	6 632	538	2.13	2.13	22.39	0.14
Dec. 31, 2012 ⁴	9.99	1	—	2.10	2.10	—	0.06
Advisor Series							
Dec. 31, 2014	14.48	3 409	235	2.20	2.20	60.53	0.07
Dec. 31, 2013	12.32	1 908	155	2.13	2.13	22.39	0.14
Dec. 31, 2012 ⁴	9.99	1	—	2.10	2.10	—	0.06
Series H							
Dec. 31, 2014	14.51	16	1	1.94	1.94	60.53	0.07
Dec. 31, 2013 ⁵	12.32	1	—	2.10	2.10	22.39	0.14
Series D							
Dec. 31, 2014	14.62	14 227	973	1.34	1.34	60.53	0.07
Dec. 31, 2013	12.38	3 798	307	1.33	1.33	22.39	0.14
Dec. 31, 2012 ⁴	9.99	1	—	1.31	1.31	—	0.06
Series F							
Dec. 31, 2014	14.60	3 751	257	1.11	1.11	60.53	0.07
Dec. 31, 2013	12.42	3 028	244	1.07	1.07	22.39	0.14
Dec. 31, 2012 ⁴	10.00	1	—	1.05	1.05	—	0.06
Series I							
Dec. 31, 2014	14.78	1 278	86	0.90	0.90	60.53	0.07
Dec. 31, 2013 ⁵	12.40	1	—	0.97	0.97	22.39	0.14
Series O							
Dec. 31, 2014	14.66	112 300	7 659	0.02	0.02	60.53	0.07
Dec. 31, 2013	12.42	64 089	5 160	0.03	0.03	22.39	0.14
Dec. 31, 2012 ⁴	10.00	3 005	301	0.01	0.01	—	0.06

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From December 17, 2012.

⁵ From August 12, 2013.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.85%	54%	46%
Advisor Series	1.85%	54%	46%
Series H	1.70%	59%	41%
Series D	1.10%	23%	77%
Series F	0.85%	–	100%
Series I	0.70%	–	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund’s performance for each of the years shown, and illustrates how the Fund’s performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

MSCI World Total Return Net Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	20.0	–	–	–	17.4
Benchmark	14.4	–	–	–	24.4
Advisor Series ¹	20.0	–	–	–	17.4
Benchmark	14.4	–	–	–	24.4
Series H ²	20.4	–	–	–	19.9
Benchmark	14.4	–	–	–	22.2
Series D ¹	21.1	–	–	–	18.4
Benchmark	14.4	–	–	–	24.4
Series F ¹	21.3	–	–	–	18.7
Benchmark	14.4	–	–	–	24.4
Series I ²	21.8	–	–	–	21.3
Benchmark	14.4	–	–	–	24.4
Series O ³	22.6	–	–	–	24.0
Benchmark	14.4	–	–	–	24.4

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date April 8, 2013.

² Inception date August 12, 2013.

³ Inception date January 18, 2013.

INDEX DESCRIPTION

MSCI World Total Return Net Index (CAD) This index is the capitalization-weighted index measuring the Canadian dollar performance of selected companies listed on stock exchanges in countries around the world. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
United States	59.1
Japan	10.3
Other Countries	8.1
Canada	5.2
Hong Kong	4.6
Switzerland	4.4
United Kingdom	3.0
Singapore	2.5
Australia	2.0
Cash/Other	0.8

Top 25 Holdings

	% of Net Asset Value
Southern Co.	2.9
PepsiCo Inc.	2.8
Wal-Mart Stores, Inc.	2.7
NTT DoCoMo Inc.	2.7
Johnson & Johnson	2.4
McDonald's Corp.	2.1
CLP Holdings Ltd.	2.0
Telstra Corp. Ltd.	2.0
Marsh & McLennan Companies Inc.	2.0
Sempra Energy	2.0
Wisconsin Energy Corp.	2.0
Cintas Corp.	1.9
Toronto-Dominion Bank	1.9
3M Co.	1.8
Torchmark Corp.	1.8
Nestlé S.A.	1.8
Royal Bank of Canada	1.8
Henry Schein Inc.	1.8
Duke Energy Corp.	1.6
Tanabe Seiyaku Co. Ltd.	1.6
Procter & Gamble Co.	1.6
Singapore Press Holdings Ltd.	1.6
Berkshire Hathaway Inc., Class B	1.5
Praxair Inc.	1.4
Becton Dickinson & Co.	1.4
Top 25 Holdings	49.1

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



GLOBAL EQUITY FUND

RBC JANTZI GLOBAL EQUITY FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor: RBC Global Asset Management (UK) Limited, London, England
(for the European equity portion of the Fund)

Sub-Advisor: RBC Investment Management (Asia) Limited, Hong Kong, China
(for the Asian equity portion of the Fund)

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund provides the potential for long-term capital growth to investors seeking exposure to “socially responsible investing.” Investments that qualify for inclusion in the portfolio must possess strong environmental, social and governance practices relative to industry peers, as defined by Sustainalytics Best-of-Sector™ methodology.

The Fund invests primarily in equity securities of companies throughout the world and may use derivatives for hedging purposes.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund’s overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund’s net asset value rose to \$25 million as of December 31, 2014, from \$19 million at the end of 2013. The change was due to both net inflows and investment returns.

Over the past year, the Fund’s Series A units gained 12.0%, which underperformed the 14.4% rise in the benchmark. The Fund’s return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

Global equities were up modestly in local currency terms, masking elevated volatility due to heightened geopolitical risks and concerns about global growth. U.S. equities were the best-performing major market, as robust corporate growth and low inflation outweighed the end of extraordinary monetary stimulus by the U.S. Federal Reserve (the “Fed”), and signs that the Fed would begin raising policy rates in 2015. As Europe struggled to emerge from recession and estimates for Asian growth continued to fall, investors flocked to the U.S., where employment is rising and risks to the recovery are relatively low.

European markets underperformed as the rally in the so-called peripheral markets of Spain, Ireland and Italy was offset by weakness in France and Germany. While the U.K. initially performed better than the Eurozone, U.K. stocks began to fall as growth sputtered mid-year. Many investors had predicted that the U.K. would be the first developed country to hike rates, but policy changes may now be pushed off until late next year.

Asian equities performance was relatively strong due to outperformance from Hong Kong and Singapore. Japan was the worst-performing market in Asia, with currency depreciation offsetting modest domestic gains.

At the benchmark level, the worst-performing sector this year was Energy, as oil prices began declining during the summer and were down almost 50% by year-end. Across sectors, poor stock selection in Information Technology, Consumer Discretionary and Financials hurt the Fund’s performance. The impact was somewhat offset by strong relative performance in Industrials, Utilities and Consumer Staples. Specific holdings that benefited the Fund this year include Morgan Stanley, Entergy Corporation and EOG Resources. Health Care was the best-performing sector, nearly doubling the performance of the index. Outperformance came from growth investors bidding up biotechnology stocks while M&A activity attracted new money to the industry.

Sustainalytics conducted two reviews covering the Fund’s holdings in 2014. Eligibility was determined in relation to the Environmental, Social and Governance (“ESG”) criteria developed for the Jantzi Social Index. In the opinion of Sustainalytics, all holdings in the Fund were eligible in the latest review, based on the above criteria. However, during the year, four companies were removed from the Fund as they no longer met certain ESG criteria.

Portfolio turnover is normally high for the Fund, as the sub-advisor attempts to generate better returns through active sector and stock selection.

Recent Developments

The portfolio manager expects the U.S. to lead the global recovery in 2015, although there is concern as to the sustainability of growth given weakness in Europe and Asia. Expectations are for the U.S., the U.K. and Canada to begin tighten monetary policy before the end of next year, while Europe and Japan provide more stimulus. Oil prices will remain a concern until the market begins to stabilize, but falling gas prices should boost consumer stocks and overall economic growth in the near term. As equities approach fair value, the portfolio manager expects returns will be attractive but lower than in previous years, and will likely be accompanied by higher volatility.

The European Central Bank committed to stabilizing the economy, and further stimulus measures are expected early in 2015.

™ Best-of-Sector is a trademark of Sustainalytics. Used under licence.



Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Sub-Advisors

RBC Global Asset Management (UK) Limited and RBC Investment Management (Asia) Limited are the sub-advisors and provide investment advice for the Fund.

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$4,000 (2013 – \$1,000) or 7% (2013 – 5%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	10.67	0.21	(0.25)	2.18	(0.84)	1.30	–	–	(0.99)	–	(0.99)	10.98
Dec. 31, 2013	7.87	0.21	(0.21)	0.90	1.91	2.81	–	(0.01)	–	–	(0.01)	10.67
Dec. 31, 2012	7.08	0.17	(0.17)	0.31	0.47	0.78	–	–	–	–	–	7.87
Dec. 31, 2011	7.48	0.16	(0.16)	0.05	(0.45)	(0.40)	–	–	–	–	–	7.08
Dec. 31, 2010	7.04	0.13	(0.15)	0.26	0.20	0.44	–	–	–	–	–	7.48
Advisor Series												
Dec. 31, 2014	10.70	0.21	(0.25)	2.18	(0.84)	1.30	–	–	(0.97)	–	(0.97)	11.02
Dec. 31, 2013	7.89	0.21	(0.21)	0.90	1.90	2.80	–	(0.01)	–	–	(0.01)	10.70
Dec. 31, 2012	7.10	0.17	(0.17)	0.31	0.47	0.78	–	–	–	–	–	7.89
Dec. 31, 2011	7.49	0.16	(0.16)	0.05	(0.45)	(0.40)	–	–	–	–	–	7.10
Dec. 31, 2010	7.04	0.13	(0.15)	0.26	0.20	0.44	–	–	–	–	–	7.49
Series D												
Dec. 31, 2014	11.11	0.22	(0.15)	2.29	(0.88)	1.48	–	–	(1.03)	–	(1.03)	11.55
Dec. 31, 2013	8.16	0.21	(0.13)	0.92	1.95	2.95	–	(0.07)	–	–	(0.07)	11.11
Dec. 31, 2012	7.28	0.18	(0.10)	0.32	0.49	0.89	–	–	–	–	–	8.16
Dec. 31, 2011	7.61	0.16	(0.09)	0.06	(0.46)	(0.33)	–	–	–	–	–	7.28
Dec. 31, 2010	7.09	0.13	(0.09)	0.27	0.21	0.52	–	–	–	–	–	7.61
Series F												
Dec. 31, 2014	11.36	0.22	(0.12)	2.31	(0.89)	1.52	–	–	(1.05)	–	(1.05)	11.84
Dec. 31, 2013	8.34	0.22	(0.10)	0.96	2.04	3.12	–	(0.10)	–	–	(0.10)	11.36
Dec. 31, 2012	7.42	0.18	(0.08)	0.32	0.50	0.92	–	–	–	–	–	8.34
Dec. 31, 2011	7.74	0.17	(0.08)	0.06	(0.46)	(0.31)	–	–	–	–	–	7.42
Dec. 31, 2010	7.19	0.13	(0.07)	0.27	0.21	0.54	–	–	–	–	–	7.74
Series I												
Dec. 31, 2014	11.39	0.22	(0.08)	2.35	(0.91)	1.58	–	–	(1.06)	–	(1.06)	11.91
Dec. 31, 2013	8.37	0.22	(0.07)	0.96	2.03	3.14	–	(0.14)	–	–	(0.14)	11.39
Dec. 31, 2012	7.41	0.18	(0.05)	0.33	0.50	0.96	–	–	–	–	–	8.37
Dec. 31, 2011	7.70	0.17	(0.05)	0.06	(0.46)	(0.28)	–	–	–	–	–	7.41
Dec. 31, 2010	7.13	0.13	(0.04)	0.27	0.21	0.57	–	–	–	–	–	7.70

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	10.98	16 994	1 548	2.24	2.25	379.51	0.27
Dec. 31, 2013	10.67	13 797	1 293	2.26	2.26	119.88	0.14
Dec. 31, 2012	7.87	9 058	1 151	2.28	2.28	135.99	0.21
Dec. 31, 2011	7.08	8 407	1 187	2.30	2.30	161.92	0.32
Dec. 31, 2010	7.48	8 973	1 200	2.25	2.25	165.48	0.30
Advisor Series							
Dec. 31, 2014	11.02	3 534	321	2.26	2.27	379.51	0.27
Dec. 31, 2013	10.70	2 496	233	2.27	2.27	119.88	0.14
Dec. 31, 2012	7.89	896	114	2.26	2.26	135.99	0.21
Dec. 31, 2011	7.10	776	109	2.29	2.29	161.92	0.32
Dec. 31, 2010	7.49	607	81	2.21	2.21	165.48	0.30
Series D							
Dec. 31, 2014	11.55	2 723	236	1.29	1.30	379.51	0.27
Dec. 31, 2013	11.11	2 587	233	1.31	1.31	119.88	0.14
Dec. 31, 2012	8.17	441	54	1.32	1.32	135.99	0.21
Dec. 31, 2011	7.28	269	37	1.33	1.33	161.92	0.32
Dec. 31, 2010	7.61	195	26	1.28	1.28	165.48	0.30
Series F							
Dec. 31, 2014	11.84	1 444	122	1.01	1.02	379.51	0.27
Dec. 31, 2013	11.36	395	35	0.99	0.99	119.88	0.14
Dec. 31, 2012	8.34	220	26	1.04	1.04	135.99	0.21
Dec. 31, 2011	7.42	268	36	1.07	1.07	161.92	0.32
Dec. 31, 2010	7.74	492	64	1.02	1.02	165.48	0.30
Series I							
Dec. 31, 2014	11.91	17	1	0.65	0.66	379.51	0.27
Dec. 31, 2013	11.39	17	2	0.67	0.67	119.88	0.14
Dec. 31, 2012	8.37	8	1	0.65	0.65	135.99	0.21
Dec. 31, 2011	7.41	1	–	0.65	0.65	161.92	0.32
Dec. 31, 2010	7.70	1	–	0.65	0.65	165.48	0.30

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.85%	62%	38%
Advisor Series	1.85%	62%	38%
Series D	1.00%	25%	75%
Series F	0.75%	—	100%
Series I	0.60%	—	100%

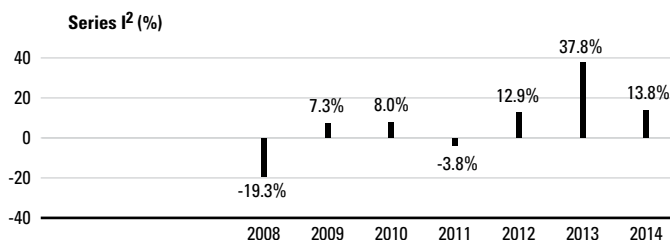
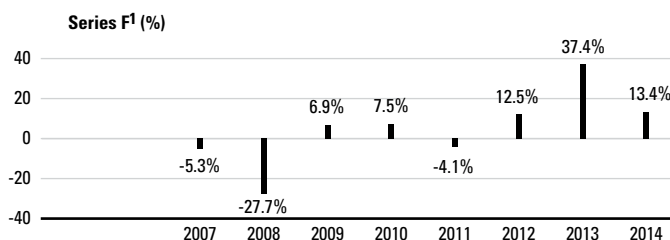
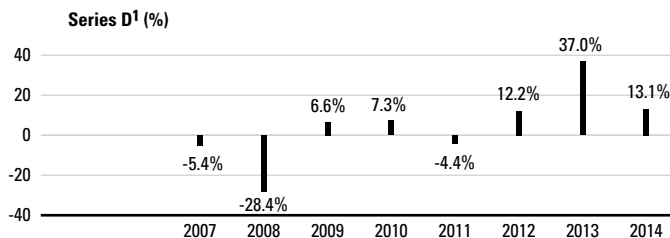
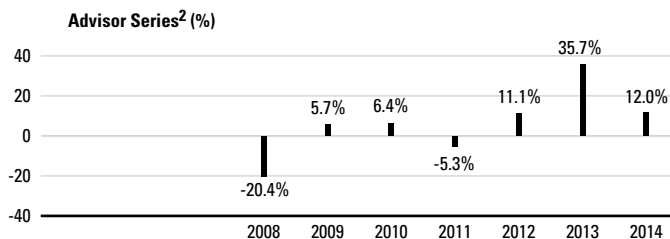
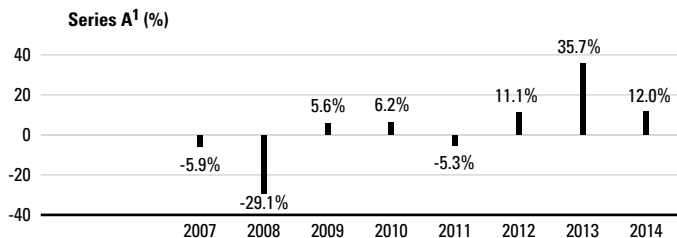
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

MSCI World Total Return Net Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	12.0	19.1	11.2	–	2.4
Benchmark	14.4	20.5	12.4	–	4.5
Advisor Series ²	12.0	19.1	11.2	–	5.3
Benchmark	14.4	20.5	12.4	–	6.6
Series D ¹	13.1	20.2	12.3	–	3.4
Benchmark	14.4	20.5	12.4	–	4.5
Series F ¹	13.4	20.6	12.6	–	3.8
Benchmark	14.4	20.5	12.4	–	4.5
Series I ²	13.8	21.0	13.0	–	7.0
Benchmark	14.4	20.5	12.4	–	6.6

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date July 3, 2007.

² Inception date January 21, 2008.

INDEX DESCRIPTION

MSCI World Total Return Net Index (CAD) This index is the capitalization-weighted index measuring the Canadian dollar performance of selected companies listed on stock exchanges in countries around the world. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
United States	59.5
Japan	8.6
United Kingdom	8.1
Other Countries	7.3
Germany	4.5
Netherlands	3.1
Australia	3.0
Switzerland	2.8
Denmark	2.4
Cash/Other	0.7

Top 25 Holdings

	% of Net Asset Value
Apple Inc.	3.0
Kimberly-Clark Corp.	2.9
Microsoft Corp.	2.7
Union Pacific Corp.	2.6
The Goldman Sachs Group Inc.	2.4
Cisco Systems Inc.	2.3
Comcast Corp., Class A	2.1
Southwest Airlines	2.0
Allstate Corp.	1.9
EOG Resources Inc.	1.9
Entergy Corp.	1.8
Archer Daniels Midland Co.	1.8
Aetna Inc.	1.8
Morgan Stanley	1.7
Anthem Inc.	1.6
Gilead Sciences Inc.	1.5
Roche Holdings AG Genussscheine	1.5
UnitedHealth Group Incorporated	1.4
Novo Nordisk A/S	1.3
InBev N.V.	1.3
Express Scripts Holding Co.	1.2
Intel Corp.	1.2
Valero Energy Corp.	1.1
Edwards Lifesciences Corp.	1.1
Daily Mail & General Trust Plc.	1.1
Top 25 Holdings	45.2

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



GLOBAL EQUITY FUND

**RBC O'SHAUGHNESSY
GLOBAL EQUITY FUND**

December 31, 2014

Portfolio Manager *RBC Global Asset Management Inc. ("RBC GAM")*

Sub-Advisor: O'Shaughnessy Asset Management, L.L.C., Stamford, Connecticut

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term total returns composed of capital growth and current income from investments throughout the world. Stock selection is based on Strategy Indexing[®], an investment portfolio management model developed in 1995 by Jim O'Shaughnessy.

To achieve its objective, the Fund selects securities with the most attractive valuations based on a variety of measures, including a company's market capitalization ratios and financial statement metrics. The Fund also selects securities with the most attractive momentum based on a number of measures, including six-month total return and nine-month total return. The Fund does not hedge currency exposure back to Canadian dollars.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value fell to \$99 million as of December 31, 2014, from \$100 million at the end of 2013. The change was due to net redemptions.

Over the past year, the Fund's Series A units gained 2.9%, which underperformed the 14.4% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

In 2014, global equity markets did not match the huge gains of 2013. The U.S. market continued to do well, while markets in Canada and elsewhere had only moderate gains. Volatility picked up at times during the year, especially in energy prices, which were hit hard by a swift decline in the price of oil. Earnings continued to grow, but stocks remained more expensive than they have been in recent years.

Companies with high price momentum, which are emphasized by the Fund in security selection, underperformed during the period. Exposure to companies with attractive valuations also had a negative effect on returns. Exposure to companies with high earnings quality and financial strength was a negative for returns, while exposure to companies with high earnings growth contributed to performance.

Allocation and security selection among countries had a negative overall impact on the Fund's performance. An underweight position and security selection in the U.S. had a negative impact, as did an overweight position in Norway and security selection in Italy. Overweight allocations to Thailand and Greece contributed to overall returns, and security selection in Norway was a positive. Security selection in Germany also aided performance.

At the sector level, an overweight allocation to the Energy sector and an underweight allocation to Health Care held back returns of the Fund. OMV AG was a main driver of underperformance in the Energy sector. Security selection in the Consumer Staples sector had a negative effect on overall performance, with an underweight allocation to Apple Inc. being one of the main drivers of underperformance. An overweight position in the Utilities sector and an underweight stance on Financials contributed to returns, although security selection in these sectors was a negative for returns. Security selection in the Industrials sector was the biggest contributor to performance. Within the sector, Southwest Airlines and Airports of Thailand were the Fund's top performers. Security selection within Consumer Discretionary also contributed to returns.

Recent Developments

To identify the most attractive investments, the sub-advisor uses historically proven, objectively measured characteristics such as low valuations, strong balance sheets and earnings quality, and strong but stable momentum.

Due to the Fund's investment process and market conditions over the course of 2014, the Fund decreased allocations to the Consumer Discretionary sector and increased allocations to Financials stocks. The sub-advisor believes that stock selection becomes more important when the overall market is more expensive and that portfolios which are very different from the market offer the best chance to outperform.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

[®] Registered trademark of Royal Bank of Canada. Used under licence.



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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. There were no related-party commissions.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	7.77	0.25	(0.18)	1.33	(1.16)	0.24	–	(0.06)	–	–	(0.06)	7.94
Dec. 31, 2013	5.58	0.20	(0.15)	1.09	1.11	2.25	–	(0.05)	–	–	(0.05)	7.77
Dec. 31, 2012	4.99	0.20	(0.12)	(0.21)	0.83	0.70	–	(0.16)	–	–	(0.16)	5.58
Dec. 31, 2011	5.85	0.27	(0.12)	0.31	(1.13)	(0.67)	–	(0.15)	–	–	(0.15)	4.99
Dec. 31, 2010	5.27	0.15	(0.11)	0.23	0.30	0.57	–	(0.04)	–	–	(0.04)	5.85
Advisor Series												
Dec. 31, 2014	7.77	0.25	(0.18)	1.33	(1.16)	0.24	–	(0.07)	–	–	(0.07)	7.94
Dec. 31, 2013	5.58	0.20	(0.15)	1.09	1.11	2.25	–	(0.05)	–	–	(0.05)	7.77
Dec. 31, 2012	4.98	0.20	(0.12)	(0.21)	0.83	0.70	–	(0.16)	–	–	(0.16)	5.58
Dec. 31, 2011	5.87	0.27	(0.12)	0.31	(1.12)	(0.66)	–	(0.17)	–	–	(0.17)	4.98
Dec. 31, 2010	5.29	0.15	(0.11)	0.23	0.30	0.57	–	(0.05)	–	–	(0.05)	5.87
Series D												
Dec. 31, 2014	7.82	0.25	(0.11)	1.34	(1.17)	0.31	–	(0.14)	–	–	(0.14)	7.98
Dec. 31, 2013	5.58	0.20	(0.09)	1.09	1.11	2.31	–	(0.07)	–	–	(0.07)	7.82
Dec. 31, 2012	4.98	0.20	(0.07)	(0.21)	0.84	0.76	–	(0.20)	–	–	(0.20)	5.58
Dec. 31, 2011	5.85	0.27	(0.08)	0.31	(1.13)	(0.63)	–	(0.20)	–	–	(0.20)	4.98
Dec. 31, 2010	5.27	0.16	(0.07)	0.23	0.30	0.62	–	(0.09)	–	–	(0.09)	5.85
Series F												
Dec. 31, 2014	7.84	0.25	(0.09)	1.35	(1.18)	0.33	–	(0.17)	–	–	(0.17)	7.99
Dec. 31, 2013	5.62	0.20	(0.07)	1.10	1.12	2.35	–	(0.12)	–	–	(0.12)	7.84
Dec. 31, 2012	5.05	0.20	(0.06)	(0.21)	0.84	0.77	–	(0.26)	–	–	(0.26)	5.62
Dec. 31, 2011	5.97	0.27	(0.06)	0.31	(1.15)	(0.63)	–	(0.25)	–	–	(0.25)	5.05
Dec. 31, 2010	5.38	0.16	(0.06)	0.24	0.30	0.64	–	(0.12)	–	–	(0.12)	5.97
Series O												
Dec. 31, 2014	8.78	0.28	–	1.52	(1.33)	0.47	–	(0.28)	–	–	(0.28)	8.97
Dec. 31, 2013	6.29	0.22	–	1.24	1.26	2.72	–	(0.22)	–	–	(0.22)	8.78
Dec. 31, 2012	5.57	0.21	–	(0.23)	0.90	0.88	–	(0.30)	–	–	(0.30)	6.29
Dec. 31, 2011	6.53	0.30	–	0.34	(1.27)	(0.63)	–	(0.29)	–	–	(0.29)	5.57
Dec. 31, 2010	5.87	0.17	–	0.26	0.33	0.76	–	(0.18)	–	–	(0.18)	6.53

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	7.94	77 293	9 730	2.25	2.25	89.77	0.13
Dec. 31, 2013	7.77	77 644	9 992	2.26	2.26	82.15	0.13
Dec. 31, 2012	5.58	55 985	10 032	2.26	2.26	83.07	0.17
Dec. 31, 2011	4.99	58 004	11 624	2.26	2.26	94.51	0.19
Dec. 31, 2010	5.85	78 772	13 455	2.21	2.21	114.31	0.24
Advisor Series							
Dec. 31, 2014	7.94	6 039	761	2.19	2.19	89.77	0.13
Dec. 31, 2013	7.77	6 355	818	2.20	2.20	82.15	0.13
Dec. 31, 2012	5.58	5 390	966	2.21	2.21	83.07	0.17
Dec. 31, 2011	4.99	6 514	1 307	2.22	2.22	94.51	0.19
Dec. 31, 2010	5.87	11 297	1 924	2.15	2.15	114.31	0.24
Series D							
Dec. 31, 2014	7.98	9 057	1 135	1.37	1.37	89.77	0.13
Dec. 31, 2013	7.82	8 571	1 096	1.37	1.37	82.15	0.13
Dec. 31, 2012	5.58	2 713	486	1.38	1.38	83.07	0.17
Dec. 31, 2011	4.98	2 355	473	1.39	1.39	94.51	0.19
Dec. 31, 2010	5.85	3 024	517	1.35	1.35	114.31	0.24
Series F							
Dec. 31, 2014	7.99	6 503	814	1.11	1.11	89.77	0.13
Dec. 31, 2013	7.84	7 381	941	1.10	1.10	82.15	0.13
Dec. 31, 2012	5.62	4 603	819	1.11	1.11	83.07	0.17
Dec. 31, 2011	5.05	5 635	1 115	1.11	1.11	94.51	0.19
Dec. 31, 2010	5.97	8 193	1 373	1.08	1.08	114.31	0.24
Series O							
Dec. 31, 2014	8.97	1	–	0.02	0.02	89.77	0.13
Dec. 31, 2013	8.78	1	–	0.02	0.02	82.15	0.13
Dec. 31, 2012	6.29	1	–	0.03	0.03	83.07	0.17
Dec. 31, 2011	5.58	17 623	3 161	0.03	0.03	94.51	0.19
Dec. 31, 2010	6.53	19 821	3 034	0.02	0.02	114.31	0.24

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.85%	54%	46%
Advisor Series	1.85%	54%	46%
Series D	1.10%	23%	77%
Series F	0.85%	—	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

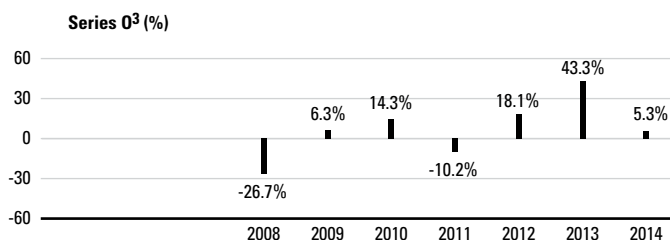
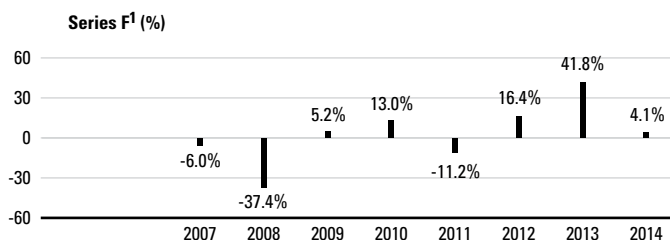
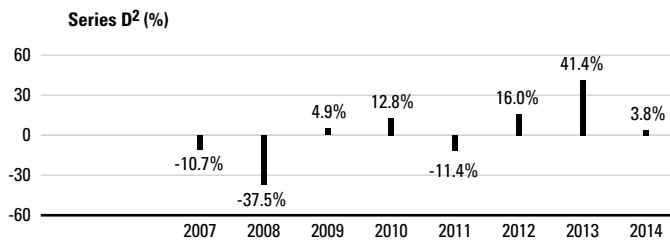
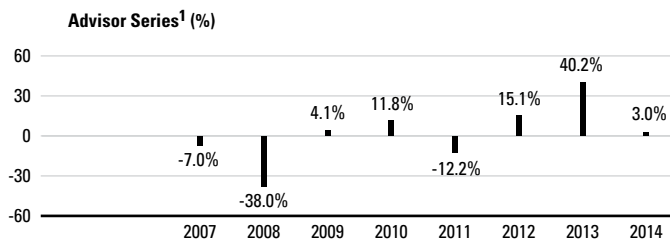
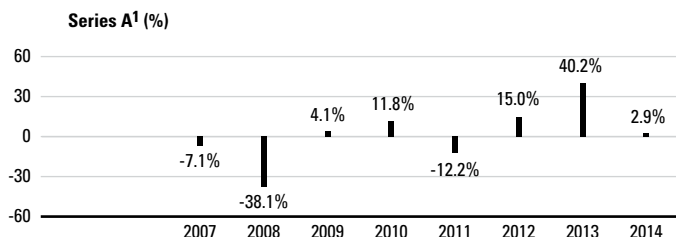
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

MSCI World Total Return Net Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	2.9	18.4	10.3	–	-0.3
Benchmark	14.4	20.5	12.4	–	3.6
Advisor Series ¹	3.0	18.5	10.3	–	-0.3
Benchmark	14.4	20.5	12.4	–	3.6
Series D ²	3.8	19.4	11.2	–	-0.1
Benchmark	14.4	20.5	12.4	–	4.5
Series F ¹	4.1	19.7	11.5	–	0.8
Benchmark	14.4	20.5	12.4	–	3.6
Series O ³	5.3	21.2	12.8	–	5.6
Benchmark	14.4	20.5	12.4	–	7.8

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date January 22, 2007.

² Inception date July 3, 2007.

³ Inception date July 18, 2008.

INDEX DESCRIPTION

MSCI World Total Return Net Index (CAD) This index is the capitalization-weighted index measuring the Canadian dollar performance of selected companies listed on stock exchanges in countries around the world. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
United States	23.4
Japan	21.0
Other Countries	15.7
France	6.4
Canada	6.3
Germany	5.0
United Kingdom	4.9
Italy	3.4
Norway	3.3
South Korea	3.1
Switzerland	2.8
Belgium	2.0
Russia	2.0
Cash/Other	0.7

Top 25 Holdings

	% of Net Asset Value
Southwest Airlines	1.7
Total S.A.	1.6
BP Plc.	1.6
Nippon Telegraph & Telephone Corp.	1.5
StatoilHydro ASA	1.5
Valero Energy Corp.	1.5
Daihatsu Motor Co. Ltd.	1.4
Anthem Inc.	1.4
Zurich Insurance Group AG	1.4
Allianz SE	1.4
PTT PCL	1.3
Magna International Inc., Class A	1.3
Allstate Corp.	1.3
Lukoil OAO	1.2
France Telecom S.A.	1.1
Swiss Re AG	1.1
Fukuda Denshi Co. Ltd.	1.1
Marriott International Inc., Class A	1.0
Great Eastern Holdings Ltd.	1.0
Japan Airlines Co. Ltd.	1.0
OMV AG	1.0
Hess Corp.	1.0
Sixt SE	0.9
Belgacom S.A.	0.9
Molson Coors Canada Inc., Class B	0.9
Top 25 Holdings	31.1

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



GLOBAL EQUITY FUND

**RBC QUBE ALL COUNTRY
WORLD EQUITY FUND**

December 31, 2014

Portfolio Manager *RBC Global Asset Management Inc. ("RBC GAM")*

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term capital growth by investing primarily in equity securities of companies around the world, including companies located or active in emerging markets, using a quantitative investment approach.

To achieve the Fund's objective, the portfolio manager uses a quantitative investment model designed to select individual stocks while controlling portfolio-level risk. This involves building a portfolio that maximizes exposure to factors associated with outperformance, while controlling for exposure to risk factors.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund was launched on March 10, 2014, and its net asset value was \$94 million as of December 31, 2014. Investment performance is not provided for a fund that has been available for less than one year.

Recent Developments

Equities continued to rally through 2014, but valuations for most major equity markets are not yet expensive by historical comparison. Fuller valuations, however, mean that the odds of lower average returns and greater volatility increase. As a result, the portfolio manager is more cautious about the potential for stock gains at current valuations.

Uneven global economic growth was one of the hallmarks of 2014. For 2015, the portfolio manager expects growth to come from a broader set of global economies. As the global economic recovery becomes self-sustaining, the portfolio manager expects rising corporate profits to aid stock prices.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. There were no related-party commissions.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series 0												
Dec. 31, 2014³	10.00[†]	0.21	-	0.33	0.42	0.96	-	(0.16)	(0.29)	-	(0.45)	10.32

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From March 10, 2014.

[†] Initial offering net asset value per unit.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series 0							
Dec. 31, 2014⁴	10.32	93 610	9 067	0.03	0.03	94.00	0.18

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From March 10, 2014.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. No management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

PAST PERFORMANCE

Investment performance in respect of a fund that has been available for less than one year is not provided. Series O units of this Fund were launched on March 10, 2014.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
United States	52.4
Other Countries	11.1
Japan	10.6
France	6.8
China	4.5
Canada	2.8
United Kingdom	2.7
Switzerland	2.4
South Africa	2.4
Germany	2.1
Israel	2.0
Cash/Other	0.2

Top 25 Holdings

	% of Net Asset Value
Microsoft Corp.	3.5
China Construction Bank Corp.	3.3
Altria Group Inc.	3.3
Kimberly-Clark Corp.	3.0
Anthem Inc.	2.8
Computer Sciences Corp.	2.8
Caterpillar Inc.	2.6
Lockheed Martin Corporation	2.6
ConocoPhillips	2.6
Archer Daniels Midland Co.	2.4
LyondellBasell Industries N.V.	2.4
American Capital Agency Corp. Real Estate Investment Trust	2.2
Credit Agricole S.A.	2.2
GDF Suez	2.2
Roche Holdings AG Genussscheine	2.1
General Dynamics Corp.	2.1
Southwest Airlines	2.1
Mitsui & Co.	2.0
Panasonic Corp.	2.0
Hewlett-Packard Co.	2.0
Tenaga Nasional Berhad	1.9
Sasol Ltd.	1.8
McGraw Hill Financial Inc.	1.7
Royal Bank of Canada	1.7
ProSiebenSat.1 Media AG	1.5
Top 25 Holdings	58.8

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



GLOBAL EQUITY FUND

**RBC QUBE LOW VOLATILITY ALL
COUNTRY WORLD EQUITY FUND**

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term capital growth by investing primarily in equity securities of companies around the world, including companies located or active in emerging markets, using a quantitative investment approach. The Fund seeks to achieve a reduced level of volatility of returns compared to the broader global equity market.

To achieve the Fund's objective, the portfolio manager uses a quantitative investment model designed to select individual stocks while controlling portfolio-level risk. This involves building a portfolio that maximizes exposure to factors associated with outperformance, while controlling for exposure to risk factors.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund was launched on April 24, 2014, and its net asset value was \$33 million as of December 31, 2014. Investment performance is not provided for a fund that has been available for less than one year.

Recent Developments

Equities continued to rally through 2014, but valuations for most major equity markets are not yet expensive by historical comparison. Fuller valuations, however, mean that the odds of lower average returns and greater volatility increase. As a result, the portfolio manager is more cautious about the potential for stock gains at current valuations.

Uneven global economic growth was one of the hallmarks of 2014. For 2015, the portfolio manager expects growth to come from a broader set of global economies. As the global economic recovery becomes self-sustaining, the portfolio manager expects rising corporate profits to aid stock prices.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. There were no related-party commissions.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series 0												
Dec. 31, 2014³	10.00[†]	0.20	-	0.10	0.97	1.27	-	(0.18)	(0.11)	-	(0.29)	10.99

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From April 24, 2014.

[†] Initial offering net asset value per unit.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series 0							
Dec. 31, 2014⁴	10.99	32 640	2 970	0.02	0.03	23.50	0.07

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From April 24, 2014.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. No management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

PAST PERFORMANCE

Investment performance in respect of a fund that has been available for less than one year is not provided. Series O units of this Fund were launched on April 24, 2014.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
United States	55.0
Japan	9.7
Other Countries	8.0
Hong Kong	5.4
Canada	4.7
Switzerland	4.1
Taiwan	3.0
Malaysia	2.7
China	2.6
United Kingdom	2.5
Singapore	2.0
Cash/Other	0.3

Top 25 Holdings

	% of Net Asset Value
Wal-Mart Stores, Inc.	3.3
Southern Co.	3.1
NTT DoCoMo Inc.	2.6
China Mobile (Hong Kong) Ltd.	2.6
Becton Dickinson & Co.	2.5
Procter & Gamble Co.	2.3
3M Co.	2.3
McDonald's Corp.	2.3
CLP Holdings Ltd.	2.2
PepsiCo Inc.	2.2
Duke Energy Corp.	2.0
Toronto-Dominion Bank	2.0
Chunghwa Telecom Co. Ltd. ADR	2.0
Wisconsin Energy Corp.	1.9
Hang Seng Bank Ltd.	1.8
Torchmark Corp.	1.8
Johnson & Johnson	1.8
Terna Rete Elettrica Nazionale S.p.A.	1.7
The Coca-Cola Co.	1.7
Axiata Group Berhad	1.6
Henry Schein Inc.	1.5
Singapore Press Holdings Ltd.	1.5
Tanabe Seiyaku Co. Ltd.	1.5
Swisscom AG	1.5
The Hershey Co.	1.5
Top 25 Holdings	51.2

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



GLOBAL EQUITY FUND

RBC GLOBAL ENERGY FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

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MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund pursues long-term capital growth by investing in equity securities of companies throughout the world that are involved directly or indirectly in the exploration, development, production or distribution of energy and energy-related products, or activities in the Energy sector.

To achieve its goal, the Fund invests in oil and gas companies with proven management, low-cost operations, strong balance sheets, high-quality reserves and consistent growth in the production of crude oil and natural gas. The Fund diversifies holdings among large, mid-size and small oil and gas producers and providers. The Fund may also invest in income trusts.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value fell to \$287 million as of December 31, 2014, from \$349 million at the end of 2013. Of the change, \$34 million was due to net redemptions and \$29 million to investment losses.

Over the past year, the Fund's Series A units lost 9.9%, which underperformed the 3.6% decline in the benchmark. The broad-based index rose 14.4%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

Crude-oil prices finished 2014 significantly lower than where they started the year, falling to the lowest levels since the financial crisis after plunging in the second half of the year. Earlier in the year, crude oil's global benchmark price, the London-traded Brent, had climbed to a five-year high of US\$111 per barrel amid geopolitical concerns and upheaval in energy-producing countries such as Iraq offsetting the effect of rising supplies. The second half of 2014 was a completely different story, with oil prices falling about 50% due to uncertainty about growth in Europe and emerging-market economies at the same time that supply surged after a decade of high prices. The outlook deteriorated further after a decision by OPEC in November to maintain current production rates.

Natural-gas prices started the year strong following a severely cold winter that depleted inventories. However, inventories quickly rose as rising prices spurred production growth in the eastern U.S. By the end of 2014, a combination of strong year-over-year production growth and relatively moderate temperatures had caused a 30% drop in benchmark prices.

The Fund underperformed its benchmark in the second half of the year on weakness in the portfolio's holdings of exploration and producing companies, which were hurt by the rapid decline in oil prices. North American exploration and production companies underperformed overall, especially those that had taken on significant debt and decided against hedging their exposure to a drop in prices. Positions in high-quality exploration companies including EOG and Anadarko aided relative performance. Exxon and many of the largest oil companies, while not immune to falling oil prices, tend to outperform in downturns given their diverse asset base, strong cash position and long-term, stable cash flows and business outlook. As a result, the Fund's underweight position in Exxon and Royal Dutch Shell had a negative impact on performance.

The outlook for activity and profit margins of energy-service companies deteriorated with the direction of commodity prices given expectations that producers would reduce capital spending. The Fund's overweight position in Halliburton, a company providing services to petroleum companies focused on unconventional production in North America, hurt relative performance.

Recent Developments

Global crude-oil inventories are not as high as one might assume given the recent drop in oil prices, exceeding demand by no more than 2 million barrels in a market of 93 million barrels. Several high-profile shale-oil producers have cut capital spending and drilling-rig activity for 2015, which should reduce North American supply growth later in the year. Geopolitical risks to supply are also possible and could cause the balance between supply and demand to tighten again.

The swift drop in oil prices has arguably pushed prices below fair value, though it is difficult to anticipate how long the deviation may last. Longer term, the portfolio manager continues to believe that a Brent crude price of around US\$75 per barrel represents a reasonable target given the cost structure of major producers. While the portfolio manager does not expect a quick return to the boom days for unconventional shale companies, valuations of energy equities appear to be attractive.

The portfolio manager's approach remains to invest in companies with high-quality assets and land positions, strong management teams and the ability to finance growth projects. The portfolio manager seeks to identify attractively valued mid- and small-cap companies that are often overlooked by investors.



Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$21,000 (2013 – \$48,000) or 3% (2013 – 4%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	46.34	0.71	(1.08)	5.19	(8.71)	(3.89)	–	–	(3.29)	–	(3.29)	38.52
Dec. 31, 2013	38.50	0.52	(0.89)	3.89	4.23	7.75	–	–	–	–	–	46.32
Dec. 31, 2012	44.43	0.53	(0.85)	(3.12)	(2.66)	(6.10)	–	–	–	–	–	38.50
Dec. 31, 2011	52.50	0.26	(1.09)	6.84	(8.75)	(2.74)	–	–	(5.30)	–	(5.30)	44.43
Dec. 31, 2010	47.69	0.58	(0.98)	10.85	(1.61)	8.84	–	–	(4.45)	–	(4.45)	52.50
Advisor Series												
Dec. 31, 2014	46.55	0.71	(1.06)	5.22	(8.76)	(3.89)	–	–	(3.29)	–	(3.29)	38.72
Dec. 31, 2013	38.65	0.52	(0.87)	3.90	4.25	7.80	–	–	–	–	–	46.53
Dec. 31, 2012	44.59	0.53	(0.84)	(3.13)	(2.67)	(6.11)	–	–	–	–	–	38.65
Dec. 31, 2011	52.66	0.26	(1.06)	6.86	(8.79)	(2.73)	–	–	(5.30)	–	(5.30)	44.59
Dec. 31, 2010	47.77	0.58	(0.96)	10.88	(1.61)	8.89	–	–	(4.43)	–	(4.43)	52.66
Series D												
Dec. 31, 2014	49.00	0.75	(0.67)	5.52	(9.25)	(3.65)	–	–	(3.45)	–	(3.45)	41.15
Dec. 31, 2013	40.36	0.55	(0.55)	4.09	4.45	8.54	–	–	–	–	–	48.98
Dec. 31, 2012	46.17	0.55	(0.52)	(3.25)	(2.78)	(6.00)	–	–	–	–	–	40.36
Dec. 31, 2011	54.08	0.27	(0.66)	7.07	(9.05)	(2.37)	–	–	(5.50)	–	(5.50)	46.17
Dec. 31, 2010	48.71	0.59	(0.59)	11.13	(1.65)	9.48	–	–	(4.58)	–	(4.58)	54.08
Series F												
Dec. 31, 2014	52.75	0.81	(0.57)	5.95	(9.98)	(3.79)	–	–	(3.75)	–	(3.75)	44.40
Dec. 31, 2013	43.33	0.59	(0.47)	4.40	4.79	9.31	–	–	–	–	–	52.73
Dec. 31, 2012	49.43	0.59	(0.44)	(3.49)	(2.98)	(6.32)	–	–	–	–	–	43.33
Dec. 31, 2011	58.08	0.29	(0.56)	7.60	(9.73)	(2.40)	–	–	(6.20)	–	(6.20)	49.43
Dec. 31, 2010	52.18	0.64	(0.50)	11.94	(1.77)	10.31	–	–	(4.94)	–	(4.94)	58.08

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	38.52	244 868	6 357	2.13	2.13	79.24	0.19
Dec. 31, 2013	46.34	305 095	6 584	2.14	2.14	152.77	0.34
Dec. 31, 2012	38.59	294 761	7 639	2.14	2.14	114.77	0.36
Dec. 31, 2011	44.56	372 881	8 367	2.13	2.13	268.07	0.76
Dec. 31, 2010	52.60	414 185	7 874	2.09	2.09	168.65	0.52
Advisor Series							
Dec. 31, 2014	38.72	2 851	74	2.09	2.09	79.24	0.19
Dec. 31, 2013	46.55	2 516	54	2.08	2.08	152.77	0.34
Dec. 31, 2012	38.74	2 356	61	2.09	2.09	114.77	0.36
Dec. 31, 2011	44.72	3 203	72	2.09	2.09	268.07	0.76
Dec. 31, 2010	52.76	2 504	47	2.05	2.05	168.65	0.52
Series D							
Dec. 31, 2014	41.15	36 009	875	1.25	1.25	79.24	0.19
Dec. 31, 2013	49.00	36 816	751	1.26	1.26	152.77	0.34
Dec. 31, 2012	40.45	35 678	882	1.26	1.26	114.77	0.36
Dec. 31, 2011	46.32	43 107	931	1.25	1.25	268.07	0.76
Dec. 31, 2010	54.19	45 476	839	1.24	1.24	168.65	0.52
Series F							
Dec. 31, 2014	44.40	2 773	62	0.99	0.99	79.24	0.19
Dec. 31, 2013	52.75	2 992	57	0.99	0.99	152.77	0.34
Dec. 31, 2012	43.43	2 476	57	0.99	0.99	114.77	0.36
Dec. 31, 2011	49.59	2 970	60	0.98	0.98	268.07	0.76
Dec. 31, 2010	58.19	3 139	54	0.97	0.97	168.65	0.52

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.75%	66%	34%
Advisor Series	1.75%	66%	34%
Series D	1.00%	25%	75%
Series F	0.75%	—	100%

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

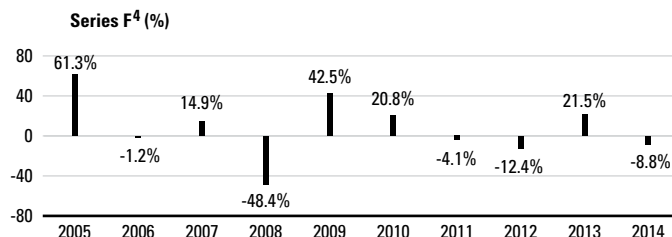
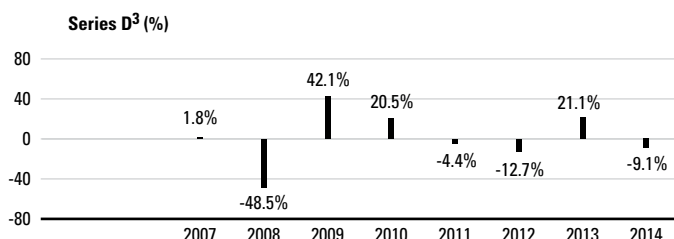
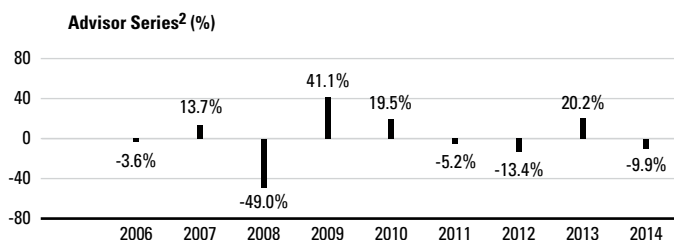
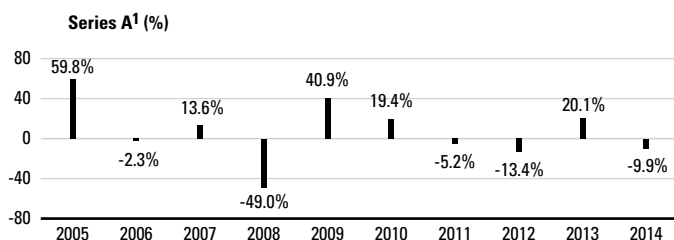


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

MSCI World Index – Energy (CAD)

The broad-based index is MSCI World Total Return Net Index (CAD).

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	-9.9	-2.1	1.2	3.1	–
Benchmark	-3.6	6.6	5.7	5.9	–
Broad-based index	14.4	20.5	12.4	5.7	–
Advisor Series ²	-9.9	-2.1	1.2	–	-2.1
Benchmark	-3.6	6.6	5.7	–	3.4
Broad-based index	14.4	20.5	12.4	–	5.5
Series D ³	-9.1	-1.3	2.1	–	-2.5
Benchmark	-3.6	6.6	5.7	–	1.6
Broad-based index	14.4	20.5	12.4	–	4.5
Series F ⁴	-8.8	-1.0	2.3	4.2	–
Benchmark	-3.6	6.6	5.7	5.9	–
Broad-based index	14.4	20.5	12.4	5.7	–

The returns of each series may vary because of differences in management fees and expenses. The Benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark and broad-based indexes.

¹ Inception date November 30, 1980.

² Inception date August 28, 2006.

³ Inception date July 3, 2007.

⁴ Inception date August 13, 2001.

INDEX DESCRIPTIONS

MSCI World Index – Energy (CAD) This sub-index is a measure of the Canadian dollar performance of the stocks in the Energy sector in the MSCI World Index.

MSCI World Total Return Net Index (CAD) This index is the capitalization-weighted index measuring the Canadian dollar performance of selected companies listed on stock exchanges in countries around the world. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix – Sectors

	% of Net Asset Value
Oil, Gas and Consumable Fuels	85.1
Energy Equipment and Services	7.5
Other Sectors	1.0
Cash/Other	6.4

Investment Mix – Countries/Regions

	% of Net Asset Value
United States	50.1
Canada	35.8
France	5.2
United Kingdom	2.5
Cash/Other	6.4

Top 25 Holdings

	% of Net Asset Value
Suncor Energy Inc.	6.7
Cash & Cash Equivalents	5.8
Exxon Mobil Corp.	5.3
Total S.A.	5.2
Anadarko Petroleum Corp.	5.0
Canadian Natural Resources Ltd.	4.6
Williams Companies Inc.	4.6
Halliburton Co.	4.5
Chevron Corp.	3.2
Veresen Inc.	3.1
Cabot Oil & Gas Corp.	3.0
Pioneer Natural Resources Co.	2.9
EOG Resources Inc.	2.9
Spectra Energy Corp.	2.6
EQT Corp.	2.5
BG Group Plc.	2.5
Keyera Corp.	2.5
Enbridge Inc.	2.2
Concho Resources Inc.	2.1
Range Resources Corp.	2.1
Cenovus Energy Inc.	2.0
Phillips 66 Company	1.9
Continental Resources Inc.	1.5
Schlumberger Ltd.	1.5
Paramount Resources Ltd., Class A	1.3
Top 25 Holdings	81.5

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



GLOBAL EQUITY FUND

RBC GLOBAL PRECIOUS METALS FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term capital growth by investing primarily in equity securities of companies throughout the world involved directly or indirectly in the exploration, mining and production of precious metals including gold, silver and platinum. The Fund may also invest in bullion, coins, receipts and certificates.

The Fund selects companies with experienced management, strong balance sheets, proven ore bodies or excellent geological potential. The Fund may invest up to 20% of its assets in silver and platinum. The Fund diversifies by investing in senior and junior producers, as well as in pure exploration companies.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value fell to \$435 million as of December 31, 2014, from \$469 million at the end of 2013. The change was due to net redemptions.

Over the past year, the Fund's Series A units lost 0.6%, which outperformed the 5.7% decline in the benchmark. The broad-based index rose 10.6%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The price of gold fell for the second straight year in 2014, dropping 1.4% to end the year at US\$1,184 an ounce in New York. The small overall price change masked a trading range of about \$250 over the course of the year. Gold stocks performed worse than the underlying metal, as the end of a decade of steady gains prompted investors to pay more attention to the operational pros and cons of individual gold companies. Moreover, some leading gold companies encountered operational problems during the year, curtailing investor enthusiasm for the industry as a whole.

Gold prices rose during the early part of the year driven by global economic uncertainty and armed conflicts in Ukraine and the Middle East. The momentum waned in the second half of the year, succumbing to the climb of the U.S. dollar on improving economic data and the prospect of higher U.S. interest rates. Also in 2014, the price of silver fell 19.3% and platinum dropped 11.9%. Palladium gained 11.3% on increased demand for the metal for use in auto manufacturing.

One of the main reasons for the Fund's outperformance in 2014 was security selection. Avoiding Barrick Gold, which declined significantly, was the single largest contributor to the Fund's relative performance during the year. Merger and acquisition activity in the industry also contributed to the Fund's returns, with overweight positions in a number of companies that were acquired in 2014 including Osisko Mining, Sulliden Gold and Elgin Mining. Positions in Silver Wheaton, Fortuna Silver and Petra Diamonds further boosted the Fund's relative returns.

Recent Developments

Mining companies have focused on improving productivity by reducing costs. The steep decline in oil prices will likely translate into lower diesel and power costs, benefiting mining companies with large open-pit operations and those that generate their own electricity. Furthermore, producers with foreign operations will benefit from weaker local currencies, which reduce their costs. The portfolio manager continues to invest in higher-quality companies, including those with superior assets, financial strength and credible management teams. In fact, the portfolio manager believes that many precious-metal producers could boost profit margins in 2015 even if commodity prices stagnate.

Gold generally moves in the opposite direction of the U.S. dollar. That was not generally the case as the year came to a close. This development could bode well for the gold price if the U.S. dollar continues to strengthen in 2015.

Effective August 11, 2014, Series H units of the Fund were launched.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series and Series D units.



Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$125,000 (2013 – \$163,000) or 6% (2013 – 9%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	22.30	0.19	(0.55)	(5.18)	5.58	0.04	–	–	–	–	–	22.16
Dec. 31, 2013	39.41	0.27	(0.60)	(6.97)	(10.44)	(17.74)	–	–	–	–	–	22.14
Dec. 31, 2012	45.04	0.22	(0.91)	(2.28)	(2.79)	(5.76)	–	–	–	–	–	39.41
Dec. 31, 2011	76.31	0.71	(1.38)	9.72	(30.65)	(21.60)	–	–	(9.70)	–	(9.70)	45.04
Dec. 31, 2010	49.43	0.14	(1.21)	17.54	20.13	36.60	–	–	(9.58)	–	(9.58)	76.31
Advisor Series												
Dec. 31, 2014	22.41	0.19	(0.55)	(5.20)	5.61	0.05	–	–	–	–	–	22.28
Dec. 31, 2013	39.58	0.28	(0.59)	(7.00)	(10.48)	(17.79)	–	–	–	–	–	22.24
Dec. 31, 2012	45.23	0.22	(0.88)	(2.29)	(2.80)	(5.75)	–	–	–	–	–	39.58
Dec. 31, 2011	76.52	0.72	(1.35)	9.75	(30.74)	(21.62)	–	–	(9.70)	–	(9.70)	45.23
Dec. 31, 2010	49.54	0.14	(1.21)	17.56	20.16	36.65	–	–	(9.58)	–	(9.58)	76.52
Series H												
Dec. 31, 2014³	29.94[†]	0.08	(0.17)	(2.09)	2.25	0.07	–	–	–	–	–	22.30
Series D												
Dec. 31, 2014	23.60	0.20	(0.35)	(5.50)	5.94	0.29	–	–	–	–	–	23.66
Dec. 31, 2013	41.34	0.29	(0.37)	(7.35)	(11.00)	(18.43)	–	–	–	–	–	23.43
Dec. 31, 2012	46.84	0.23	(0.56)	(2.38)	(2.91)	(5.62)	–	–	–	–	–	41.34
Dec. 31, 2011	78.55	0.74	(0.84)	10.05	(31.67)	(21.72)	–	–	(10.00)	–	(10.00)	46.84
Dec. 31, 2010	50.46	0.14	(0.74)	17.96	20.62	37.98	–	–	(9.85)	–	(9.85)	78.55
Series F												
Dec. 31, 2014	25.20	0.22	(0.29)	(5.88)	6.34	0.39	–	–	–	–	–	25.33
Dec. 31, 2013	44.02	0.31	(0.32)	(7.78)	(11.65)	(19.44)	–	–	–	–	–	25.02
Dec. 31, 2012	49.74	0.25	(0.47)	(2.52)	(3.09)	(5.83)	–	–	–	–	–	44.02
Dec. 31, 2011	84.43	0.79	(0.71)	10.82	(34.10)	(23.20)	–	–	(11.43)	–	(11.43)	49.74
Dec. 31, 2010	54.09	0.16	(0.63)	19.27	22.12	40.92	–	–	(10.59)	–	(10.59)	84.43
Series I												
Dec. 31, 2014	25.31	0.22	(0.21)	(5.90)	6.37	0.48	–	–	–	–	–	25.51
Dec. 31, 2013	44.08	0.31	(0.23)	(7.83)	(11.72)	(19.47)	–	–	–	–	–	25.12
Dec. 31, 2012 ⁴	42.01 [†]	0.12	(0.15)	(1.23)	(1.51)	(2.77)	–	–	–	–	–	44.08



FINANCIAL HIGHLIGHTS (cont.)

Change in Net Assets Per Unit (\$) (cont.)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series O												
Dec. 31, 2014	23.53	0.20	(0.01)	(5.52)	5.96	0.63	—	—	—	—	—	23.89
Dec. 31, 2013	40.70	0.29	(0.01)	(7.43)	(11.13)	(18.28)	—	—	—	—	—	23.36
Dec. 31, 2012	45.54	0.23	(0.01)	(2.36)	(2.88)	(5.02)	—	—	—	—	—	40.70
Dec. 31, 2011 ⁵	68.82 [†]	0.30	—	4.06	(12.81)	(8.45)	—	—	(9.70)	—	(9.70)	45.54

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From August 11, 2014.

⁴ From July 9, 2012.

⁵ From August 2, 2011.

[†] Initial offering net asset value per unit.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	22.16	317 674	14 336	2.13	2.13	79.20	0.37
Dec. 31, 2013	22.30	349 251	15 660	2.13	2.13	56.37	0.29
Dec. 31, 2012	39.83	701 246	17 608	2.13	2.13	76.03	0.32
Dec. 31, 2011	45.49	846 116	18 601	2.13	2.13	71.96	0.29
Dec. 31, 2010	76.61	1 234 650	16 117	2.09	2.09	104.00	0.33
Advisor Series							
Dec. 31, 2014	22.28	23 348	1 048	2.09	2.09	79.20	0.37
Dec. 31, 2013	22.41	25 817	1 152	2.10	2.10	56.37	0.29
Dec. 31, 2012	40.00	50 250	1 256	2.07	2.07	76.03	0.32
Dec. 31, 2011	45.68	52 950	1 160	2.07	2.07	71.96	0.29
Dec. 31, 2010	76.82	61 597	802	2.04	2.04	104.00	0.33
Series H							
Dec. 31, 2014⁴	22.30	900	40	1.89	1.89	79.20	0.37
Series D							
Dec. 31, 2014	23.66	76 908	3 250	1.26	1.26	79.20	0.37
Dec. 31, 2013	23.60	75 419	3 195	1.26	1.26	56.37	0.29
Dec. 31, 2012	41.78	139 255	3 333	1.27	1.27	76.03	0.32
Dec. 31, 2011	47.31	159 089	3 363	1.27	1.27	71.96	0.29
Dec. 31, 2010	78.85	227 116	2 880	1.24	1.24	104.00	0.33
Series F							
Dec. 31, 2014	25.33	14 165	559	0.99	0.99	79.20	0.37
Dec. 31, 2013	25.20	15 791	627	0.99	0.99	56.37	0.29
Dec. 31, 2012	44.48	48 578	1 092	0.99	0.99	76.03	0.32
Dec. 31, 2011	50.24	73 860	1 470	0.99	0.99	71.96	0.29
Dec. 31, 2010	84.76	100 488	1 186	0.98	0.98	104.00	0.33
Series I							
Dec. 31, 2014	25.51	1 279	50	0.71	0.71	79.20	0.37
Dec. 31, 2013	25.31	1 925	76	0.71	0.71	56.37	0.29
Dec. 31, 2012 ⁵	44.54	5 055	113	0.71	0.71	76.03	0.32



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data (cont.)

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series O							
Dec. 31, 2014	23.89	370	15	0.02	0.02	79.20	0.37
Dec. 31, 2013	23.53	343	15	0.02	0.02	56.37	0.29
Dec. 31, 2012	41.13	137	3	0.02	0.02	76.03	0.32
Dec. 31, 2011 ⁶	46.00	—	—	0.02	0.02	71.96	0.29

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From August 11, 2014.

⁵ From July 9, 2012.

⁶ From August 2, 2011.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

Management Fees	Breakdown of Services	
	Distribution	Other*
Series A	66%	34%
Advisor Series	66%	34%
Series H	70%	30%
Series D	25%	75%
Series F	—	100%
Series I	—	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

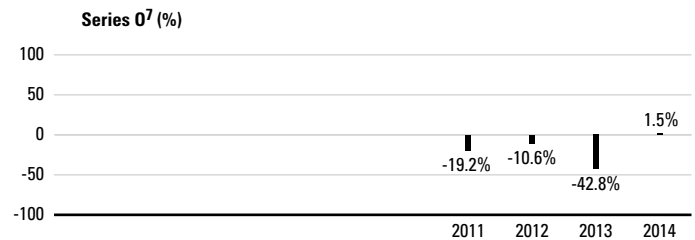
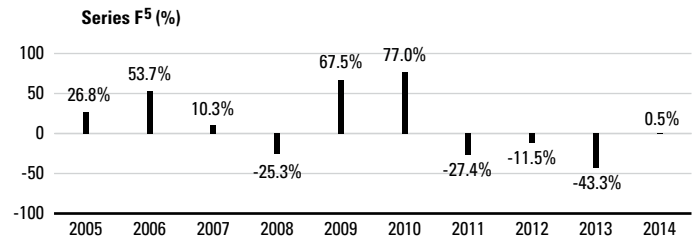
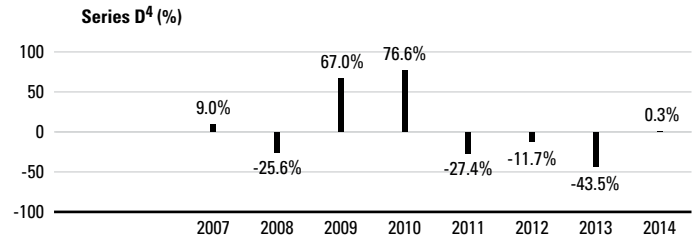
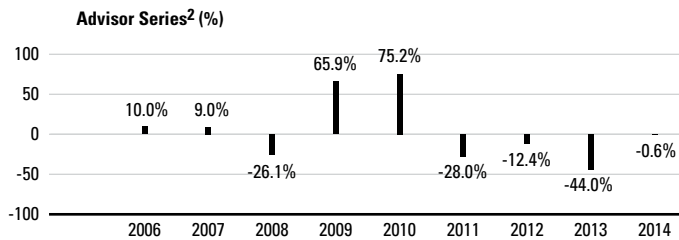
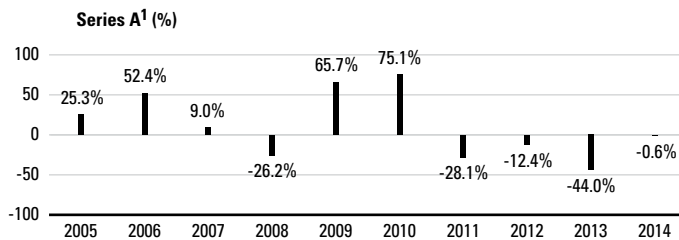


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

S&P/TSX Global Gold Index

The broad-based index is the S&P/TSX Capped Composite Total Return Index.

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	-0.6	-21.3	-9.3	4.6	–
Benchmark	-5.7	-25.0	-14.3	-2.7	–
Broad-based index	10.6	10.2	7.5	7.6	–
Advisor Series ²	-0.6	-21.3	-9.3	–	-1.2
Benchmark	-5.7	-25.0	-14.3	–	-8.2
Broad-based index	10.6	10.2	7.5	–	5.3
Series H ³	–	–	–	–	-25.5
Benchmark	–	–	–	–	-27.6
Broad-based index	–	–	–	–	-5.4
Series D ⁴	0.3	-20.6	-8.5	–	-1.9
Benchmark	-5.7	-25.0	-14.3	–	-7.8
Broad-based index	10.6	10.2	7.5	–	3.7
Series F ⁵	0.5	-20.4	-8.3	5.7	–
Benchmark	-5.7	-25.0	-14.3	-2.7	–
Broad-based index	10.6	10.2	7.5	7.6	–
Series I ⁶	0.8	–	–	–	-18.2
Benchmark	-5.7	–	–	–	-23.4
Broad-based index	10.6	–	–	–	13.2
Series O ⁷	1.5	-19.6	–	–	-22.5
Benchmark	-5.7	-25.0	–	–	-26.1
Broad-based index	10.6	10.2	–	–	7.4

The returns of each series may vary because of differences in management fees and expenses. The Benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark and broad-based indexes.

¹ Inception date November 30, 1988.

² Inception date August 28, 2006.

³ Inception date August 11, 2014.

⁴ Inception date July 3, 2007.

⁵ Inception date August 13, 2001.

⁶ Inception date July 9, 2012.

⁷ Inception date August 2, 2011.

INDEX DESCRIPTIONS

S&P/TSX Global Gold Index This index is a measure of the performance of large gold companies listed on major Canadian and U.S. stock exchanges.

S&P/TSX Capped Composite Total Return Index This index is the amended capitalization-weighted index measuring the performance of selected securities listed on the Toronto Stock Exchange, with no individual stock exceeding 10% of the overall weight.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix – Sectors

	% of Net Asset Value
Gold	70.6
Silver	12.8
Precious Metals and Minerals	11.7
Diversified Metals and Mining	3.7
Cash/Other	1.2

Investment Mix – Countries/Regions

	% of Net Asset Value
Canada	88.0
United Kingdom	7.0
Other Countries	3.8
Cash/Other	1.2

Top 25 Holdings

	% of Net Asset Value
Agnico Eagle Mines Ltd.	9.1
Franco-Nevada Corp.	8.8
Silver Wheaton Corp.	7.4
Goldcorp Inc.	7.0
Eldorado Gold Corp.	5.5
Randgold Resources Ltd. ADR	5.5
Rio Alto Mining Ltd.	5.3
Osisko Gold Royalties Ltd.	4.1
Primero Mining Corp.	3.5
B2Gold Corp.	3.3
Fortuna Silver Mines Inc.	3.2
Mountain Province Diamonds Inc.	3.1
Detour Gold Corp.	2.6
Semafo Inc.	2.3
Torex Gold Resources Inc.	1.9
Petra Diamonds Ltd.	1.5
Tahoe Resources Inc.	1.5
Cash & Cash Equivalents	1.3
Aureus Mining Inc.	1.3
Silvercrest Mines Inc.	1.3
Stillwater Mining Company	1.2
Dominion Diamond Corp.	1.2
Fresnillo Plc.	1.1
Timmins Gold Corp.	1.0
OceanaGold Corp.	1.0
Top 25 Holdings	85.0

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



GLOBAL EQUITY FUND

RBC GLOBAL RESOURCES FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term capital growth by investing in stocks of companies around the world that are directly or indirectly involved in exploring for, developing, producing or distributing natural and other resources.

The Fund pursues global companies with a leading market position, high and sustainable profitability, sound finances and attractive valuations relative to peers and the market. The Fund will focus on mid- to large-cap stocks, but will also invest in smaller companies.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value fell to \$188 million as of December 31, 2014, from \$237 million at the end of 2013. Of the change, \$38 million was due to net redemptions and \$11 million to investment losses.

Over the past year, the Fund's Series A units lost 6.8%, which underperformed the 1.0% decline in the benchmark. The broad-based index rose 14.4%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The Fund underperformed in 2014 given its relative lack of exposure to major oil companies such as Exxon Mobil and Royal Dutch Shell during a period when oil prices fell sharply. These large oil companies did not fall as much as the exploration and producing companies favoured by the Fund. North American exploration companies underperformed overall, especially those that had taken on significant debt and decided against hedging their exposure to a drop in prices. Exxon and other large companies tend to better weather downturns given their diverse asset base, strong cash position and long-term, stable cash flows and business outlook. Positions in high-quality exploration companies including EOG and Anadarko benefited the Fund's relative performance.

The portfolio's holdings in the Materials sector outperformed as the Fund avoided large producers such as BHP Billiton and Freeport-McMoRan, which declined significantly in a weak environment for metals prices. Merger and acquisition activity in the gold industry also contributed to relative returns, with overweight positions in a number of companies that were acquired in 2014, including Osisko Mining and Sulliden Gold. Overweight positions in Emed, a copper and gold company, and West Fraser Timber further boosted the Fund's returns.

Recent Developments

Global crude-oil inventories are not as high as one might assume given the recent drop in oil prices, exceeding demand by no more than 2 million barrels in a market of 93 million barrels. Several high-profile shale-oil producers have cut capital spending and drilling-rig activity for 2015, which should reduce North American supply growth later in the year. Geopolitical risks to supply are also possible and could cause the balance between supply and demand to tighten again.

Mining companies have focused on improving productivity by reducing costs. The steep decline in oil prices will likely translate into lower diesel and power costs, benefiting mining companies with large open-pit operations and those that generate their own electricity. Furthermore, producers with foreign operations whose costs are largely in local currencies will have lower costs, offsetting some of the negative impact that a strong U.S. dollar has on commodity prices. The portfolio manager continues to invest in higher-quality companies, including those with superior assets, financial strength and credible management teams. In fact, the portfolio manager believes that many precious-metal producers could boost profit margins in 2015 even if commodity prices stagnate.

Effective August 11, 2014, Series H units of the Fund were launched.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.



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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$14,000 (2013 – \$42,000) or 3% (2013 – 6%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	32.20	0.50	(0.77)	1.98	(3.41)	(1.70)	–	–	–	–	–	30.01
Dec. 31, 2013	29.77	0.35	(0.69)	(0.55)	3.19	2.30	–	–	–	–	–	32.18
Dec. 31, 2012	33.30	0.23	(0.70)	(2.69)	(0.44)	(3.60)	–	–	–	–	–	29.77
Dec. 31, 2011	40.22	0.10	(0.82)	5.02	(11.56)	(7.26)	–	–	–	–	–	33.30
Dec. 31, 2010	27.32	0.37	(0.64)	3.81	8.93	12.47	–	–	–	–	–	40.22
Advisor Series												
Dec. 31, 2014	32.29	0.50	(0.76)	1.99	(3.42)	(1.69)	–	–	–	–	–	30.12
Dec. 31, 2013	29.85	0.35	(0.67)	(0.55)	3.19	2.32	–	–	–	–	–	32.28
Dec. 31, 2012	33.36	0.23	(0.69)	(2.70)	(0.44)	(3.60)	–	–	–	–	–	29.85
Dec. 31, 2011	40.26	0.10	(0.80)	5.03	(11.58)	(7.25)	–	–	–	–	–	33.36
Dec. 31, 2010	27.34	0.37	(0.63)	3.81	8.94	12.49	–	–	–	–	–	40.26
Series H												
Dec. 31, 2014³	36.48[†]	0.21	(0.25)	0.81	(1.40)	(0.63)	–	–	–	–	–	30.15
Series D												
Dec. 31, 2014	34.30	0.54	(0.46)	2.12	(3.65)	(1.45)	–	–	–	–	–	32.29
Dec. 31, 2013	31.40	0.38	(0.41)	(0.58)	3.38	2.77	–	–	–	–	–	34.28
Dec. 31, 2012	34.78	0.24	(0.41)	(2.83)	(0.46)	(3.46)	–	–	–	–	–	31.40
Dec. 31, 2011	41.58	0.10	(0.48)	5.21	(12.01)	(7.18)	–	–	–	–	–	34.78
Dec. 31, 2010	27.98	0.38	(0.37)	3.92	9.19	13.12	–	–	–	–	–	41.58
Series F												
Dec. 31, 2014	37.10	0.58	(0.40)	2.28	(3.93)	(1.47)	–	–	–	–	–	35.03
Dec. 31, 2013	33.88	0.41	(0.35)	(0.63)	3.65	3.08	–	–	–	–	–	37.09
Dec. 31, 2012	37.43	0.26	(0.35)	(3.04)	(0.49)	(3.62)	–	–	–	–	–	33.88
Dec. 31, 2011	44.62	0.11	(0.40)	5.60	(12.90)	(7.59)	–	–	–	–	–	37.43
Dec. 31, 2010	29.94	0.41	(0.31)	4.20	9.85	14.15	–	–	–	–	–	44.62
Series I												
Dec. 31, 2014	37.27	0.62	(0.30)	2.44	(4.21)	(1.45)	–	–	–	–	–	35.28
Dec. 31, 2013	33.93	0.41	(0.24)	(0.63)	3.67	3.21	–	–	–	–	–	37.25
Dec. 31, 2012 ⁴	31.92 [†]	0.13	(0.11)	(1.50)	(0.24)	(1.72)	–	–	–	–	–	33.93



FINANCIAL HIGHLIGHTS (cont.)

Change in Net Assets Per Unit (\$) (cont.)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series O												
Dec. 31, 2014	34.03	0.54	(0.01)	2.12	(3.66)	(1.01)	—	—	—	—	—	32.44
Dec. 31, 2013	30.77	0.37	(0.01)	(0.58)	3.36	3.14	—	—	—	—	—	34.01
Dec. 31, 2012	33.67	0.24	(0.01)	(2.79)	(0.45)	(3.01)	—	—	—	—	—	30.77
Dec. 31, 2011 ⁵	38.76 [†]	0.05	—	2.43	(5.60)	(3.12)	—	—	—	—	—	33.67

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From August 11, 2014.

⁴ From July 9, 2012.

⁵ From July 11, 2011.

[†] Initial offering net asset value per unit.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	30.01	152 310	5 075	2.26	2.26	69.71	0.22
Dec. 31, 2013	32.20	195 590	6 075	2.27	2.27	127.17	0.30
Dec. 31, 2012	29.89	219 608	7 347	2.26	2.26	103.36	0.32
Dec. 31, 2011	33.45	270 634	8 091	2.26	2.26	128.39	0.50
Dec. 31, 2010	40.39	318 965	7 898	2.21	2.21	145.87	0.55
Advisor Series							
Dec. 31, 2014	30.12	8 644	287	2.20	2.20	69.71	0.22
Dec. 31, 2013	32.29	10 143	314	2.21	2.21	127.17	0.30
Dec. 31, 2012	29.97	12 145	405	2.21	2.21	103.36	0.32
Dec. 31, 2011	33.51	16 701	498	2.21	2.21	128.39	0.50
Dec. 31, 2010	40.43	18 532	458	2.16	2.16	145.87	0.55
Series H							
Dec. 31, 2014⁴	30.15	1	—	2.15	2.15	69.71	0.22
Series D							
Dec. 31, 2014	32.29	23 082	715	1.26	1.26	69.71	0.22
Dec. 31, 2013	34.30	25 739	750	1.27	1.27	127.17	0.30
Dec. 31, 2012	31.53	27 338	867	1.27	1.27	103.36	0.32
Dec. 31, 2011	34.93	35 682	1 022	1.27	1.27	128.39	0.50
Dec. 31, 2010	41.76	41 160	986	1.24	1.24	145.87	0.55
Series F							
Dec. 31, 2014	35.03	2 216	63	1.00	1.00	69.71	0.22
Dec. 31, 2013	37.10	3 865	104	1.00	1.00	127.17	0.30
Dec. 31, 2012	34.02	4 118	121	1.00	1.00	103.36	0.32
Dec. 31, 2011	37.59	6 587	175	1.00	1.00	128.39	0.50
Dec. 31, 2010	44.80	6 071	136	0.98	0.98	145.87	0.55
Series I							
Dec. 31, 2014	35.28	1	—	0.78	0.78	69.71	0.22
Dec. 31, 2013	37.27	1	—	0.79	0.79	127.17	0.30
Dec. 31, 2012 ⁵	34.06	1	—	0.85	0.85	103.36	0.32



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data (cont.)

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series 0							
Dec. 31, 2014	32.44	1 671	52	0.02	0.02	69.71	0.22
Dec. 31, 2013	34.03	1 264	37	0.02	0.02	127.17	0.30
Dec. 31, 2012	30.90	802	26	0.02	0.02	103.36	0.32
Dec. 31, 2011 ⁶	33.82	—	—	0.02	0.02	128.39	0.50

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From August 11, 2014.

⁵ From July 9, 2012.

⁶ From July 11, 2011.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.85%	62%	38%
Advisor Series	1.85%	62%	38%
Series H	1.75%	66%	34%
Series D	1.00%	25%	75%
Series F	0.75%	—	100%
Series I	0.60%	—	100%

Series 0 – no management fees are paid by the Fund with respect to Series 0 units. Series 0 unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

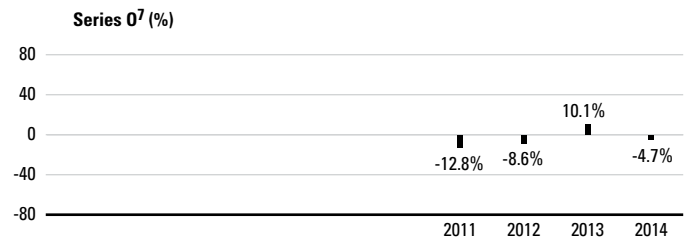
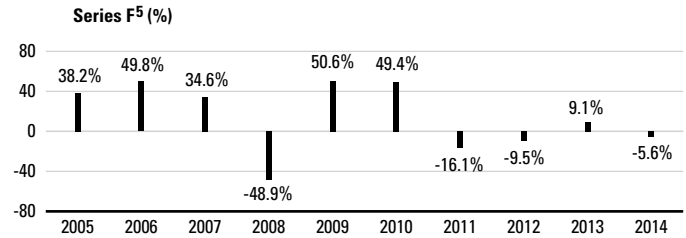
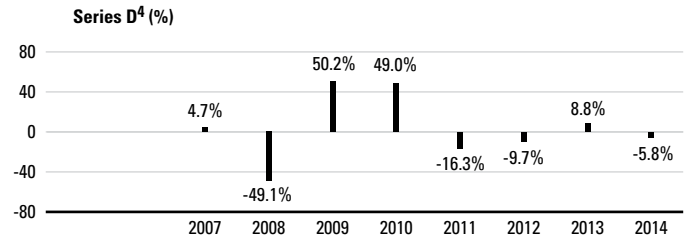
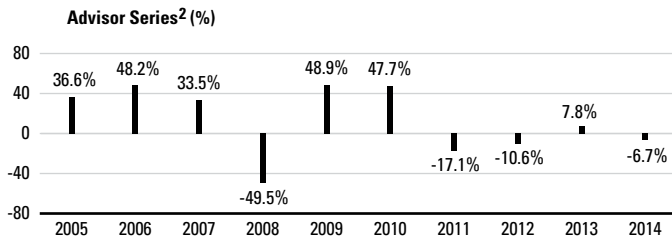
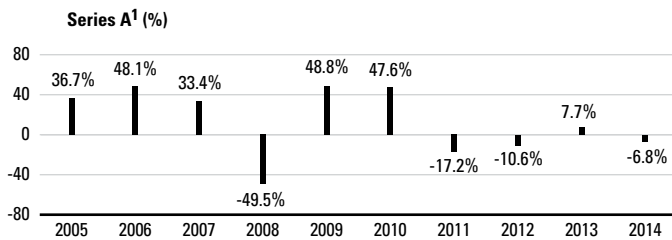


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

The blended benchmark (the "Benchmark") is composed of:

- 65% MSCI World Index – Energy (CAD)
- 35% MSCI World Index – Materials (CAD)

The broad-based index is the MSCI World Total Return Net Index (CAD).

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	-6.8	-3.5	1.9	8.3	–
Benchmark	-1.0	7.0	5.0	5.9	–
Broad-based index	14.4	20.5	12.4	5.7	–
Advisor Series ²	-6.7	-3.5	1.9	8.4	–
Benchmark	-1.0	7.0	5.0	5.9	–
Broad-based index	14.4	20.5	12.4	5.7	–
Series H ³	–	–	–	–	-17.4
Benchmark	–	–	–	–	-11.5
Broad-based index	–	–	–	–	4.9
Series D ⁴	-5.8	-2.6	2.9	–	-1.1
Benchmark	-1.0	7.0	5.0	–	1.2
Broad-based index	14.4	20.5	12.4	–	4.5
Series F ⁵	-5.6	-2.3	3.2	9.6	–
Benchmark	-1.0	7.0	5.0	5.9	–
Broad-based index	14.4	20.5	12.4	5.7	–
Series I ⁶	-5.3	–	–	–	4.1
Benchmark	-1.0	–	–	–	10.1
Broad-based index	14.4	–	–	–	23.3
Series O ⁷	-4.7	-1.4	–	–	-5.0
Benchmark	-1.0	7.0	–	–	4.2
Broad-based index	14.4	20.5	–	–	17.0

The returns of each series may vary because of differences in management fees and expenses. The Benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark and broad-based indexes.

¹ Inception date December 29, 2000.

² Inception date August 6, 2003.

³ Inception date August 11, 2014.

⁴ Inception date July 3, 2007.

⁵ Inception date August 13, 2001.

⁶ Inception date July 9, 2012.

⁷ Inception date July 11, 2011.

INDEX DESCRIPTIONS

MSCI World Index – Energy (CAD) This sub-index is a measure of the Canadian dollar performance of the stocks in the Energy sector in the MSCI World Index.

MSCI World Index – Materials (CAD) This sub-index is a measure of the Canadian dollar performance of stocks in the Materials sector in the MSCI World Index.

MSCI World Total Return Net Index (CAD) This index is the capitalization-weighted index measuring the Canadian dollar performance of selected companies listed on stock exchanges in countries around the world. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix – Sectors

	% of Net Asset Value
Oil, Gas and Consumable Fuels	45.2
Chemicals	22.1
Metals and Mining	17.4
Energy Equipment and Services	4.0
Containers and Packaging	3.6
Construction Materials	3.1
Other Sectors	2.6
Cash/Other	2.0

Investment Mix – Countries/Regions

	% of Net Asset Value
United States	57.4
Canada	24.9
United Kingdom	4.5
Other Countries	4.3
France	3.5
Germany	3.4
Cash/Other	2.0

Top 25 Holdings

	% of Net Asset Value
Suncor Energy Inc.	4.0
Exxon Mobil Corp.	3.8
Anadarko Petroleum Corp.	3.7
Halliburton Co.	3.5
Total S.A.	3.5
Monsanto Co.	2.9
EOG Resources Inc.	2.8
Glencore Plc.	2.6
International Flavors & Fragrances Inc.	2.5
EQT Corp.	2.5
Cash & Cash Equivalents	2.4
Nucor Corp.	2.3
Pioneer Natural Resources Co.	2.3
Dow Chemical Company	2.3
Cemex S.A. de CV ADR	2.1
Praxair Inc.	2.1
Ecolab Inc.	2.1
Chevron Corp.	2.0
Concho Resources Inc.	2.0
Sherwin-Williams Co.	2.0
Range Resources Corp.	2.0
Potash Corporation of Saskatchewan Inc.	2.0
Cabot Oil & Gas Corp.	1.9
BHP Billiton Plc.	1.9
Lundin Mining Corp.	1.5
Top 25 Holdings	62.7

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



GLOBAL EQUITY FUND

RBC GLOBAL TECHNOLOGY FUND

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term capital growth by investing primarily in equity securities of companies operating in various countries around the world that develop or market technology and telecommunications products and services.

The Fund invests in global companies with a leading market position, high and sustainable profitability, sound finances and attractive valuations relative to peers and the market. The Fund will focus on mid- to large-cap stocks, but will also invest in smaller companies.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$35 million as of December 31, 2014, from \$26 million at the end of 2013. The change was due to net inflows and investment returns.

Over the past year, the Fund's Series A units gained 19.2%, which underperformed the 26.5% rise in the benchmark. The broad-based index rose 14.4%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The global Information Technology sector outperformed the broader stock market in 2014. Among the leading technology areas were computers and related equipment, semiconductors, makers of gear used to manufacture semiconductors, and software used by large companies and organizations. The Fund underperformed given its holdings of stocks in technology services such as IBM. Stocks that contributed to returns included Apple Inc., Avago Technologies and Western Digital.

The landscape for technology stocks remained conducive to growth, with relatively low inflation and falling government-bond yields. The dramatic decline in oil prices during the second half of the year provided another tailwind for technology and the broader global economy.

The Fund allocated significant assets to companies that benefit from short-term product cycles such as Apple's iPhone 6 smartphone. Also represented were companies involved in longer-term developments such as cloud computing, which lets people and businesses store data cheaply in remote locations. The strong U.S. dollar was a positive for the Fund's U.S.-based companies, which are able to lower costs when they manufacture overseas and whose stocks rise in U.S. dollar terms.

Portfolio turnover is normally high for the Fund given the sector's volatility. As a result, the portfolio manager actively manages the portfolio to capture profits and/or minimize losses.

Recent Developments

The portfolio manager remains optimistic about technology stocks as numerous companies are reaping the benefits of new products at a time when inflation is low and commodity prices are falling. However, the portfolio manager continues to believe that the U.S. Federal Reserve will have to strike a delicate balance between providing sufficient liquidity to keep the market's current momentum in place, while at the same time remaining mindful that sometime in the foreseeable future the U.S. economy will eventually have to expand with less help from monetary policy. The portfolio manager expects gains in stocks in 2015, but higher equity valuations make it important that greater care is taken when choosing investments.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series and Series D units.



Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$2,000 (2013 – \$2,000) or 2% (2013 – 3%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2014	2.71	0.03	(0.07)	0.53	–	0.49	–	–	–	–	–	3.23
Dec. 31, 2013	1.93	0.02	(0.05)	0.57	0.23	0.77	–	–	–	–	–	2.71
Dec. 31, 2012	1.83	0.02	(0.04)	0.08	0.04	0.10	–	–	–	–	–	1.93
Dec. 31, 2011	1.99	0.01	(0.04)	(0.08)	(0.15)	(0.26)	–	–	–	–	–	1.83
Dec. 31, 2010	1.69	0.01	(0.04)	0.28	0.06	0.31	–	–	–	–	–	1.99
Advisor Series												
Dec. 31, 2014	2.76	0.03	(0.07)	0.54	0.01	0.51	–	–	–	–	–	3.29
Dec. 31, 2013	1.97	0.02	(0.05)	0.58	0.24	0.79	–	–	–	–	–	2.76
Dec. 31, 2012	1.87	0.02	(0.04)	0.08	0.04	0.10	–	–	–	–	–	1.97
Dec. 31, 2011	2.04	0.01	(0.04)	(0.08)	(0.15)	(0.26)	–	–	–	–	–	1.87
Dec. 31, 2010	1.72	0.01	(0.04)	0.29	0.06	0.32	–	–	–	–	–	2.04
Series D												
Dec. 31, 2014	2.88	0.04	(0.04)	0.57	0.01	0.58	–	–	–	–	–	3.47
Dec. 31, 2013	2.03	0.02	(0.03)	0.60	0.25	0.84	–	–	–	–	–	2.88
Dec. 31, 2012	1.91	0.02	(0.03)	0.08	0.04	0.11	–	–	–	–	–	2.03
Dec. 31, 2011	2.06	0.01	(0.03)	(0.08)	(0.15)	(0.25)	–	–	–	–	–	1.91
Dec. 31, 2010	1.73	0.01	(0.02)	0.29	0.06	0.34	–	–	–	–	–	2.06
Series F												
Dec. 31, 2014	3.19	0.04	(0.03)	0.63	0.01	0.65	–	–	–	–	–	3.84
Dec. 31, 2013	2.24	0.02	(0.03)	0.67	0.27	0.93	–	–	–	–	–	3.19
Dec. 31, 2012	2.10	0.02	(0.02)	0.09	0.05	0.14	–	–	–	–	–	2.24
Dec. 31, 2011	2.26	0.01	(0.02)	(0.08)	(0.15)	(0.24)	–	–	–	–	–	2.10
Dec. 31, 2010	1.89	0.01	(0.02)	0.32	0.06	0.37	–	–	–	–	–	2.26

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2014	3.23	24 620	7 634	2.27	2.28	494.71	0.33
Dec. 31, 2013	2.71	20 088	7 422	2.28	2.28	325.83	0.32
Dec. 31, 2012	1.93	15 973	8 272	2.27	2.27	271.49	0.18
Dec. 31, 2011	1.83	16 461	8 976	2.28	2.28	297.92	0.27
Dec. 31, 2010	2.00	15 251	7 639	2.23	2.23	239.96	0.29
Advisor Series							
Dec. 31, 2014	3.29	1 378	419	2.26	2.27	494.71	0.33
Dec. 31, 2013	2.76	1 392	504	2.29	2.29	325.83	0.32
Dec. 31, 2012	1.97	1 072	544	2.21	2.21	271.49	0.18
Dec. 31, 2011	1.87	914	488	2.24	2.24	297.92	0.27
Dec. 31, 2010	2.04	169	83	2.19	2.19	239.96	0.29
Series D							
Dec. 31, 2014	3.47	8 217	2 368	1.25	1.26	494.71	0.33
Dec. 31, 2013	2.88	4 418	1 532	1.27	1.27	325.83	0.32
Dec. 31, 2012	2.04	2 986	1 466	1.28	1.28	271.49	0.18
Dec. 31, 2011	1.92	3 163	1 651	1.28	1.28	297.92	0.27
Dec. 31, 2010	2.06	2 524	1 223	1.26	1.26	239.96	0.29
Series F							
Dec. 31, 2014	3.84	467	121	0.98	0.99	494.71	0.33
Dec. 31, 2013	3.19	479	150	1.02	1.02	325.83	0.32
Dec. 31, 2012	2.24	487	217	0.99	0.99	271.49	0.18
Dec. 31, 2011	2.10	545	259	1.03	1.03	297.92	0.27
Dec. 31, 2010	2.26	98	43	1.01	1.01	239.96	0.29

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.85%	62%	38%
Advisor Series	1.85%	62%	38%
Series D	1.00%	25%	75%
Series F	0.75%	—	100%

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

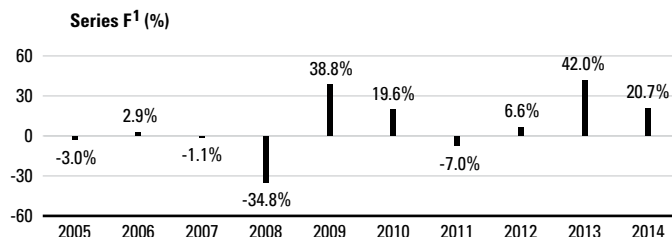
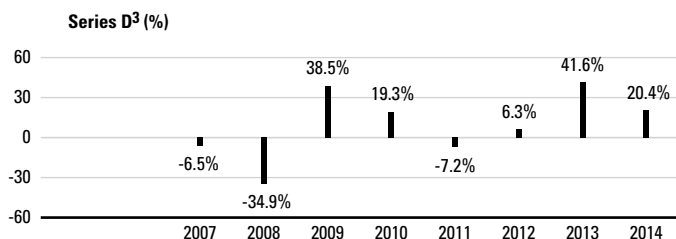
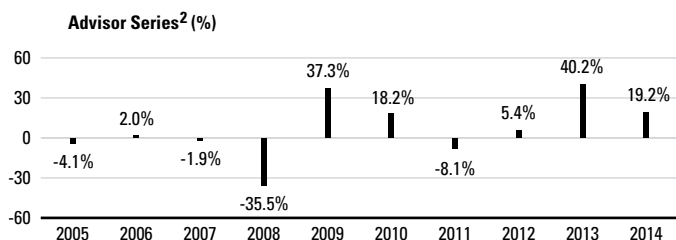
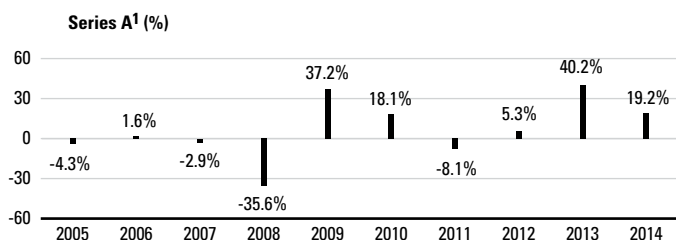


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

MSCI World Index – Information Technology (CAD)

The broad-based index is the MSCI World Total Return Net Index (CAD).

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A ¹	19.2	20.7	13.8	4.8	–
Benchmark	26.5	24.4	15.0	7.1	–
Broad-based index	14.4	20.5	12.4	5.7	–
Advisor Series ²	19.2	20.7	13.8	5.0	–
Benchmark	26.5	24.4	15.0	7.1	–
Broad-based index	14.4	20.5	12.4	5.7	–
Series D ³	20.4	21.9	14.9	–	7.2
Benchmark	26.5	24.4	15.0	–	8.1
Broad-based index	14.4	20.5	12.4	–	4.5
Series F ¹	20.7	22.2	15.2	6.1	–
Benchmark	26.5	24.4	15.0	7.1	–
Broad-based index	14.4	20.5	12.4	5.7	–

The returns of each series may vary because of differences in management fees and expenses. The Benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark and broad-based indexes.

¹ Inception date June 28, 2002.

² Inception date August 6, 2003.

³ Inception date July 3, 2007.

INDEX DESCRIPTIONS

MSCI World Index – Information Technology (CAD) This index is the capitalization-weighted index measuring the Canadian dollar performance of selected information technology companies listed on stock exchanges in countries around the world.

MSCI World Total Return Net Index (CAD) This index is the capitalization-weighted index measuring the Canadian dollar performance of selected companies listed on stock exchanges in countries around the world. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix – Sectors

	% of Net Asset Value
Software	24.0
Semiconductors and Semiconductor Equipment	22.1
Technology Hardware, Storage and Peripherals	13.4
Internet Software and Services	11.2
Communications Equipment	8.9
IT Services	8.4
Electronic Equipment and Instruments	5.0
Other Sectors	5.0
Cash/Other	2.0

Investment Mix – Countries/Regions

	% of Net Asset Value
United States	83.3
Other Countries	8.4
Ireland	2.5
Germany	2.0
Israel	1.8
Cash/Other	2.0

Top 25 Holdings

	% of Net Asset Value
Apple Inc.	6.2
Microsoft Corp.	3.1
Cash & Cash Equivalents	2.0
Micron Technology Inc.	2.0
Intel Corp.	1.9
Hewlett-Packard Co.	1.8
Seagate Technology	1.8
Cisco Systems Inc.	1.8
Western Digital Corp.	1.6
Facebook Inc., Class A	1.6
Tableau Software Inc.	1.5
NetSuite Inc.	1.5
Palo Alto Networks Inc.	1.5
Skyworks Solutions Inc.	1.5
Fortinet Inc.	1.5
Sandisk Corp.	1.4
F5 Networks Inc.	1.4
Alibaba Group Holding Ltd. ADR	1.4
Broadcom Corp.	1.4
Monolithic Power Systems Inc.	1.4
Barracuda Networks Inc.	1.4
Oracle Corporation	1.4
Qlik Technologies Inc.	1.4
Proofpoint Inc.	1.3
Corning Inc.	1.3
Top 25 Holdings	45.1

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.



FIXED INCOME

**RBC PRIVATE SHORT-TERM
INCOME POOL**

December 31, 2014

Portfolio Manager *RBC Global Asset Management Inc. ("RBC GAM")*

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling us at 1-800-662-0652, by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide a competitive level of monthly income by investing primarily in short-term, high-quality fixed-income securities issued or guaranteed by Canadian federal, provincial or municipal governments or corporations, asset-backed securities and corporate bonds.

The Fund's assets have an average maturity of two to five years. The Fund invests no more than 40% of its assets in high-quality first mortgages on Canadian residential property insured by the Canada Mortgage and Housing Corporation. Corporate bonds have a minimum rating of BBB as rated by the Dominion Bond Rating Service or its equivalent.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$1.1 billion as of December 31, 2014, from \$837 million at the end of 2013. Most of the change was due to net inflows.

Over the past year, the Fund's Series O units gained 3.3%, which outperformed the 2.8% rise in the benchmark. The broad-based index rose 8.8%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

Short-term fixed-income yields declined – sending bond prices higher – for most of 2014. The trend went against the broad expectation among mainstream investors that yields would rise as the U.S. economy gathered momentum during the year. While an economic recovery did materialize in the U.S., Europe slipped back into recession amid concern that inflation was too low. Growth in Asia, and China in particular, fell short of the heated economic growth pace of the past decade. Substandard global growth was generally faulted as the cause of uncomfortably low inflation, prompting central banks to adopt policies aimed at supporting economic growth. Geopolitical concerns in Ukraine and the Middle East did not abate, and later in the year substantial declines in global energy prices introduced new concern over fiscal performance in Russia and other oil-exporting nations.

These forces all contributed to the fall in fixed-income yields, which reflected a flight to quality as well as a view that deflation pressures were more of an immediate concern. Once the U.S. Federal Reserve (the "Fed") had wound down its bond-purchase program later in 2014, investors turned their attention to whether the overall economic environment was strong enough for the Fed to begin raising its benchmark interest rate sometime in 2015.

The portfolio manager kept the Fund's exposure to corporate credit unchanged through the year, as corporate earnings and balance sheets remained healthy. Cash positions were maintained at a minimum for most of the year. Later in the year, however, the portfolio manager built up cash positions amid overstretched valuations and a desire to capitalize on the fact that cash yielded more than short-term bonds. This strategy resulted in the Fund being less sensitive than its benchmark to changes in interest rates.

Recent Developments

Yields at historically low levels suggest that bonds may be overvalued, and the portfolio manager believes that interest rates should rise when energy prices stabilize and as the Fed abandons emergency-level monetary policy and begins to boost benchmark interest rates sometime in 2015. Such a decision by the Fed would be a turning point for North American fixed-income markets. Running counter to this dynamic is the possibility that global growth will continue to founder, which may stay the Fed's hand for a few quarters. The portfolio manager anticipates that a rise in benchmark rates would make short-term rates relatively attractive as longer-term yields could decline due to low inflation. Consequently, the Fund's immediate-term strategy will be to maintain higher cash holdings alongside corporate exposure until such time as valuations improve.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.



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

Distributor

RBC GAM is the principal distributor of the Fund. Royal Mutual Funds Inc. and RBC Dominion Securities Inc. also distribute units of the Fund.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrar

RBC IS is the registrar of the Fund and keeps records of who owns the units of the Fund. The registrar also processes orders and issues account statements.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund’s financial performance for the past five years or for the periods since inception. This information is derived from the Fund’s audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards (“IFRS”). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). “Net Assets,” for the periods prior to 2014, are calculated in accordance with GAAP, and “Net Asset Value” is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between “Net Assets” and “Net Asset Value” under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series F												
Dec. 31, 2014	103.54	2.93	(0.45)	(0.28)	0.68	2.88	(2.48)	–	–	–	(2.48)	104.02
Dec. 31, 2013	104.31	3.18	(0.47)	(0.33)	(0.57)	1.81	(2.75)	–	–	–	(2.75)	103.44
Dec. 31, 2012	105.45	3.72	(0.45)	(0.14)	(0.79)	2.34	(3.31)	–	–	–	(3.31)	104.31
Dec. 31, 2011	104.37	4.00	(0.43)	0.44	0.70	4.71	(3.55)	–	–	–	(3.55)	105.45
Dec. 31, 2010	104.81	4.20	(0.44)	0.60	(1.11)	3.25	(3.80)	–	–	–	(3.80)	104.37
Series O												
Dec. 31, 2014	103.74	2.92	(0.06)	(0.28)	0.68	3.26	(2.86)	–	–	–	(2.86)	104.23
Dec. 31, 2013	104.55	3.21	(0.06)	(0.34)	(0.58)	2.23	(3.18)	–	–	–	(3.18)	103.64
Dec. 31, 2012	105.58	3.69	(0.06)	(0.14)	(0.79)	2.70	(3.63)	–	–	–	(3.63)	104.55
Dec. 31, 2011	104.40	3.93	(0.05)	0.43	0.69	5.00	(3.84)	–	–	–	(3.84)	105.58
Dec. 31, 2010	104.75	4.18	(0.06)	0.60	(1.11)	3.61	(4.09)	–	–	–	(4.09)	104.40

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series F							
Dec. 31, 2014	104.02	13 408	129	0.43	0.43	33.94	—
Dec. 31, 2013	103.54	12 619	122	0.45	0.45	40.99	—
Dec. 31, 2012	104.54	7 599	73	0.43	0.43	28.40	—
Dec. 31, 2011	105.56	14 201	135	0.42	0.42	60.00	—
Dec. 31, 2010	104.48	20 368	195	0.42	0.42	53.99	—
Series O							
Dec. 31, 2014	104.23	1 074 039	10 304	0.06	0.06	33.94	—
Dec. 31, 2013	103.74	824 738	7 950	0.06	0.06	40.99	—
Dec. 31, 2012	104.76	765 050	7 303	0.06	0.06	28.40	—
Dec. 31, 2011	105.70	660 718	6 251	0.05	0.05	60.00	—
Dec. 31, 2010	104.51	482 291	4 615	0.05	0.05	53.99	—

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. The management fee with respect to Series F units is payable by the Fund on a monthly basis and calculated at the annual percentages, before GST/HST, of the daily net asset value of Series F units of the Fund. The management fee in respect of Series F units is 100% for management, investment advisory services, general administration and profit. No amount is paid out of the management fee for distribution services.

The management fee with respect to Series O units is payable directly to RBC GAM by unitholders or distributors, and therefore is not charged to the Fund.

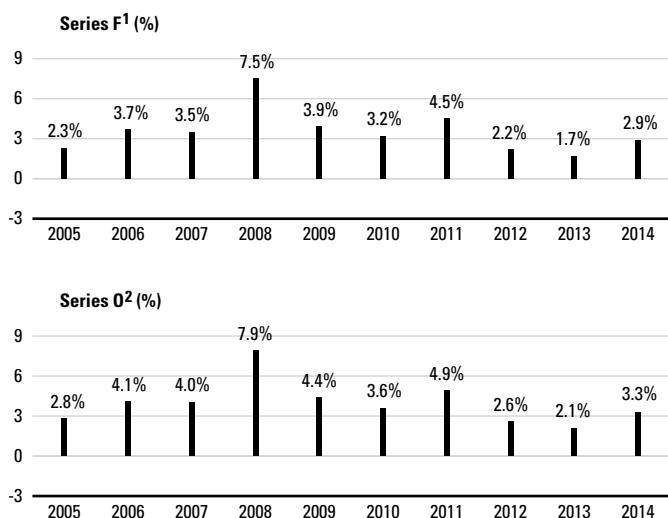


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, or optional charges, or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

FTSE TMX Canada Short Term Government Bond Index

The broad-based index is the FTSE TMX Canada Universe Bond Index.

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series F ¹	2.9	2.3	2.9	3.5	—
Benchmark	3.1	2.3	3.0	3.8	—
Broad-based index	8.8	3.7	5.4	5.3	—
Series O ²	3.3	2.6	3.3	3.9	—
Benchmark	3.1	2.3	3.0	3.8	—
Broad-based index	8.8	3.7	5.4	5.3	—

The returns of each series may vary because of differences in management fees and expenses. The Benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark and broad-based indexes.

¹ Inception date November 1, 2003.

² Inception date August 21, 2003.

INDEX DESCRIPTIONS

FTSE TMX Canada Short Term Government Bond Index* This index is a measure of the performance of Canadian bonds with terms to maturity of one to five years and is a good proxy for a short-term fixed-income investment.

FTSE TMX Canada Universe Bond Index* This index is designed as a broad measure of the Canadian investment-grade fixed-income market and includes bonds with maturities of at least one year.

* FTSE TMX fixed-income benchmarks were known as the DEX benchmarks before a name change.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Corporate Bonds	58.3
Provincial Bonds	20.1
Federal Bonds	13.9
Mortgage-Backed Securities	0.3
Cash/Other	7.4

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	6.9
Canada Housing Trust No. 1 2.050% Jun 15 17	4.9
Province of Ontario 2.100% Sep 8 19	2.6
Province of Ontario 1.900% Sep 8 17	2.4
Canada Housing Trust No. 1 1.700% Dec 15 17	2.1
Toronto-Dominion Bank 2.447% Apr 2 19	1.8
Government of Canada 1.500% Feb 1 17	1.8
Province of Alberta 1.600% Jun 15 18	1.7
Canadian Imperial Bank of Commerce 2.650% Nov 8 16	1.7
Financement-Québec 4.250% Dec 1 15	1.6
Bank of Nova Scotia 2.462% Mar 14 19	1.6
Bank of Montreal 3.210% Sep 13 18	1.6
Bank of Montreal 2.430% Mar 4 19	1.5
Government of Canada 1.250% Sep 1 18	1.4
Province of Quebec 4.500% Dec 1 17	1.4
Royal Bank of Canada 2.770% Dec 11 18	1.4
Province of Ontario 3.150% Sep 8 15	1.4
Province of Ontario 4.300% Mar 8 17	1.4
Bank of Montreal 2.240% Dec 11 17	1.4
Province of Ontario 2.100% Sep 8 18	1.3
Toronto-Dominion Bank 2.171% Apr 2 18	1.3
National Bank of Canada 1.951% Dec 11 17	1.2
Province of Manitoba 4.300% Mar 1 16	1.1
Bank of Nova Scotia 2.242% Mar 22 18	1.1
HSBC Bank Canada 2.491% May 13 19	1.1
Top 25 Holdings	47.7

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available by calling us at 1-800-662-0652.



FIXED INCOME

RBC PRIVATE CANADIAN BOND POOL

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling us at 1-800-662-0652, by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term total returns consisting primarily of interest income and moderate capital growth. The Fund invests primarily in high-quality fixed-income securities issued by Canadian governments and corporations and may invest up to 20% of the portfolio in foreign securities.

The Fund uses a disciplined approach to assess opportunities based on the overall direction of interest rates, expected changes in interest rate spreads, changes in individual credit ratings or quality perceptions and foreign currency risk. No more than 20% of the Fund's assets may be invested in securities rated below BBB by Standard & Poor's or its equivalent. The Fund may invest its assets in other mutual funds managed by RBC GAM or an affiliate.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$1.6 billion as of December 31, 2014, from \$1.1 billion at the end of 2013. Most of the change was due to net inflows.

Over the 12 months, the Fund's Series O units gained 9.0%, which outperformed the 8.8% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

Bond yields, both in Canada and globally, declined during the period amid geopolitical conflict, the spread of the deadly Ebola virus and looser European and Japanese monetary policies driven by slowing economic growth and fears of deflation. The end of the U.S. Federal Reserve's (the "Fed") bond-buying program in October was met with little fanfare, as investors turned their attention to Japan's launch of additional monetary stimulus and measures by Eurozone central bankers to support the economy and, more importantly, prevent deflation. Global deflationary forces were a large part of the reason that yields resisted the predictions of many investors that they would head higher during the year.

In this environment, Canadian bonds performed in line with U.S. fixed income. Canadian bond yields tend to fall less than U.S. yields in periods when interest rates are falling – usually leading to worse returns for Canadian bonds. However, this was not the case in 2014, as strong foreign demand for provincial bonds and Canadian corporate securities supported domestic bond prices. Another development that kept Canadian bond yields in check was the relative weakness of the Canadian economy, which reduced pressure on the Bank of Canada (the "BOC") to raise interest rates.

Provincial bonds were the best-performing asset in the Fund's benchmark. As a result, the Fund's overweight position in provincial securities was positive for relative performance. On a maturity basis, securities with terms exceeding 10 years performed best, boosted by investor demand for higher yields in the low-interest-rate environment. Demand for longer-term assets was also bolstered by subdued inflation.

Recent Developments

The Canadian economy is now faced with the need to adjust to declining oil prices, which fell to the lowest levels in five years late in 2014. Concern about the impact of falling oil prices on the Canadian economy prompted the BOC to cut its benchmark interest rate early in 2015. Over the next 12 months, the portfolio manager expects global bond yields to trade within recent ranges. However, yields should rise gradually assuming that U.S. unemployment stays low and the U.S. Fed starts the process of lifting benchmark interest rates from the extraordinarily low levels that had been warranted since the financial crisis.

Close attention needs to be paid to global events. Large-scale bond-buying in the Eurozone would force down yields in Europe, making higher-yielding Canadian bonds relatively attractive. Demand for income makes corporate and provincial bonds attractive relative to government bonds, and additional yield offered by these securities would help offset capital losses as yields rise. The Fund plans to maintain overweight positions in both areas.



Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributor

RBC GAM is the principal distributor of the Fund. Royal Mutual Funds Inc. and RBC Dominion Securities Inc. also distribute units of the Fund.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrar

RBC IS is the registrar of the Fund and keeps records of who owns the units of the Fund. The registrar also processes orders and issues account statements.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series F												
Dec. 31, 2014	118.14	4.34	(0.59)	0.26	5.93	9.94	(3.73)	—	—	—	(3.73)	124.36
Dec. 31, 2013	123.55	4.29	(0.59)	—	(5.50)	(1.80)	(3.72)	—	—	—	(3.72)	118.06
Dec. 31, 2012	123.49	4.48	(0.60)	0.77	(0.52)	4.13	(3.88)	—	—	—	(3.88)	123.55
Dec. 31, 2011	116.90	4.65	(0.56)	1.99	4.58	10.66	(4.10)	—	—	—	(4.10)	123.49
Dec. 31, 2010	114.81	5.00	(0.55)	1.43	1.43	7.31	(4.52)	—	(0.69)	—	(5.21)	116.90
Series O												
Dec. 31, 2014	118.35	4.31	(0.04)	0.26	5.89	10.42	(4.24)	—	—	—	(4.24)	124.62
Dec. 31, 2013	123.73	4.28	(0.04)	—	(5.49)	(1.25)	(4.25)	—	—	—	(4.25)	118.27
Dec. 31, 2012	123.68	4.49	(0.04)	0.78	(0.52)	4.71	(4.45)	—	—	—	(4.45)	123.73
Dec. 31, 2011	117.09	4.66	(0.03)	1.99	4.59	11.21	(4.67)	—	—	—	(4.67)	123.68
Dec. 31, 2010	114.95	5.01	(0.04)	1.43	1.43	7.83	(5.00)	—	(0.69)	—	(5.69)	117.09

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series F							
Dec. 31, 2014	124.36	48 981	394	0.49	0.49	22.26	—
Dec. 31, 2013	118.14	48 769	413	0.50	0.50	30.08	—
Dec. 31, 2012	123.79	52 421	423	0.49	0.49	26.93	—
Dec. 31, 2011	123.58	53 648	434	0.49	0.49	50.42	—
Dec. 31, 2010	116.98	65 908	563	0.48	0.48	35.62	—
Series O							
Dec. 31, 2014	124.62	1 543 005	12 381	0.04	0.04	22.26	—
Dec. 31, 2013	118.35	1 042 290	8 807	0.04	0.04	30.08	—
Dec. 31, 2012	123.97	874 144	7 051	0.04	0.04	26.93	—
Dec. 31, 2011	123.76	831 017	6 715	0.04	0.04	50.42	—
Dec. 31, 2010	117.17	829 630	7 081	0.03	0.03	35.62	—

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. The management fee with respect to Series F units is payable by the Fund on a monthly basis and calculated at the annual percentages, before GST/HST, of the daily net asset value of Series F units of the Fund. The management fee in respect of Series F units is 100% for management, investment advisory services, general administration and profit. No amount is paid out of the management fee for distribution services.

The management fee with respect to Series O units is payable directly to RBC GAM by unitholders or distributors, and therefore is not charged to the Fund.

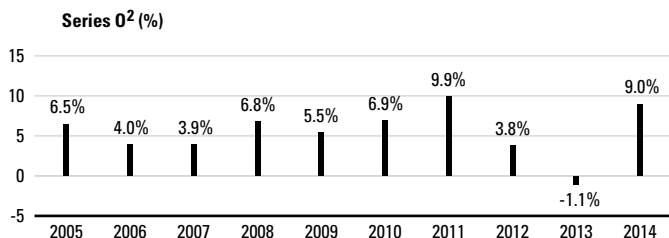
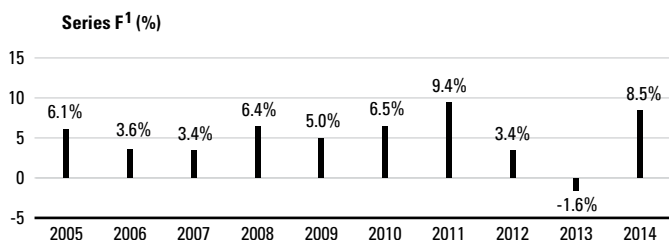


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, or optional charges, or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

FTSE TMX Canada Universe Bond Index

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series F ¹	8.5	3.4	5.2	5.0	—
Benchmark	8.8	3.7	5.4	5.3	—
Series O ²	9.0	3.8	5.6	5.5	—
Benchmark	8.8	3.7	5.4	5.3	—

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date November 1, 2003.

² Inception date August 21, 2003.

INDEX DESCRIPTION

FTSE TMX Canada Universe Bond Index* This index is designed as a broad measure of the Canadian investment-grade fixed-income market and includes bonds with maturities of at least one year.

* FTSE TMX fixed-income benchmarks were known as the DEX benchmarks before a name change.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Provincial/Municipal	38.2
Corporate	35.4
Federal	23.7
Supranational	0.1
Cash/Other	2.6

Top 25 Holdings

	% of Net Asset Value
RBC Private Corporate Bond Pool	20.7
Province of Ontario 3.450% Jun 2 45	3.7
Government of Canada 1.500% Sep 1 17	3.5
Province of Quebec 3.750% Sep 1 24	2.6
Province of Quebec 4.500% Dec 1 17	2.3
Canada Housing Trust No. 1 3.350% Dec 15 20	2.2
Province of Ontario 3.500% Jun 2 24	2.2
Cash & Cash Equivalents	2.2
Province of Ontario 4.650% Jun 2 41	2.1
Province of Ontario 3.150% Jun 2 22	2.0
Government of Canada 1.750% Sep 1 19	1.9
Canada Housing Trust No. 1 1.850% Dec 15 16	1.9
Province of Ontario 2.850% Jun 2 23	1.8
Government of Canada 5.750% Jun 1 33	1.7
Government of Canada 1.000% Nov 1 15	1.6
Government of Canada 3.500% Jun 1 20	1.5
Government of Canada 3.500% Dec 1 45	1.4
Province of Ontario 4.600% Jun 2 39	1.4
Province of Ontario 4.300% Mar 8 17	1.3
Province of Ontario 8.000% Dec 2 26	1.2
Government of Canada 2.750% Jun 1 22	1.2
Province of Ontario 2.100% Sep 8 18	1.2
Province of Ontario 4.000% Jun 2 21	1.1
Government of Canada 1.750% Mar 1 19	1.1
Government of Canada 1.250% Sep 1 18	1.1
Top 25 Holdings	64.9

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available by calling us at 1-800-662-0652.

The simplified prospectus and other information about the RBC Private Canadian Corporate Bond Pool are available on SEDAR website at www.sedar.com.



FIXED INCOME

RBC PRIVATE CANADIAN CORPORATE BOND POOL

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling us at 1-800-662-0652, by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term returns consisting primarily of interest income and moderate capital growth. The Fund invests in investment-grade fixed-income securities issued by Canadian corporations and may hold similar securities of U.S. corporations.

The Fund uses a disciplined approach to assess opportunities based on the overall direction of interest rates, expected changes in interest rate spreads, changes in individual credit ratings or quality perceptions, foreign currency risk and corporate bond risk premium and rate change. The Fund may invest up to 30% of its assets in foreign securities and no more than 20% may be invested in securities rated below BBB by Dominion Bond Rating Service or its equivalent.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$1.9 billion as of December 31, 2014, from \$1.4 billion at the end of 2013. Most of the change was due to net inflows.

Over the past year, the Fund's Series O units gained 7.8%, which outperformed the 7.6% rise in the benchmark. The broad-based index rose 8.8%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The Canadian bond market rallied in 2014 along with most developed markets, as many investors sought safety in less-risky investments, particularly in the second half of the year. Prices for both Canadian corporate and government bonds rose over the year as yields declined, with maturities longer than 10 years recording the largest gains. Bonds in the Industrials sector and infrastructure bonds with longer maturities performed best.

The premium earned on corporate bonds over similar-maturity government bonds fell during the first six months of 2014, helping the corporate-bond market to outperform the government market through the end of June. However, the premium returned to levels above where they started the year, meaning that Canadian corporate bonds underperformed the government bond market for 2014 as a whole.

The Canadian economy performed reasonably well in 2014, helped by an export-led rebound through the second quarter. While declining oil prices started to eat into growth as the year progressed, the macroeconomic environment was ideal for bonds. The economic expansion was fast enough to ensure that companies could more than cover their debt payments, but not fast enough to result in a significant increase in interest rates. Inflation remained within the Bank of Canada's (the "BOC") range of acceptable, allowing the central bank to avoid raising its benchmark policy rate even as concern mounted about rising housing prices.

The Fund's relative performance benefited from an overweight position in long-maturity Industrials bonds and exposure to the U.S. dollar, which rallied versus the Canadian dollar. The Fund's allocation to foreign bonds decreased in the first half of 2014, with holdings of high-yield bonds lowered to reduce the risk profile of the Fund.

Recent Developments

The Canadian economy has begun to slow, with the effects of much lower oil prices yet to come. The BOC continues to worry about historically high levels of Canadian household debt and the fallout from any significant decline in housing prices. Outside of Canada, the main concerns are geopolitical tensions, which could lead to further financial stresses in Europe and an economic disruption in China. Both these developments would reverberate through commodity markets.

The portfolio manager expects growth in Canada to rise this year, albeit gradually, aided by relatively strong U.S. growth. However, concern about the impact of falling oil prices on the Canadian economy prompted the BOC to cut its benchmark interest rate in early 2015. As economic growth picks up, interest rates should climb gradually. Close attention will need to be paid to global events as plans by the European Central Bank to embark on a large-scale bond-buying program would make Canadian bond yields relatively attractive. Demand for income makes corporate bonds even more attractive, and their additional yield would help offset capital losses as yields rise.



Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributor

RBC GAM is the principal distributor of the Fund. Royal Mutual Funds Inc. and RBC Dominion Securities Inc. also distribute units of the Fund.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrar

RBC IS is the registrar of the Fund and keeps records of who owns the units of the Fund. The registrar also processes orders and issues account statements.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series F												
Dec. 31, 2014	10.93	0.46	(0.07)	0.02	0.35	0.76	(0.39)	—	—	—	(0.39)	11.32
Dec. 31, 2013	11.23	0.47	(0.07)	0.05	(0.38)	0.07	(0.40)	—	—	—	(0.40)	10.91
Dec. 31, 2012	11.00	0.49	(0.07)	0.11	0.12	0.65	(0.43)	—	—	—	(0.43)	11.23
Dec. 31, 2011	10.65	0.53	(0.06)	0.06	0.29	0.82	(0.47)	—	—	—	(0.47)	11.00
Dec. 31, 2010	10.36	0.54	(0.06)	0.13	0.16	0.77	(0.48)	—	—	—	(0.48)	10.65
Series O												
Dec. 31, 2014	10.89	0.46	—	0.02	0.35	0.83	(0.45)	—	—	—	(0.45)	11.28
Dec. 31, 2013	11.19	0.47	—	0.05	(0.38)	0.14	(0.47)	—	—	—	(0.47)	10.87
Dec. 31, 2012	10.96	0.49	—	0.11	0.12	0.72	(0.49)	—	—	—	(0.49)	11.19
Dec. 31, 2011	10.61	0.53	—	0.06	0.29	0.88	(0.53)	—	—	—	(0.53)	10.96
Dec. 31, 2010	10.32	0.54	—	0.13	0.16	0.83	(0.54)	—	—	—	(0.54)	10.61

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series F							
Dec. 31, 2014	11.32	42 717	3 772	0.60	0.60	27.89	—
Dec. 31, 2013	10.93	36 346	3 325	0.62	0.62	22.85	—
Dec. 31, 2012	11.26	35 527	3 156	0.60	0.60	31.88	—
Dec. 31, 2011	11.03	37 461	3 397	0.60	0.60	49.36	—
Dec. 31, 2010	10.68	31 747	2 973	0.59	0.59	52.69	—
Series O							
Dec. 31, 2014	11.28	1 896 603	168 089	0.03	0.03	27.89	—
Dec. 31, 2013	10.89	1 412 211	129 647	0.03	0.03	22.85	—
Dec. 31, 2012	11.22	1 273 136	113 503	0.03	0.03	31.88	—
Dec. 31, 2011	10.99	1 171 429	106 632	0.03	0.03	49.36	—
Dec. 31, 2010	10.64	1 120 064	105 257	0.03	0.03	52.69	—

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. The management fee with respect to Series F units is payable by the Fund on a monthly basis and calculated at the annual percentages, before GST/HST, of the daily net asset value of Series F units of the Fund. The management fee in respect of Series F units is 100% for management, investment advisory services, general administration and profit. No amount is paid out of the management fee for distribution services.

The management fee with respect to Series O units is payable directly to RBC GAM by unitholders or distributors, and therefore is not charged to the Fund.

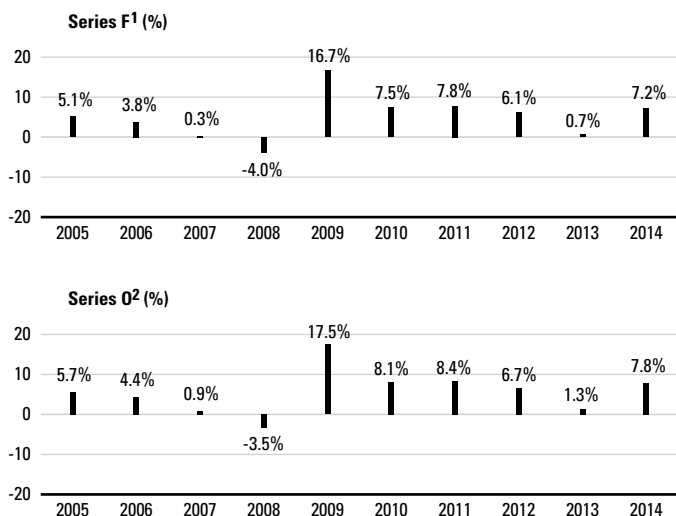


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, or optional charges, or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

FTSE TMX Corporate Bond Index

The broad-based index is the FTSE TMX Canada Universe Bond Index.

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series F ¹	7.2	4.6	5.8	5.0	—
Benchmark	7.6	4.8	6.0	5.8	—
Broad-based index	8.8	3.7	5.4	5.3	—
Series O ²	7.8	5.2	6.4	5.6	—
Benchmark	7.6	4.8	6.0	5.8	—
Broad-based index	8.8	3.7	5.4	5.3	—

The returns of each series may vary because of differences in management fees and expenses. The Benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark and broad-based indexes.

¹ Inception date November 1, 2003.

² Inception date August 21, 2003.

INDEX DESCRIPTIONS

FTSE TMX Corporate Bond Index* This index is a broad measure of the performance of Canadian corporate bonds that have a term to maturity of at least one year.

FTSE TMX Canada Universe Bond Index* This index is designed as a broad measure of the Canadian investment-grade fixed-income market and includes bonds with maturities of at least one year.

* FTSE TMX fixed-income benchmarks were known as the DEX benchmarks before a name change.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Canadian Bonds	93.8
Foreign Bonds	3.8
Cash/Other	2.4

Top 25 Holdings

	% of Net Asset Value
Hydro One Inc. 5.360% May 20 36	1.9
Toronto-Dominion Bank 4.779% Dec 14 16	1.8
Cash & Cash Equivalents	1.6
Greater Toronto Airports Authority 6.470% Feb 2 34	1.4
Canadian Imperial Bank of Commerce 2.350% Oct 18 17	1.3
Great-West Lifeco Inc. 6.740% Nov 24 31	1.2
Province of Ontario 3.500% Jun 2 24	1.2
Loblaw Companies Ltd. 5.900% Jan 18 36	1.2
Bell Canada 6.100% Mar 16 35	1.2
Bank of Montreal 3.210% Sep 13 18	1.2
Toronto-Dominion Bank 3.226% Jul 24 24	1.2
Province of Ontario 3.450% Jun 2 45	1.1
Canadian Imperial Bank of Commerce 2.220% Mar 7 18	1.1
Bank of Montreal 6.020% May 2 18	1.0
Toronto-Dominion Bank 2.447% Apr 2 19	1.0
Greater Toronto Airports Authority 7.100% Jun 4 31	1.0
Royal Bank of Canada 2.820% Jul 12 18	1.0
Bell Canada 4.400% Mar 16 18	0.9
Bank of Nova Scotia 2.370% Jan 11 18	0.9
Toronto-Dominion Bank 2.563% Jun 24 20	0.9
GE Capital Canada Funding Co. 5.680% Sep 10 19	0.9
HSBC Bank Canada 2.491% May 13 19	0.9
Royal Bank of Canada 2.364% Sep 21 17	0.9
Canadian Western Bank 3.077% Jan 14 19	0.9
Terasen Gas Inc. 5.900% Feb 26 35	0.9
Top 25 Holdings	28.6

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available by calling us at 1-800-662-0652.



BALANCED

RBC PRIVATE INCOME POOL

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling us at 1-800-662-0652, by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide a competitive monthly income stream through relatively tax-efficient distributions of dividend income, interest income and capital gains, and to provide the potential for modest capital growth.

The Fund invests primarily in higher-yielding Canadian fixed-income securities such as corporate bonds, debentures, notes and preferred shares, and higher-yielding Canadian common shares, real estate investment trusts, income trusts and other similar securities. Corporate bonds in the portfolio must have a minimum rating of BBB from Dominion Bond Rating Service or its equivalent. The Fund may also invest in comparable foreign securities.

The Fund's target weightings for each asset class are 50% for fixed income and 50% for equities. The target weightings for each asset class may be adjusted based on changes in the market outlook for each asset class.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value fell to \$248 million as of December 31, 2014, from \$287 million at the end of 2013. The change was due to net redemptions.

Over the past year, the Fund's Series O units gained 9.2%, which underperformed the 9.7% rise in the benchmark. The broad-based benchmark rose 7.6%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

In January 2014, the monthly distribution was raised to 49 cents per Series O unit. For the year, the Fund made total distributions of \$7.12 per Series O unit, consisting of \$3.56 per unit of dividends and \$3.56 per unit of income including a year-end distribution.

The Fund's overweight position in equities and underweight position in fixed income were positive for performance.

The S&P/TSX Composite Index rose through the first three quarters of 2014 and declined in the fourth quarter, trailing U.S. market returns for the year but outpacing those in other developed economies. A decline in commodity prices weighed on many global markets beginning in September, but the drop was more pronounced in the resource-heavy S&P/TSX index. Crude oil led the commodity-price declines, as OPEC opted to maintain production levels even with a global surplus caused by surging U.S. shale output. Slower economic growth in Europe and China also contributed to weaker demand for resources. Emerging-market economies broadly slowed during the year. The Canadian economy benefited from the steadily expanding U.S. economy, as gains in hiring and income boosted consumer spending.

In the equities segment of the portfolio, positive relative performance in the Utilities sector was offset by weaker performance in the Energy, Industrials and Consumer Staples sectors. In the Utilities sector, the Fund benefited from overweight allocations to Algonquin Power & Utilities and Emera. Overweight exposure to the Energy sector had a negative impact on performance because of the big drop in oil prices. Above-benchmark positions in Cenovus Energy, Crescent Point Energy and Bonavista Energy had the most negative impact on performance in the sector. In the Industrials sector, overweight allocations to Black Diamond and Russel Metals had a negative impact on returns as the companies underperformed the benchmark. In the Consumer Staples sector, a lack of exposure to Alimentation Couche-Tard hindered returns.

The Canadian bond market rallied in 2014 along with most developed markets, as many investors sought safety in less-risky investments, particularly in the second half of the year. Prices for both Canadian corporate and government bonds rose over the year as yields declined, with maturities longer than 10 years recording the largest gains. Bonds in the Industrials sector and infrastructure bonds with longer maturities performed best. An overweight position in the Industrials sector and an underweight allocation to Enbridge Inc. were good for relative performance.



Recent Developments

Recent Canadian economic data has been mixed, with the impact of falling crude-oil prices somewhat muted by a substantially weaker Canadian dollar. Oil prices are difficult to forecast in the short run, but it now appears that prices will be lower on average and more volatile than in the recent past. In the view of the portfolio manager, a weaker Canadian dollar, coupled with a stronger U.S. economy, suggests the potential for improving manufacturing exports.

However, falling energy prices and a fully valued housing market are likely to remain headwinds for the Canadian economy. Emerging-market economies are stabilizing, but Chinese economic growth has been slightly disappointing, and consumer confidence is declining across much of Asia.

The portfolio manager expects growth in Canada to rise this year, albeit gradually, aided by relatively strong U.S. growth. However, concern about the impact of falling oil prices on the Canadian economy prompted the BOC to cut its benchmark interest rate in early 2015. As economic growth picks up, interest rates should climb gradually. Close attention will need to be paid to global events as plans by the European Central Bank to embark on a large-scale bond-buying program would make Canadian bond yields relatively attractive. Demand for income makes corporate bonds even more attractive, and their additional yield would help offset capital losses as yields rise.

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RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrar

RBC IS is the registrar of the Fund and keeps records of who owns the units of the Fund. The registrar also processes orders and issues account statements.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$10,000 (2013 – \$4,000) or 16% (2013 – 10%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

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Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series T												
Dec. 31, 2014	170.36	6.38	(0.08)	5.66	3.83	15.79	(3.15)	(3.15)	–	(1.02)	(7.32)	178.63
Dec. 31, 2013	161.99	6.16	(0.07)	2.29	6.07	14.45	(3.13)	(3.06)	–	(0.41)	(6.60)	170.16
Dec. 31, 2012	154.45	5.98	(0.07)	2.86	5.08	13.85	(3.00)	(2.72)	–	(0.88)	(6.60)	161.99
Dec. 31, 2011	159.30	5.82	(0.07)	3.50	(6.90)	2.35	(3.80)	–	(2.47)	(1.38)	(7.65)	154.45
Dec. 31, 2010	147.97	6.28	(0.07)	5.47	6.54	18.22	(3.83)	(2.16)	–	(1.66)	(7.65)	159.30
Series F												
Dec. 31, 2014	179.30	6.73	(1.13)	5.97	4.04	15.61	(2.91)	(2.90)	–	–	(5.81)	188.89
Dec. 31, 2013	170.21	6.50	(1.04)	2.41	6.40	14.27	(2.91)	(2.83)	–	–	(5.74)	179.09
Dec. 31, 2012	161.54	6.27	(1.00)	3.00	5.32	13.59	(2.75)	(2.50)	–	–	(5.25)	170.21
Dec. 31, 2011	164.96	5.93	(0.95)	3.57	(7.02)	1.53	(3.26)	(2.14)	–	–	(5.40)	161.54
Dec. 31, 2010	151.80	6.46	(0.91)	5.62	6.72	17.89	(3.82)	(1.76)	–	–	(5.58)	164.96
Series O												
Dec. 31, 2014	178.97	6.68	(0.11)	5.92	4.01	16.50	(3.56)	(3.56)	–	–	(7.12)	188.24
Dec. 31, 2013	169.74	6.49	(0.10)	2.40	6.39	15.18	(3.29)	(3.21)	–	–	(6.50)	178.76
Dec. 31, 2012	161.09	6.26	(0.09)	2.99	5.31	14.47	(3.23)	(2.92)	–	–	(6.15)	169.74
Dec. 31, 2011	164.96	6.10	(0.09)	3.67	(7.22)	2.46	(4.06)	(2.67)	–	–	(6.73)	161.09
Dec. 31, 2010	151.68	6.45	(0.08)	5.61	6.71	18.69	(4.30)	(1.99)	–	–	(6.29)	164.96

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series T							
Dec. 31, 2014	178.63	104 136	583	0.05	0.05	16.06	0.03
Dec. 31, 2013	170.36	82 036	482	0.05	0.05	17.28	0.01
Dec. 31, 2012	162.31	82 755	510	0.05	0.05	23.95	0.02
Dec. 31, 2011	154.77	64 107	414	0.05	0.05	41.32	0.05
Dec. 31, 2010	159.61	48 238	302	0.04	0.04	44.12	0.07
Series F							
Dec. 31, 2014	188.89	40 362	214	0.60	0.60	16.06	0.03
Dec. 31, 2013	179.30	44 772	250	0.60	0.60	17.28	0.01
Dec. 31, 2012	170.54	51 029	299	0.60	0.60	23.95	0.02
Dec. 31, 2011	161.87	55 129	341	0.60	0.60	41.32	0.05
Dec. 31, 2010	165.28	24 778	150	0.59	0.59	44.12	0.07
Series O							
Dec. 31, 2014	188.24	103 951	552	0.06	0.06	16.06	0.03
Dec. 31, 2013	178.97	160 056	894	0.06	0.06	17.28	0.01
Dec. 31, 2012	170.07	157 668	927	0.06	0.06	23.95	0.02
Dec. 31, 2011	161.42	164 733	1 021	0.06	0.06	41.32	0.05
Dec. 31, 2010	165.28	174 589	1 056	0.06	0.06	44.12	0.07

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. The management fee with respect to Series F units is payable by the Fund on a monthly basis and calculated at the annual percentages, before GST/HST, of the daily net asset value of Series F units of the Fund. The management fee in respect of Series F units is 100% for management, investment advisory services, general administration and profit. No amount is paid out of the management fee for distribution services.

The management fee with respect to Series O or Series T units is payable directly to RBC GAM by unitholders or distributors, and therefore is not charged to the Fund.

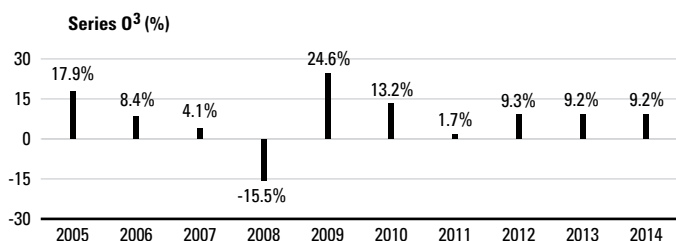
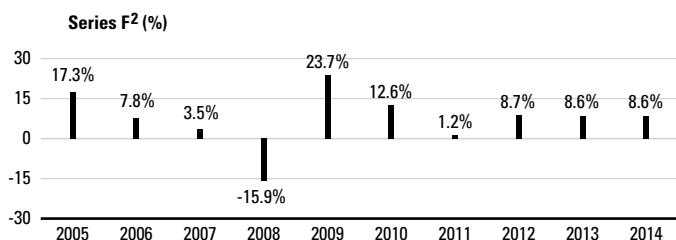
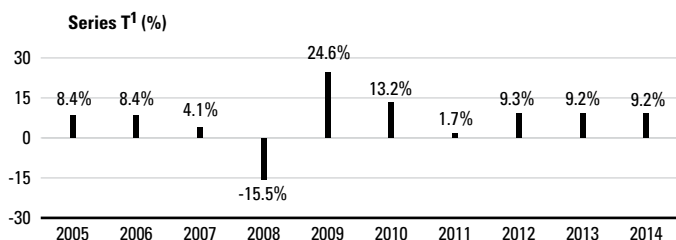


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, or optional charges, or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

The blended benchmark (the "Benchmark") is composed of:

- 50% FTSE TMX Corporate Bond Index
- 33% S&P/TSX Capped Composite Total Return Index
- 17% S&P/TSX Financials/Telecommunication Services/Utilities Composite Index

The broad-based index is the FTSE TMX Corporate Bond Index.

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series T ¹	9.2	9.3	8.5	—	7.5
Benchmark	9.7	8.7	7.8	—	6.7
Broad-based index	7.6	4.8	6.0	—	5.8
Series F ²	8.6	8.7	7.9	7.1	—
Benchmark	9.7	8.7	7.8	7.3	—
Broad-based index	7.6	4.8	6.0	5.8	—
Series O ³	9.2	9.3	8.5	7.7	—
Benchmark	9.7	8.7	7.8	7.3	—
Broad-based index	7.6	4.8	6.0	5.8	—

The returns of each series may vary because of differences in management fees and expenses. The Benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark and broad-based index.

¹ Inception date November 1, 2005.

² Inception date November 1, 2003.

³ Inception date August 21, 2003.

INDEX DESCRIPTIONS

FTSE TMX Corporate Bond Index* This index is a broad measure of the performance of Canadian corporate bonds that have a term to maturity of at least one year.

S&P/TSX Capped Composite Total Return Index This index is the amended capitalization-weighted index measuring the performance of selected securities listed on the Toronto Stock Exchange, with no individual stock exceeding 10% of the overall weight.

S&P/TSX Financials/Telecommunication Services/Utilities Composite Index This index tracks the performance of Canadian companies in the Financials, Telecommunication Services and Utilities sectors. Most of the companies in this index pay dividends.

* FTSE TMX fixed-income benchmarks were known as the DEX benchmarks before a name change.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Bonds	42.8
Financials	20.4
Energy	13.5
Other Equities	6.4
Utilities	4.0
Materials	3.7
Industrials	3.5
Cash/Other	5.7

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	5.1
Bank of Nova Scotia	3.5
Toronto-Dominion Bank	3.2
Canadian Imperial Bank of Commerce	2.9
Bank of Montreal	2.5
Enbridge Inc.	2.1
TransCanada Corp.	2.0
Suncor Energy Inc.	1.9
Manulife Financial Corporation	1.7
Magna International Inc., Class A	1.7
Royal Bank of Canada 2.820% Jul 12 18	1.7
Sun Life Financial Inc.	1.5
Rogers Communications Inc. 6.110% Aug 25 40	1.5
Canadian National Railway Co.	1.4
Bank of Nova Scotia 2.462% Mar 14 19	1.4
Canadian Natural Resources Ltd.	1.4
Sun Life Financial Inc. 5.700% Jul 2 19	1.4
Greater Toronto Airports Authority 6.980% Oct 15 32	1.4
Brookfield Property Partners LP	1.4
NBC Capital Trust 5.329% Jun 30 56	1.3
Bell Canada 3.540% Jun 12 20	1.3
Canadian Imperial Bank of Commerce 2.350% Oct 18 17	1.2
Loblaw Companies Ltd. 6.450% Feb 9 28	1.2
Agrium Inc.	1.1
Union Gas Ltd. 6.050% Sep 2 38	1.1
Top 25 Holdings	46.9

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available by calling us at 1-800-662-0652.



CANADIAN EQUITY

RBC PRIVATE CANADIAN DIVIDEND POOL

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling us at 1-800-662-0652, by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to achieve long-term returns consisting of regular dividend income, which benefits from the preferential tax treatment given to dividends from Canadian companies, and modest long-term capital growth.

The Fund invests primarily in common shares with above-average dividend yields and also invests in preferred shares of major Canadian companies. The Fund selects companies with long-term prospects of growing their dividends and tends to focus on interest-sensitive securities to achieve dividend income, primarily investing in the Financial Services, Telecommunications and Utilities sectors.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$1.6 billion as of December 31, 2014, from \$1.2 billion at the end of 2013. Of the change, \$256 million was due to net inflows and \$168 million to investment returns.

Over the past year, the Fund's Series O units gained 13.3%, which outperformed the 11.9% rise in the benchmark. The broad-based index rose 10.6%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The S&P/TSX Composite Index rose through the first three quarters of 2014 and declined in the fourth quarter, trailing U.S. market returns for the year but outpacing those in other developed economies. A decline in commodity prices weighed on many global markets beginning in September, but the drop was more pronounced in the resource-heavy S&P/TSX index. Crude oil led the commodity-price declines, as OPEC opted to maintain production levels even with a global surplus caused by surging U.S. shale output. Slower economic growth in Europe and China also contributed to weaker demand for resources. Emerging-market economies broadly slowed during the year. The Canadian economy benefited from the steadily expanding U.S. economy, as gains in hiring and income boosted consumer spending.

In 2014, strong performance in the Financials, Materials and Energy sectors was offset by weaker performance in the Consumer Staples and Information Technology sectors.

In the Financials sector, the Fund benefited from overweight exposure to Brookfield Asset Management as increased assets under management bolstered the outlook for fee revenue. An overweight position in Brookfield Property Partners and a lack of exposure to IGM Financial also contributed to relative performance.

In the Materials sector, the largest contributor to relative performance was a complete lack of exposure to gold producer Barrick Gold, which fell significantly during the year. The company's profits declined amid falling gold prices. A lack of exposure to Yamana Gold also proved beneficial.

Security selection drove outperformance in the Energy sector, as the declining price of crude oil weighed on returns. A lack of exposure to Crescent Point Energy, Canadian Oil Sands and Baytex Energy was positive for returns, as all fell significantly.

In the Consumer Staples sector, a lack of exposure to cheesemaker Saputo was negative for performance as the stock benefited from an Australian acquisition, as well as from strong international profits. Offsetting this was an overweight position in Loblaw, which recorded industry-leading same-store sales and profitability amid improving conditions in the grocery industry.

An underweight position in the Information Technology sector weighed on the Fund's performance. A lack of exposure to Constellation Software was a negative as the company's stocks benefited from widening profit margins as the pace of acquisitions slowed. A lack of exposure to Open Text also weighed on the Fund's performance.

Recent Developments

Recent Canadian economic data has been mixed, with the impact of falling crude-oil prices somewhat muted by a substantially weaker Canadian dollar. Oil prices are difficult to forecast in the short run, but it now appears that prices will be lower on average and more volatile than in the recent past. In the view of the portfolio manager, a weaker Canadian dollar, coupled with a stronger U.S. economy, suggests the potential for improving manufacturing exports. However, falling energy prices and a fully valued housing market are likely to remain headwinds for the Canadian economy. While the Bank of Canada cut interest rates in early 2015, many investors expect the U.S. Federal Reserve to raise the fed-funds rate as early as the middle of this year amid a strengthening economy and signs of accelerating wages. Emerging-market economies are stabilizing, but Chinese economic growth has been slightly disappointing, and consumer confidence is declining across much of Asia.



Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributor

RBC GAM is the principal distributor of the Fund. Royal Mutual Funds Inc. and RBC Dominion Securities Inc. also distribute units of the Fund.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

RBC IS and RBC GAM are registrars of the Fund and keep records of who owns the units of the Fund. The registrars also process orders and issue account statements.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$57,000 (2013 – \$43,000) or 16% (2013 – 15%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series F												
Dec. 31, 2014	36.62	1.14	(0.28)	0.67	3.08	4.61	(0.05)	(0.81)	—	—	(0.86)	40.35
Dec. 31, 2013	32.14	1.07	(0.24)	0.55	4.02	5.40	(0.02)	(0.81)	—	—	(0.83)	36.61
Dec. 31, 2012	29.76	1.00	(0.22)	0.62	1.86	3.26	(0.03)	(0.73)	—	—	(0.76)	32.14
Dec. 31, 2011	30.77	0.93	(0.21)	0.54	(1.52)	(0.26)	(0.43)	(0.28)	(0.05)	—	(0.76)	29.76
Dec. 31, 2010	27.85	0.92	(0.20)	0.69	2.09	3.50	(0.09)	(0.62)	—	—	(0.71)	30.77
Series O												
Dec. 31, 2014	37.05	1.15	(0.03)	0.68	3.10	4.90	(0.06)	(1.04)	—	—	(1.10)	40.86
Dec. 31, 2013	32.52	1.08	(0.02)	0.56	4.07	5.69	(0.03)	(1.03)	—	—	(1.06)	37.04
Dec. 31, 2012	30.09	1.01	(0.02)	0.63	1.87	3.49	(0.02)	(0.92)	—	—	(0.94)	32.52
Dec. 31, 2011	31.08	0.94	(0.02)	0.55	(1.53)	(0.06)	(0.54)	(0.35)	(0.05)	—	(0.94)	30.09
Dec. 31, 2010	28.12	0.93	(0.02)	0.70	2.11	3.72	(0.11)	(0.78)	—	—	(0.89)	31.08

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series F							
Dec. 31, 2014	40.35	38 814	962	0.71	0.71	10.98	0.03
Dec. 31, 2013	36.62	40 430	1 104	0.72	0.72	13.49	0.03
Dec. 31, 2012	32.18	34 813	1 082	0.71	0.71	25.75	0.05
Dec. 31, 2011	29.80	35 715	1 198	0.70	0.70	27.22	0.05
Dec. 31, 2010	30.82	44 609	1 447	0.70	0.70	27.62	0.06
Series O							
Dec. 31, 2014	40.86	1 541 245	37 720	0.07	0.07	10.98	0.03
Dec. 31, 2013	37.05	1 115 421	30 105	0.07	0.07	13.49	0.03
Dec. 31, 2012	32.56	908 489	27 898	0.07	0.07	25.75	0.05
Dec. 31, 2011	30.14	757 066	25 123	0.05	0.05	27.22	0.05
Dec. 31, 2010	31.13	700 612	22 507	0.07	0.07	27.62	0.06

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. The management fee with respect to Series F units is payable by the Fund on a monthly basis and calculated at the annual percentages, before GST/HST, of the daily net asset value of Series F units of the Fund. The management fee in respect of Series F units is 100% for management, investment advisory services, general administration and profit. No amount is paid out of the management fee for distribution services.

The management fee with respect to Series O units is payable directly to RBC GAM by unitholders or distributors, and therefore is not charged to the Fund.

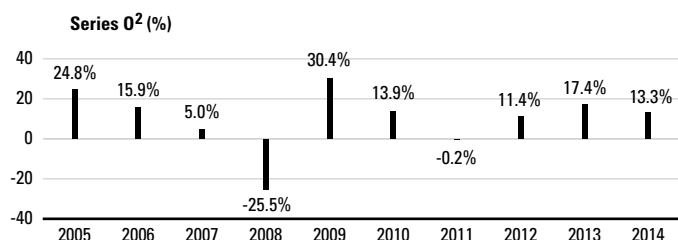
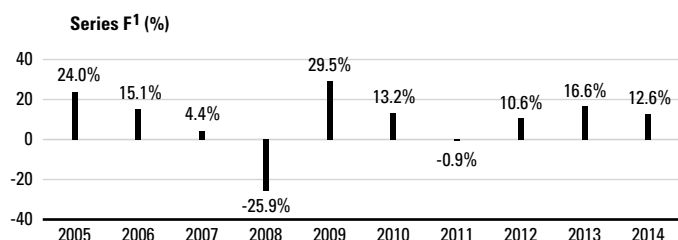


PAST PERFORMANCE

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Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

The blended benchmark (the "Benchmark") is composed of:

- 66% S&P/TSX Capped Composite Total Return Index
- 26% S&P/TSX Index – Financials (CAD)
- 5% S&P/TSX Index – Telecommunication Services (CAD)
- 3% S&P/TSX Index – Utilities (CAD)

The broad-based index is the S&P/TSX Capped Composite Total Return Index.

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series F ¹	12.6	13.3	10.3	8.8	–
Benchmark	11.9	12.3	9.3	8.4	–
Broad-based index	10.6	10.2	7.5	7.6	–
Series O ²	13.3	14.0	11.0	9.5	–
Benchmark	11.9	12.3	9.3	8.4	–
Broad-based index	10.6	10.2	7.5	7.6	–

The returns of each series may vary because of differences in management fees and expenses. The Benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark and broad-based index.

¹ Inception date November 1, 2003.

² Inception date August 21, 2003.

INDEX DESCRIPTIONS

S&P/TSX Capped Composite Total Return Index This index is the amended capitalization-weighted index measuring the performance of selected securities listed on the Toronto Stock Exchange, with no individual stock exceeding 10% of the overall weight.

S&P/TSX Index – Financials (CAD) This sub-index measures the performance of the financial company stocks in the S&P/TSX Capped Composite Total Return Index.

S&P/TSX Index – Telecommunication Services (CAD) This sub-index measures the performance of the telecommunication services stocks in the S&P/TSX Capped Composite Total Return Index.

S&P/TSX Index – Utilities (CAD) This sub-index measures the performance of utility stocks in the S&P/TSX Capped Composite Total Return Index.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Financials	42.9
Energy	21.0
Industrials	6.0
Consumer Discretionary	5.2
Other Sectors	4.7
Utilities	4.4
Telecommunication Services	3.9
Materials	3.6
Cash/Other	8.3

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	8.1
Royal Bank of Canada	6.6
Toronto-Dominion Bank	6.4
Bank of Nova Scotia	5.4
Enbridge Inc.	4.0
Canadian National Railway Co.	3.7
Bank of Montreal	3.5
Brookfield Asset Management Inc., Class A	3.5
Canadian Imperial Bank of Commerce	3.4
Suncor Energy Inc.	2.9
TransCanada Corp.	2.7
Canadian Natural Resources Ltd.	2.5
Manulife Financial Corporation	2.5
Imperial Oil Ltd.	1.8
Magna International Inc., Class A	1.8
Power Corporation of Canada	1.8
Loblaw Companies Ltd.	1.7
TELUS Corp.	1.7
Canadian Pacific Railway Ltd.	1.7
Shaw Communications Inc., Class B	1.7
Sun Life Financial Inc.	1.6
Husky Energy Inc.	1.4
Potash Corporation of Saskatchewan Inc.	1.3
BCE Inc.	1.3
Thomson Corp.	1.2
Top 25 Holdings	74.2

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available by calling us at 1-800-662-0652.



CANADIAN EQUITY

RBC PRIVATE CANADIAN GROWTH AND INCOME EQUITY POOL

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor: Greystone Managed Investments Inc., Regina, Saskatchewan

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling us at 1-800-662-0652, by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide a competitive current income stream relative to that generally available in the broad Canadian equity market, and the potential for long-term capital growth through capital appreciation.

The Fund invests in dividend-paying Canadian companies with above-average financial strength and predictable and growing levels of profitability. The Fund will have representation in at least five of the 10 S&P/TSX industry sectors.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$262 million as of December 31, 2014, from \$235 million at the end of 2013. Most of the change was due to investment returns.

Over the past year, the Fund's Series O units gained 8.4%, which underperformed the 9.9% gain in the benchmark. The broad-based index rose 10.6%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The S&P/TSX Composite Index was one of the stronger international equity markets in the first half of 2014, but underperformed in the second half as oil prices fell toward US\$50 per barrel at the end of the year. The pullback in Canada's benchmark stock index was dominated by the Energy and Materials sectors. In the Energy sector, stocks of companies that explore for and produce energy accounted for much of the drop. The Materials sector also fell, with gold stocks among the worst performers. All other sectors posted gains, with Consumer Staples performing best. The large Financials sector ended on a weak note, with most banks reporting quarterly earnings below analyst expectations.

The Fund underperformed the benchmark in 2014, hurt by holdings in the Energy, Industrials and Financials sectors. The Information Technology and Materials sectors contributed to performance. From a stock-selection perspective, Crescent Point Energy, Norbord and Whitecap Resources were among stocks that hurt relative returns most. Constellation Software, Shaw Communications and DH Corp. were some of the biggest contributors to relative performance.

Recent Developments

Falling energy prices are a tailwind for the global economy, but less so for Canada. With weaker oil prices, the Canadian dollar has moved lower versus the U.S. dollar. In the view of the sub-advisor, the weaker currency will help buffer the effect of lower oil prices for Canadian energy stocks and provide a boost to manufacturing. In the Financials sector, investors will be looking to see whether the slower growth in bank earnings will continue.

Dividend yields remain attractive given that bond yields moved lower in 2014. The sub-advisor expects that Canadian interest rates will move somewhat higher in 2015 given the strength of the U.S. economy. However, the fall in the price of oil could create deflationary pressures and act as a counterweight to higher yields.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributor

RBC GAM is the principal distributor of the Fund, and RBC Dominion Securities Inc. also distributes units of the Fund.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrar

RBC IS is the registrar of the Fund and keeps records of who owns the units of the Fund. The registrar also processes orders and issues account statements.



Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$18,000 (2013 – \$27,000) or 11% (2013 – 12%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors (“BoG”) in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series F												
Dec. 31, 2014	20.76	0.80	(0.20)	1.25	(0.34)	1.51	(0.02)	(0.63)	—	—	(0.65)	21.66
Dec. 31, 2013	18.62	0.72	(0.17)	0.38	1.71	2.64	(0.02)	(0.50)	—	—	(0.52)	20.76
Dec. 31, 2012	17.92	0.80	(0.17)	(0.44)	0.99	1.18	(0.02)	(0.47)	—	—	(0.49)	18.62
Dec. 31, 2011	18.51	0.73	(0.17)	1.25	(1.81)	—	—	(0.58)	—	—	(0.58)	17.92
Dec. 31, 2010	15.79	0.68	(0.15)	0.77	1.76	3.06	(0.11)	(0.41)	—	—	(0.52)	18.51
Series O												
Dec. 31, 2014	20.75	0.80	(0.02)	1.25	(0.34)	1.69	(0.02)	(0.79)	—	—	(0.81)	21.67
Dec. 31, 2013	18.60	0.72	(0.02)	0.38	1.71	2.79	(0.03)	(0.64)	—	—	(0.67)	20.75
Dec. 31, 2012	17.77	0.80	(0.02)	(0.44)	0.99	1.33	(0.02)	(0.48)	—	—	(0.50)	18.60
Dec. 31, 2011	18.35	0.73	(0.02)	1.24	(1.80)	0.15	(0.01)	(0.71)	—	—	(0.72)	17.77
Dec. 31, 2010	15.65	0.67	(0.02)	0.76	1.75	3.16	(0.14)	(0.51)	—	—	(0.65)	18.35

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series F							
Dec. 31, 2014	21.66	5 630	260	0.91	0.91	39.49	0.06
Dec. 31, 2013	20.76	6 454	311	0.91	0.91	50.27	0.10
Dec. 31, 2012	18.65	8 069	433	0.91	0.91	31.49	0.12
Dec. 31, 2011	17.94	9 137	509	0.92	0.92	26.18	0.06
Dec. 31, 2010	18.54	11 550	623	0.91	0.91	38.11	0.07
Series O							
Dec. 31, 2014	21.67	256 199	11 821	0.10	0.10	39.49	0.06
Dec. 31, 2013	20.75	228 185	10 994	0.10	0.10	50.27	0.10
Dec. 31, 2012	18.64	210 386	11 289	0.10	0.10	31.49	0.12
Dec. 31, 2011	17.80	43 799	2 461	0.11	0.11	26.18	0.06
Dec. 31, 2010	18.38	51 433	2 799	0.10	0.10	38.11	0.07

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. The management fee with respect to Series F units is payable by the Fund on a monthly basis and calculated at the annual percentages, before GST/HST, of the daily net asset value of Series F units of the Fund. The management fee in respect of Series F units is 100% for management, investment advisory services, general administration and profit. No amount is paid out of the management fee for distribution services.

The management fee with respect to Series O units is payable directly to RBC GAM by unitholders or distributors, and therefore is not charged to the Fund.

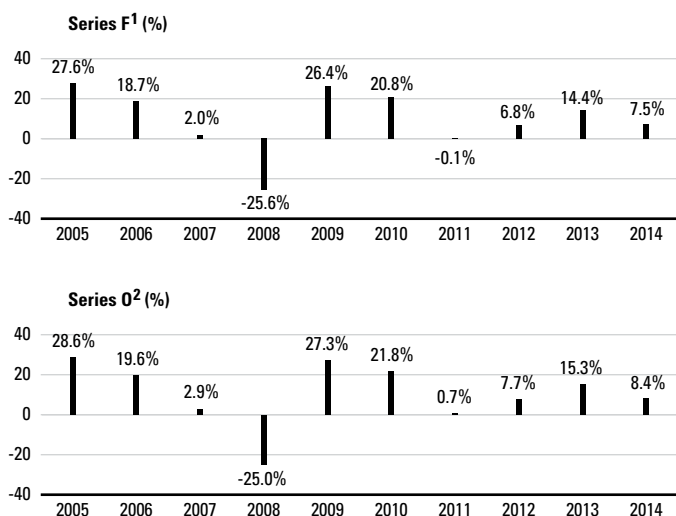


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, or optional charges, or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

The new blended benchmark (the "New benchmark") is composed of:

- 80% S&P/TSX Capped Composite Total Return Index
- 5% S&P/TSX Index – Utilities (CAD)
- 5% S&P/TSX Index – Telecommunication Services (CAD)
- 5% S&P/TSX Index – Oil & Gas Storage & Transportation (CAD)
- 5% S&P/TSX Index – Real Estate Investment Trusts (CAD)

The old blended benchmark (the "Old benchmark") is composed of:

- 70% S&P/TSX Capped Composite Total Return Index
- 10% S&P/TSX Index – Financials (CAD)
- 10% S&P/TSX Index – Utilities (CAD)
- 10% S&P/TSX Index – Telecommunication Services (CAD)

The change in benchmark better reflects the composition of the Fund.

The broad-based index is the S&P/TSX Capped Composite Total Return Index.

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series F ¹	7.5	9.5	9.7	8.7	–
New benchmark	9.9	9.9	7.7	–	–
Old benchmark	12.0	10.9	9.1	8.5	–
Broad-based index	10.6	10.2	7.5	7.6	–
Series O ²	8.4	10.4	10.5	9.6	–
New benchmark	9.9	9.9	7.7	–	–
Old benchmark	12.0	10.9	9.1	8.5	–
Broad-based index	10.6	10.2	7.5	7.6	–

The returns of each series may vary because of differences in management fees and expenses. The New benchmark, Old benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the New benchmark, Old benchmark and broad-based index.

¹ Inception date November 1, 2003.

² Inception date August 21, 2003.

The 10-year performance for the New benchmark is not available as one of the benchmark components (the S&P/TSX Index – Real Estate Investment Trusts) does not have a 10-year history.

INDEX DESCRIPTIONS

S&P/TSX Capped Composite Total Return Index This index is the amended capitalization-weighted index measuring the performance of selected securities listed on the Toronto Stock Exchange, with no individual stock exceeding 10% of the overall weight.

S&P/TSX Index – Utilities (CAD) This sub-index measures the performance of utility stocks in the S&P/TSX Capped Composite Total Return Index.

S&P/TSX Index – Telecommunication Services (CAD) This sub-index measures the performance of the telecommunication services stocks in the S&P/TSX Capped Composite Total Return Index.

S&P/TSX Composite Index – Oil and Gas Storage and Transportation (CAD) This index is a measure of performance for Toronto Stock Exchange-listed companies that provide services for storing and transporting oil and natural gas.

S&P/TSX Index – Real Estate Investment Trusts (CAD) This sub-index measures the performance of real estate investment trusts in the S&P/TSX Capped Composite Total Return Index.

S&P/TSX Index – Financials (CAD) This sub-index measures the performance of the financial company stocks in the S&P/TSX Capped Composite Total Return Index.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Financials	35.2
Energy	22.1
Consumer Discretionary	8.0
Telecommunication Services	7.8
Industrials	7.2
Utilities	6.3
Materials	6.1
Information Technology	5.9
Cash/Other	1.4

Top 25 Holdings

	% of Net Asset Value
Canadian Utilities Ltd., Class A	4.3
Crescent Point Energy Corp.	4.2
Great-West Lifeco Inc.	4.1
Potash Corporation of Saskatchewan Inc.	4.1
Enbridge Inc.	4.1
Shaw Communications Inc., Class B	4.0
Magna International Inc., Class A	4.0
Manulife Financial Corporation	4.0
DH Corp.	4.0
Toronto-Dominion Bank	4.0
Royal Bank of Canada	3.9
TELUS Corp.	3.9
BCE Inc.	3.9
Pembina Pipeline Corp.	3.9
Canadian Imperial Bank of Commerce	3.9
Bank of Nova Scotia	3.8
National Bank of Canada	3.8
Canadian Pacific Railway Ltd.	3.8
Intact Financial Corp.	3.8
AltaGas Ltd.	3.6
Vermilion Energy Inc.	2.3
Whitecap Resources Inc.	2.1
ARC Resources Ltd.	2.0
Allied Properties Real Estate Investment Trust	2.0
Constellation Software Inc.	2.0
Top 25 Holdings	89.5

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available by calling us at 1-800-662-0652.



CANADIAN EQUITY

RBC PRIVATE CANADIAN EQUITY POOL

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

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MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks long-term total returns primarily consisting of capital appreciation by investing in equity securities of major Canadian companies.

The Fund invests primarily in large-cap Canadian companies and may take advantage of opportunities in mid-cap companies. The Fund diversifies across S&P/TSX industry sectors, within minimum and maximum exposures. The Fund may use derivatives for hedging purposes and as a substitute for direct investment.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$2.4 billion as of December 31, 2014, from \$319 million at the end of 2013. The change was due to net inflows.

Over the past year, the Fund's Series O units gained 12.4%, which outperformed the 10.6% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The S&P/TSX Composite Index rose through the first three quarters of 2014 and declined in the fourth quarter, trailing U.S. market returns for the year but outpacing those in other developed economies. A decline in commodity prices weighed on many global markets beginning in September, but the drop was more pronounced in the resource-heavy S&P/TSX index. Crude oil led the commodity-price declines, as OPEC opted to maintain production levels even with a global surplus caused by surging U.S. shale output. Slower economic growth in Europe and China also contributed to weaker demand for resources. Emerging-market economies broadly slowed during the year. The Canadian economy benefited from the steadily expanding U.S. economy, as gains in hiring and income boosted consumer spending.

Positive relative performance in the Consumer Discretionary, Financials and Energy sectors was partially offset by weaker performance in the Health Care sector.

In the Consumer Discretionary sector, the Fund benefited from an overweight allocation to Tim Hortons, whose stock was propelled higher after the company agreed to be taken over by Burger King. Positions in Magna International and Thomson Reuters also contributed to returns as both stocks exceeded the benchmark. In Financials, overweight positions in Canaccord Genuity and Brookfield Property Partners had a positive impact on returns.

In the Health Care sector, a relative lack of exposure to Valeant Pharmaceuticals had a negative impact on the Fund's returns. The company, which pulled out of a takeover battle for Allergan, outperformed the broader market after a better-than-expected quarterly profit and a forecast of strong 2015 earnings.

A lack of relative exposure to small- and mid-cap resources companies contributed to performance, as declining commodity prices had a negative impact on shares in the Materials and Energy sectors. As the price of crude oil fell, companies with the highest costs of production or debt levels tended to be hurt the most. This was also a familiar scenario for metals and mining companies, as the price decline in many metals pressured shares during the period and had a negative impact on returns.

Recent Developments

Recent Canadian economic data has been mixed, with the impact of falling crude-oil prices somewhat muted by a substantially weaker Canadian dollar. Oil prices are difficult to forecast in the short run, but it now appears that prices will be lower on average and more volatile than in the recent past. In the view of the portfolio manager, a weaker Canadian dollar, coupled with a stronger U.S. economy, suggests the potential for improving manufacturing exports. However, falling energy prices and a fully valued housing market are likely to remain headwinds for the Canadian economy. While the Bank of Canada cut interest rates in early 2015, many investors expect the U.S. Federal Reserve to raise the fed-funds rate as early as the middle of this year amid a strengthening economy and signs of accelerating wages. Emerging-market economies are stabilizing, but Chinese economic growth has been slightly disappointing, and consumer confidence is declining across much of Asia.



Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributor

RBC GAM is the principal distributor of the Fund. Royal Mutual Funds Inc. and RBC Dominion Securities Inc. also distribute units of the Fund.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

RBC IS and RBC GAM are registrars of the Fund and keep records of who owns the units of the Fund. The registrars also process orders and issue account statements.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$216,000 (2013 – \$31,000) or 14% (2013 – 11%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series F												
Dec. 31, 2014	21.69	1.21	(0.17)	1.56	(3.85)	(1.25)	(0.06)	(0.36)	(0.50)	–	(0.92)	23.29
Dec. 31, 2013	19.48	0.59	(0.15)	1.07	1.50	3.01	–	(0.45)	(0.32)	–	(0.77)	21.68
Dec. 31, 2012	18.20	0.52	(0.13)	0.76	0.61	1.76	–	(0.38)	–	–	(0.38)	19.48
Dec. 31, 2011	20.43	0.37	(0.13)	0.30	(2.44)	(1.90)	–	(0.31)	–	–	(0.31)	18.20
Dec. 31, 2010	18.02	0.56	(0.13)	1.13	1.04	2.60	(0.06)	(0.31)	–	–	(0.37)	20.43
Series O												
Dec. 31, 2014	21.71	0.69	(0.02)	0.88	(2.18)	(0.63)	(0.06)	(0.42)	(0.50)	–	(0.98)	23.41
Dec. 31, 2013	19.49	0.59	(0.01)	1.07	1.51	3.16	–	(0.58)	(0.32)	–	(0.90)	21.70
Dec. 31, 2012	18.22	0.52	(0.01)	0.76	0.61	1.88	–	(0.51)	–	–	(0.51)	19.49
Dec. 31, 2011	20.45	0.37	(0.01)	0.30	(2.44)	(1.78)	–	(0.44)	–	–	(0.44)	18.22
Dec. 31, 2010	18.03	0.56	(0.01)	1.14	1.04	2.73	(0.07)	(0.40)	–	–	(0.47)	20.45

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series F							
Dec. 31, 2014	23.29	15 774	677	0.71	0.71	51.04	0.16
Dec. 31, 2013	21.69	16 297	751	0.72	0.72	54.79	0.11
Dec. 31, 2012	19.51	16 320	836	0.71	0.71	39.45	0.12
Dec. 31, 2011	18.23	17 718	972	0.71	0.71	42.30	0.12
Dec. 31, 2010	20.46	22 069	1 079	0.70	0.70	56.14	0.16
Series O							
Dec. 31, 2014	23.41	2 431 677	103 860	0.07	0.07	51.04	0.16
Dec. 31, 2013	21.71	302 819	13 950	0.07	0.07	54.79	0.11
Dec. 31, 2012	19.53	272 232	13 940	0.07	0.07	39.45	0.12
Dec. 31, 2011	18.25	305 681	16 746	0.06	0.06	42.30	0.12
Dec. 31, 2010	20.49	378 316	18 463	0.07	0.07	56.14	0.16

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. The management fee with respect to Series F units is payable by the Fund on a monthly basis and calculated at the annual percentages, before GST/HST, of the daily net asset value of Series F units of the Fund. The management fee in respect of Series F units is 100% for management, investment advisory services, general administration and profit. No amount is paid out of the management fee for distribution services.

The management fee with respect to Series O units is payable directly to RBC GAM by unitholders or distributors, and therefore is not charged to the Fund.

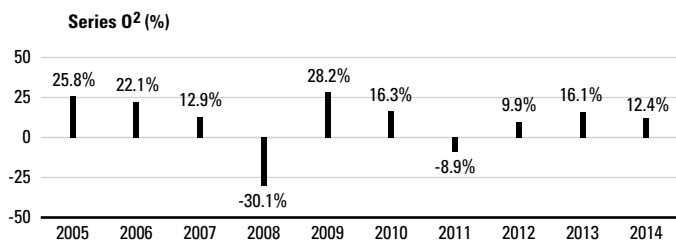
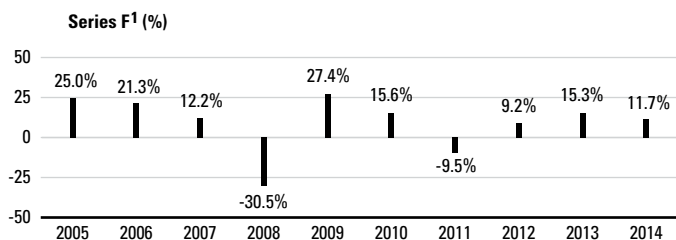


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, or optional charges, or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

S&P/TSX Capped Composite Total Return Index

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series F ¹	11.7	12.1	8.0	8.3	—
Benchmark	10.6	10.2	7.5	7.6	—
Series O ²	12.4	12.8	8.7	9.0	—
Benchmark	10.6	10.2	7.5	7.6	—

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date November 1, 2003.

² Inception date August 21, 2003.

INDEX DESCRIPTION

S&P/TSX Capped Composite Total Return Index This index is the amended capitalization-weighted index measuring the performance of selected securities listed on the Toronto Stock Exchange, with no individual stock exceeding 10% of the overall weight.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Financials	32.8
Energy	21.2
Industrials	10.7
Materials	8.1
Other Sectors	8.0
Consumer Discretionary	5.4
Telecommunication Services	3.8
Cash/Other	10.0

Top 25 Holdings

	% of Net Asset Value
Royal Bank of Canada	6.0
Toronto-Dominion Bank	5.1
RBC Canadian Small & Mid-Cap Resources Fund	5.0
Cash & Cash Equivalents	4.8
Bank of Nova Scotia	4.4
Canadian National Railway Co.	3.7
Suncor Energy Inc.	3.5
Enbridge Inc.	3.3
Manulife Financial Corporation	3.0
Canadian Natural Resources Ltd.	3.0
TransCanada Corp.	2.5
Bank of Montreal	2.4
Magna International Inc., Class A	2.3
Canadian Imperial Bank of Commerce	2.2
Canadian Pacific Railway Ltd.	2.1
TELUS Corp.	1.9
Potash Corporation of Saskatchewan Inc.	1.7
Brookfield Asset Management Inc., Class A	1.6
Agrium Inc.	1.4
Sun Life Financial Inc.	1.3
CGI Group Inc., Class A	1.3
Alimentation Couche-Tard Inc.	1.2
BCE Inc.	1.2
Husky Energy Inc.	1.2
Pembina Pipeline Corp.	1.2
Top 25 Holdings	67.3

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available by calling us at 1-800-662-0652.



CANADIAN EQUITY

RBC PRIVATE CANADIAN GROWTH EQUITY POOL

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor: Guardian Capital LP, Toronto, Ontario

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling us at 1-800-662-0652, by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term growth primarily through capital appreciation by investing in common stock and equivalent securities of Canadian corporations.

To achieve its objective, the Fund uses a quantitative approach to invest in larger capitalization, well-recognized and soundly managed Canadian companies. It invests in companies that have attractive earnings growth, value, quality and risk characteristics. The Fund diversifies its assets across the S&P/TSX industry sectors, with minimum and maximum exposures.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$220 million as of December 31, 2014, from \$188 million at the end of 2013.

The change was due to investment returns and net inflows.

Over the past year, the Fund's Series O units gained 9.7%, which underperformed the 10.6% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The worst-performing stocks over the period came from the Energy sector following a significant decline in the price of crude oil during the period. Trilogy Energy, MEG Energy, Nuvista, Bellatrix and Paramount Resources all fell significantly. Trilogy Energy and Bellatrix were eliminated from the portfolio during the period. AutoCanada, which owns car dealerships mostly in western Canada, fell significantly on concern that the oil downturn would have a negative impact on sales in Alberta and other energy-producing provinces. The Fund's underweight position in Financials, the largest sector, had a negative effect on the Fund's relative returns. Somewhat offsetting these negatives were strong stock performances from Constellation Software, retailer Alimentation Couche-Tard, supermarket chain Loblaw, automaker Magna International and Open Text, a software company.

During the year, the Fund sold nine stocks and added nine stocks. Stocks that were eliminated from the portfolio included Methanex; Quebecor; Cameco; Bombardier; Royal Bank of Canada; Bellatrix; Cenovus; Tourmaline; and Trilogy. Additions to the portfolio included: BRP Inc.; AutoCanada; CI Financial; West Fraser Timber; Bank of Montreal; Nuvista; Seven Generations; Pembina Pipeline; and Bombardier, which was sold and then bought back. During the period, the sub-advisor reduced exposure to the Energy sector, as the Fund scaled back its weighting in exploration and production companies in favour of low-cost heavy-oil producers and liquids-rich natural gas producers with sustainable balance sheets. The Fund's exposure to pipeline companies and other energy distributors increased during the year with the addition of Pembina Pipeline. The Fund remains mildly underweight gold and precious-metals miners, and has stayed underexposed to the Financials sector. The switch in the third quarter to Bank of Montreal from Royal Bank of Canada during the third quarter resulted in even lower relative exposure to banks than at the start of the year.

Recent Developments

Crude-oil prices ended the year down significantly after falling for most of the second half of 2014. As a result, oil and gas equities in Canada were under severe pressure as the year came to an end. The sub-advisor believes that the Fund's energy-related holdings, which for the most part have sustainable balance sheets and relatively low costs, should outperform when oil prices and energy stocks recover, as these high-quality companies have fallen too much given the current market environment.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributor

RBC GAM is the principal distributor of the Fund, and RBC Dominion Securities Inc. also distributes units of the Fund.



Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

RBC IS and RBC GAM are registrars of the Fund and keep records of who owns the units of the Fund. The registrars also process orders and issue account statements.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$23,000 (2013 – \$84,000) or 12% (2013 – 23%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series F												
Dec. 31, 2014	197.77	3.67	(1.98)	12.19	2.87	16.75	–	(1.70)	–	–	(1.70)	213.33
Dec. 31, 2013	167.55	3.30	(1.70)	14.87	15.59	32.06	–	(1.79)	–	–	(1.79)	197.69
Dec. 31, 2012	161.47	3.93	(1.53)	5.71	0.68	8.79	–	(2.44)	–	–	(2.44)	167.55
Dec. 31, 2011	182.46	3.49	(1.57)	6.30	(26.65)	(18.43)	–	(2.44)	–	–	(2.44)	161.47
Dec. 31, 2010	163.99	3.88	(1.49)	6.09	10.32	18.80	–	(2.36)	–	–	(2.36)	182.46
Series O												
Dec. 31, 2014	199.48	3.70	(0.12)	12.28	2.89	18.75	–	(3.56)	–	–	(3.56)	215.22
Dec. 31, 2013	168.99	3.34	(0.10)	15.02	15.75	34.01	–	(3.40)	–	–	(3.40)	199.40
Dec. 31, 2012	162.86	3.98	(0.10)	5.78	0.69	10.35	–	(3.90)	–	–	(3.90)	168.99
Dec. 31, 2011	183.88	3.57	(0.10)	6.45	(27.29)	(17.37)	–	(3.77)	–	–	(3.77)	162.86
Dec. 31, 2010	165.24	3.92	(0.09)	6.15	10.42	20.40	–	(3.79)	–	–	(3.79)	183.88

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series F							
Dec. 31, 2014	213.33	7 007	33	0.93	0.93	33.67	0.09
Dec. 31, 2013	197.77	7 536	38	0.94	0.94	84.54	0.22
Dec. 31, 2012	167.79	5 681	34	0.93	0.93	40.28	0.11
Dec. 31, 2011	161.72	8 051	50	0.92	0.92	54.64	0.15
Dec. 31, 2010	182.75	19 312	106	0.90	0.90	79.77	0.18
Series O							
Dec. 31, 2014	215.22	212 613	988	0.06	0.06	33.67	0.09
Dec. 31, 2013	199.48	180 460	905	0.06	0.06	84.54	0.22
Dec. 31, 2012	169.23	145 057	857	0.06	0.06	40.28	0.11
Dec. 31, 2011	163.11	182 694	1 120	0.06	0.06	54.64	0.15
Dec. 31, 2010	184.18	268 803	1 459	0.06	0.06	79.77	0.18

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. The management fee with respect to Series F units is payable by the Fund on a monthly basis and calculated at the annual percentages, before GST/HST, of the daily net asset value of Series F units of the Fund. The management fee in respect of Series F units is 100% for management, investment advisory services, general administration and profit. No amount is paid out of the management fee for distribution services.

The management fee with respect to Series O units is payable directly to RBC GAM by unitholders or distributors, and therefore is not charged to the Fund.

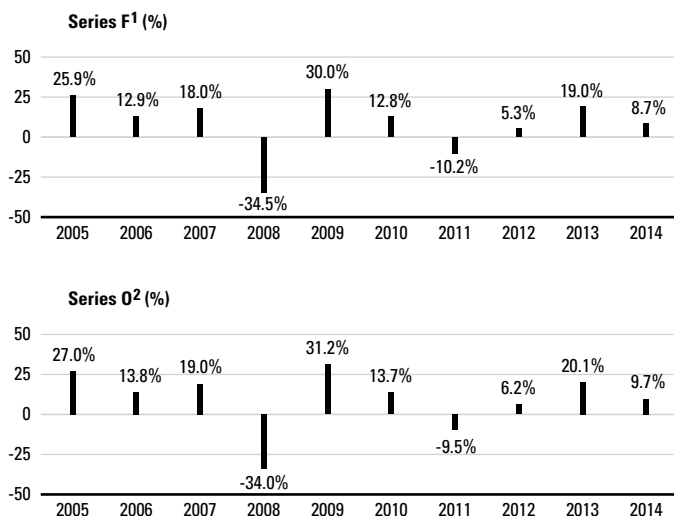


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, or optional charges, or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

S&P/TSX Capped Composite Total Return Index

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series F ¹	8.7	10.9	6.6	7.0	—
Benchmark	10.6	10.2	7.5	7.6	—
Series O ²	9.7	11.8	7.6	7.9	—
Benchmark	10.6	10.2	7.5	7.6	—

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date November 1, 2003.

² Inception date August 21, 2003.

INDEX DESCRIPTION

S&P/TSX Capped Composite Total Return Index This index is the amended capitalization-weighted index measuring the performance of selected securities listed on the Toronto Stock Exchange, with no individual stock exceeding 10% of the overall weight.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Financials	28.4
Energy	16.2
Consumer Discretionary	13.5
Materials	11.4
Information Technology	9.1
Consumer Staples	7.7
Industrials	6.1
Health Care	3.7
Cash/Other	3.9

Top 25 Holdings

	% of Net Asset Value
Toronto-Dominion Bank	6.2
Bank of Montreal	5.2
Bank of Nova Scotia	5.1
Canadian Natural Resources Ltd.	3.9
Cash & Cash Equivalents	3.8
Catamaran Corp.	3.7
CGI Group Inc., Class A	3.4
Alimentation Couche-Tard Inc.	3.4
Open Text Corp.	3.4
Gildan Activewear Inc., Class A	3.4
Manulife Financial Corporation	3.3
Enbridge Inc.	3.2
Dollarama Inc.	3.0
Intact Financial Corp.	2.9
West Fraser Timber Co. Ltd.	2.8
Imax Corp.	2.6
Loblaw Companies Ltd.	2.5
MEG Energy Corp.	2.4
Canadian National Railway Co.	2.3
Magna International Inc., Class A	2.3
Constellation Software Inc.	2.3
IGM Financial Inc.	2.3
First Quantum Minerals Ltd.	2.3
Element Financial Corp.	2.0
CAE Inc.	2.0
Top 25 Holdings	79.7

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available by calling us at 1-800-662-0652.



CANADIAN EQUITY

RBC PRIVATE CANADIAN MID-CAP EQUITY POOL

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

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MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund pursues long-term total returns consisting primarily of capital appreciation by focusing on equity securities of mid-sized Canadian companies that offer above-average prospects for growth. The Fund may also invest in smaller capitalization companies that have adequate liquidity.

The Fund focuses on companies with a history of high growth in sales and earnings, and with above-average prospects for continued growth. The Fund selects companies with strong management, focused business models and a competitive advantage. The Fund typically invests across major industry sectors within minimum and maximum exposures for each sector.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value increased to \$295 million as of December 31, 2014, from \$222 million at the end of 2013. The change was due mostly to net inflows.

Over the past year, the Fund's Series O units gained 8.8%, which outperformed the 3.7% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The S&P/TSX Composite Index rose through the first three quarters of 2014 and declined in the fourth quarter, trailing U.S. market returns for the year but outpacing those in other developed economies. A decline in commodity prices weighed on many global markets beginning in September, but the drop was more pronounced in the resource-heavy S&P/TSX index. Crude oil led the commodity-price declines, as OPEC opted to maintain production levels even with a global surplus caused by surging U.S. shale output. Slower economic growth in Europe and China also contributed to weaker demand for resources. Emerging-market economies broadly slowed during the year. The Canadian economy benefited from the steadily expanding U.S. economy, as gains in hiring and income boosted consumer spending.

Canadian mid-cap stocks underperformed their larger-cap peers significantly in 2014. In the Fund, strong performance in the Energy, Materials and Consumer Discretionary sectors was offset by weakness in the Information Technology and Industrials sectors.

Minimal exposure to small- and mid-cap resources companies also contributed to relative performance. For example, the Fund steered clear of Lightstream Resources and Surge Energy, two small, highly leveraged, dividend-paying companies whose stocks were hit by the decline in oil prices. The Fund's underweight position in Pacific Rubiales and lack of exposure to Penn West Petroleum also aided performance.

In the Materials sector, an overweight position in West Fraser Timber boosted returns as the company benefited from the weaker Canadian dollar and expectations of improving lumber prices. Positions in Eldorado Gold and Primero Mining also proved beneficial. Underweight exposure to Labrador Iron Ore, which declined significantly, also contributed to returns.

Outperformance in the Consumer Discretionary sector was driven by stock selection. An overweight position in auto-parts maker Linamar contributed positively to performance after the company reported strong earnings and improving profit margins. A lack of exposure to Amaya Gaming and AutoCanada also proved beneficial.

In the Information Technology sector, a position in Redknee Solutions hampered performance. The company's shares fell on investor scepticism surrounding its acquisition of Nokia Siemens's billing business.

In the Industrials sector, a lack of exposure to Ritchie Bros. held back performance, as the stock benefited from improving auction proceeds and a higher U.S. dollar. Offsetting this negative impact was a complete lack of exposure to Badger Daylighting, which declined significantly.

Recent Developments

Recent Canadian economic data has been mixed, with the impact of falling crude-oil prices somewhat muted by a substantially weaker Canadian dollar. Oil prices are difficult to forecast in the short run, but it now appears that prices will be lower on average and more volatile than in the recent past. In the view of the portfolio manager, a weaker Canadian dollar, coupled with a stronger U.S. economy, suggests the potential for improving manufacturing exports. However, falling energy prices and a fully valued housing market are likely to remain headwinds for the Canadian economy. While the Bank of Canada cut interest rates in early 2015, many investors expect the U.S. Federal Reserve to raise the fed-funds rate as early as the middle of this year amid a strengthening economy and signs of accelerating wages. Emerging-market economies are stabilizing, but Chinese economic growth has been slightly disappointing, and consumer confidence is declining across much of Asia.



Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributor

RBC GAM is the principal distributor of the Fund. Royal Mutual Funds Inc. and RBC Dominion Securities Inc. also distribute units of the Fund.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

RBC IS and RBC GAM are registrars of the Fund and keep records of who owns the units of the Fund. The registrars also process orders and issue account statements.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$43,000 (2013 – \$47,000) or 7% (2013 – 10%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series F												
Dec. 31, 2014	22.50	0.54	(0.18)	2.04	(0.80)	1.60	(0.05)	(0.32)	(1.45)	–	(1.82)	22.50
Dec. 31, 2013	20.39	0.51	(0.15)	0.82	1.51	2.69	(0.02)	(0.33)	(0.22)	–	(0.57)	22.48
Dec. 31, 2012	19.63	0.41	(0.14)	(0.15)	0.77	0.89	(0.02)	(0.22)	–	–	(0.24)	20.39
Dec. 31, 2011	22.83	0.27	(0.15)	1.62	(3.02)	(1.28)	(0.02)	(0.26)	(1.86)	–	(2.14)	19.63
Dec. 31, 2010	17.85	0.59	(0.13)	3.70	1.25	5.41	(0.09)	(0.13)	(0.31)	–	(0.53)	22.83
Series O												
Dec. 31, 2014	22.70	0.53	(0.03)	2.02	(0.79)	1.73	(0.06)	(0.44)	(1.45)	–	(1.95)	22.74
Dec. 31, 2013	20.57	0.52	(0.02)	0.83	1.52	2.85	(0.03)	(0.46)	(0.22)	–	(0.71)	22.69
Dec. 31, 2012	19.80	0.42	(0.02)	(0.15)	0.78	1.03	(0.03)	(0.33)	–	–	(0.36)	20.57
Dec. 31, 2011	23.05	0.27	(0.02)	1.63	(3.04)	(1.16)	(0.02)	(0.40)	(1.88)	–	(2.30)	19.80
Dec. 31, 2010	18.02	0.60	(0.02)	3.73	1.26	5.57	(0.14)	(0.20)	(0.31)	–	(0.65)	23.05

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series F							
Dec. 31, 2014	22.50	3 662	163	0.71	0.71	76.52	0.23
Dec. 31, 2013	22.50	6 592	293	0.72	0.72	83.93	0.23
Dec. 31, 2012	20.45	5 603	274	0.73	0.73	85.19	0.26
Dec. 31, 2011	19.70	5 253	267	0.72	0.72	109.08	0.33
Dec. 31, 2010	22.89	6 256	273	0.71	0.71	109.50	0.38
Series O							
Dec. 31, 2014	22.74	291 632	12 826	0.11	0.11	76.52	0.23
Dec. 31, 2013	22.70	215 454	9 490	0.11	0.11	83.93	0.23
Dec. 31, 2012	20.63	180 135	8 732	0.11	0.11	85.19	0.26
Dec. 31, 2011	19.87	161 640	8 133	0.11	0.11	109.08	0.33
Dec. 31, 2010	23.10	161 272	6 981	0.11	0.11	109.50	0.38

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. The management fee with respect to Series F units is payable by the Fund on a monthly basis and calculated at the annual percentages, before GST/HST, of the daily net asset value of Series F units of the Fund. The management fee in respect of Series F units is 100% for management, investment advisory services, general administration and profit. No amount is paid out of the management fee for distribution services.

The management fee with respect to Series O units is payable directly to RBC GAM by unitholders or distributors, and therefore is not charged to the Fund.

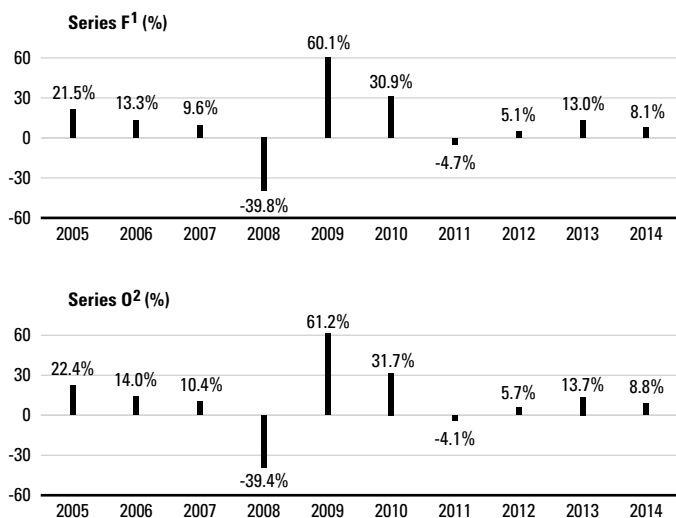


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, or optional charges, or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

S&P/TSX MidCap Index

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series F ¹	8.1	8.7	9.9	8.8	—
Benchmark	3.7	6.3	8.5	7.0	—
Series O ²	8.8	9.3	10.6	9.5	—
Benchmark	3.7	6.3	8.5	7.0	—

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date November 1, 2003

² Inception date August 21, 2003.

INDEX DESCRIPTION

S&P/TSX MidCap Index This is an index of mid-sized Canadian companies, with weights adjusted across economic sectors.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Energy	22.9
Financials	21.3
Materials	15.9
Industrials	12.8
Utilities	8.9
Consumer Discretionary	6.9
Information Technology	4.4
Consumer Staples	4.3
Cash/Other	2.6

Top 25 Holdings

	% of Net Asset Value
Canadian Utilities Ltd., Class A	3.6
West Fraser Timber Co. Ltd.	3.0
Veresen Inc.	2.5
Cash & Cash Equivalents	2.5
Brookfield Property Partners LP	2.4
H&R Real Estate Investment Trust	2.4
Onex Corporation	2.2
Emera Inc.	2.2
Canadian Real Estate Investment Trust	2.1
Blackberry Ltd.	2.1
AltaGas Ltd.	2.1
George Weston Ltd.	1.9
Linamar Corp.	1.8
Industrial Alliance Insurance & Financial Services Inc.	1.8
Progressive Waste Solutions Ltd.	1.6
Lundin Mining Corp.	1.6
Keyera Corp.	1.6
CAE Inc.	1.6
Eldorado Gold Corp.	1.5
Stantec Inc.	1.5
Empire Co. Ltd., Class A	1.5
Finning International Inc.	1.5
Paramount Resources Ltd., Class A	1.5
Allied Properties Real Estate Investment Trust	1.5
WestJet Airlines Ltd.	1.5
Top 25 Holdings	49.5

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available by calling us at 1-800-662-0652.



U.S. EQUITY

RBC PRIVATE U.S. EQUITY POOL

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling us at 1-800-662-0652, by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term total returns consisting primarily of capital appreciation by investing mainly in equity securities of major U.S. companies.

The Fund generally invests in stocks that belong to the Standard & Poor's 500 Index. The Fund selects companies with strong management, focused business models and the potential for future growth in earnings and cash flow. The Fund is diversified across industries with minimum and maximum exposures for each sector.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$809 million as of December 31, 2014, from \$532 million at the end of 2013. Of the change, \$153 million was due to net inflows and \$124 million to investment returns.

Over the past year, the Fund's Series O units gained 19.4%, which underperformed the 24.3% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The S&P 500 Index rose in 2014 for the sixth straight year as accelerating U.S. economic growth helped boost corporate revenues and earnings. U.S. economic strength gathered momentum over the year, offsetting a sluggish global economy, after a weak start to 2014 due to colder-than-usual weather in the eastern part of the country. The quickening U.S. economy was marked by improved consumer spending and employment growth, which prompted the U.S. Federal Reserve (the "Fed") to conclude its program of extraordinary economic stimulus, known as quantitative easing, and pave the way for higher benchmark interest rates sometime in 2015. The landscape for stocks remained positive in 2014. Inflation stayed low, holding down borrowing costs, and oil prices dropped fast and far, providing a lift to U.S. consumers as the holiday shopping season got underway. In this environment, large-cap stocks outperformed smaller-capitalization issues.

The Fund's underperformance was due to stock selection in the Consumer Discretionary, Health Care and Financials sectors, along with a lack of relative exposure to the Information Technology sector, which performed well. The Fund benefited from below-benchmark exposure to the Energy, Telecommunication Services and Consumer Discretionary sectors, as all three underperformed the broader market.

Holdings in Citigroup, JPMorgan and Exxon had a negative impact on relative performance. Kroger, CVS and Apple Inc. had a positive impact on relative performance.

Portfolio turnover is normally high for this Fund, as the portfolio manager attempts to generate better returns through active sector and stock selection.

Recent Developments

The portfolio manager remains generally optimistic about U.S. equity markets in 2015 in an environment of rising corporate earnings, low inflation and falling commodity prices for the foreseeable future. However, valuations for U.S. companies are near fair value, suggesting more moderate equity returns and greater volatility than in recent years.

In the view of the portfolio manager, the Fed will have to strike a balance between providing sufficient stimulus to keep the market's momentum in place, while at the same time remaining mindful that the U.S. economy will eventually have to expand with less help from monetary policy. The portfolio manager believes that, with stocks near fair value, stock selection will take on more importance for investors.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributor

RBC GAM is the principal distributor of the Fund. Royal Mutual Funds Inc. and RBC Dominion Securities Inc. also distribute units of the Fund.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.



Registrars

RBC IS and RBC GAM are registrars of the Fund and keep records of who owns the units of the Fund. The registrars also process orders and issue account statements.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$126,000 (2013 – \$123,000) or 7% (2013 – 8%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors (“BoG”) in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series F												
Dec. 31, 2014	10.79	0.19	(0.09)	1.78	0.25	2.13	–	(0.09)	–	–	(0.09)	12.68
Dec. 31, 2013	7.93	0.16	(0.07)	2.14	0.78	3.01	–	(0.09)	–	–	(0.09)	10.78
Dec. 31, 2012	7.31	0.17	(0.06)	0.82	(0.19)	0.74	–	(0.11)	–	–	(0.11)	7.93
Dec. 31, 2011	7.51	0.11	(0.05)	(0.05)	(0.16)	(0.15)	–	(0.05)	–	–	(0.05)	7.31
Dec. 31, 2010	7.17	0.10	(0.05)	0.11	0.25	0.41	–	(0.05)	–	–	(0.05)	7.51
Series O												
Dec. 31, 2014	10.86	0.19	(0.01)	1.78	0.25	2.21	–	(0.18)	–	–	(0.18)	12.77
Dec. 31, 2013	7.98	0.16	(0.01)	2.15	0.79	3.09	–	(0.16)	–	–	(0.16)	10.86
Dec. 31, 2012	7.36	0.17	–	0.83	(0.19)	0.81	–	(0.17)	–	–	(0.17)	7.98
Dec. 31, 2011	7.57	0.11	–	(0.05)	(0.16)	(0.10)	–	(0.11)	–	–	(0.11)	7.36
Dec. 31, 2010	7.22	0.10	–	0.11	0.25	0.46	–	(0.09)	–	–	(0.09)	7.57

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series F							
Dec. 31, 2014	12.68	14 854	1 171	0.77	0.77	338.32	0.28
Dec. 31, 2013	10.79	13 264	1 230	0.78	0.78	266.07	0.33
Dec. 31, 2012	7.93	9 864	1 244	0.75	0.75	253.63	0.33
Dec. 31, 2011	7.32	9 300	1 271	0.73	0.73	284.92	0.48
Dec. 31, 2010	7.51	9 698	1 291	0.74	0.74	250.90	0.47
Series O							
Dec. 31, 2014	12.77	793 927	62 164	0.06	0.06	338.32	0.28
Dec. 31, 2013	10.86	519 089	47 801	0.06	0.06	266.07	0.33
Dec. 31, 2012	7.98	434 120	54 398	0.06	0.06	253.63	0.33
Dec. 31, 2011	7.36	433 554	58 874	0.03	0.03	284.92	0.48
Dec. 31, 2010	7.57	492 004	65 023	0.05	0.05	250.90	0.47

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. The management fee with respect to Series F units is payable by the Fund on a monthly basis and calculated at the annual percentages, before GST/HST, of the daily net asset value of Series F units of the Fund. The management fee in respect of Series F units is 100% for management, investment advisory services, general administration and profit. No amount is paid out of the management fee for distribution services.

The management fee with respect to Series O units is payable directly to RBC GAM by unitholders or distributors, and therefore is not charged to the Fund.

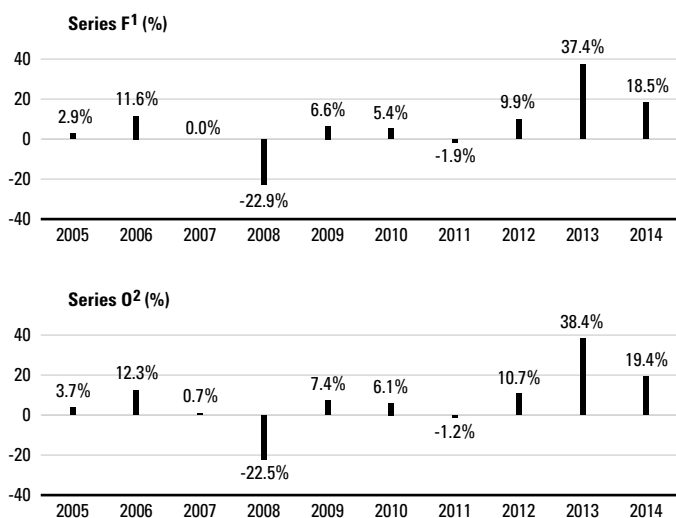


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, or optional charges, or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

S&P 500 Total Return Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series F ¹	18.5	21.4	13.1	5.7	—
Benchmark	24.3	25.8	17.8	7.3	—
Series O ²	19.4	22.3	13.9	6.5	—
Benchmark	24.3	25.8	17.8	7.3	—

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date November 1, 2003.

² Inception date August 21, 2003.

INDEX DESCRIPTION

S&P 500 Total Return Index (CAD) This index is a capitalization weighted index measuring the Canadian dollar performance of 500 widely held common stocks representing all major industries in the United States. The index gives investors a broad measure of the overall performance of the U.S. stock market.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Information Technology	23.3
Financials	15.6
Consumer Discretionary	13.7
Health Care	13.4
Consumer Staples	10.6
Industrials	9.4
Energy	5.8
Other Sectors	4.5
Cash/Other	3.7

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	3.6
Apple Inc.	3.6
Microsoft Corp.	3.3
Exxon Mobil Corp.	2.3
Intel Corp.	1.9
Eli Lilly & Co.	1.9
Berkshire Hathaway Inc., Class B	1.8
Union Pacific Corp.	1.7
Wells Fargo & Company	1.7
Hewlett-Packard Co.	1.6
UnitedHealth Group Incorporated	1.6
Bank of America Corp.	1.5
Home Depot Inc.	1.5
General Dynamics Corp.	1.5
Honeywell International Inc.	1.5
CVS Health Corp.	1.5
Micron Technology Inc.	1.5
Costco Wholesale Corp.	1.5
Citigroup Inc.	1.5
BlackRock Inc.	1.4
Western Digital Corp.	1.4
Visa Inc., Class A	1.4
Procter & Gamble Co.	1.4
Altria Group Inc.	1.3
Cisco Systems Inc.	1.3
Top 25 Holdings	45.2

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available by calling us at 1-800-662-0652.



U.S. EQUITY

RBC PRIVATE U.S. LARGE-CAP VALUE EQUITY POOL

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor: Westwood Management Corp., Dallas, Texas

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling us at 1-800-662-0652, by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term total returns primarily through capital appreciation by investing in common stocks and equivalent securities of U.S. corporations trading below their intrinsic value.

The Fund typically invests in U.S. and non-U.S. companies that are constituents of the Russell 1000 or S&P 500 indices. The Fund is diversified across major industry sectors, within minimum and maximum exposures.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$344 million as of December 31, 2014, from \$290 million at the end of 2013. The change was due to investment returns.

Over the past year, the Fund's Series O units gained 23.3%, which underperformed the 23.7% rise in the benchmark. The broad-based index rose 23.4%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The U.S. stock market extended gains in 2014, as central-bank policy remained in the forefront of investor psychology. While the U.S. Federal Reserve announced plans to end its monetary-stimulus program, the European Central Bank and Bank of Japan announced massive new stimulus plans. Given the choppy global macroeconomic backdrop, interest rates declined through the year and equity valuations increased.

The Fund's relative performance was aided by security selection in the Consumer Discretionary and Energy sectors, and an underweight position in the Materials sector. On an individual stock basis, Skyworks Solutions was a top contributor during the year, as the company benefited from growing demand for its semiconductors in Internet-ready consumer products. Apple Inc. performed well as profit margins and sales improved with the successful launch of several new products including the new iPhone and Apple Pay. Union Pacific benefited from improving rail volumes and success in boosting prices. Advance Auto

Parts outperformed as industry fundamentals remained strong and the company benefited from the acquisition of Genuine Parts International. Covidien contributed to the Fund's performance after it agreed to be acquired by Medtronic for nearly \$43 billion in June.

The Fund's relative performance was negatively impacted by security selection in the Consumer Staples and Financials sectors, an underweight position in real estate investment trusts (REITs) and a modest cash position. Stocks that had a negative impact on performance included Occidental Petroleum and Chevron. Both energy holdings were hurt by the big drop in crude-oil prices in the second half of the year. Viacom and AMC Networks underperformed due to weakness in industry-wide advertising spending. WESCO International, an electrical-products distributor, was held back by sluggish construction trends early in 2014 and weak prices for its products during the year.

Recent Developments

As the economic cycle matures and investors exit the monetary-policy-driven environment of the past several years, corporate fundamentals will become increasingly important for the direction of stock prices. Businesses that are better able to weather rising interest rates, diverging economic trends and volatility in commodity markets will be more highly valued by investors.

Without monetary stimulus, which has provided a "rising tide" over the past few years, the sub-advisor believes it is prudent to focus on businesses with real opportunities for growth. Companies with steady earnings growth and robust returns on invested capital are particularly attractive, as these businesses offer the best potential for risk-adjusted returns. The sub-advisor continues to invest in securities with conservative balance sheets and strong free cash flows, as these characteristics help protect against an environment of falling stock prices.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.



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

Distributor

RBC GAM is the principal distributor of the Fund, and RBC Dominion Securities Inc. also distributes units of the Fund.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

RBC IS and RBC GAM are registrars of the Fund and keep records of who owns the units of the Fund. The registrars also process orders and issue account statements.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$3,000 (2013 – \$2,000) or 2% (2013 – 1%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series F												
Dec. 31, 2014	172.64	3.24	(2.22)	17.13	19.43	37.58	–	(1.14)	–	–	(1.14)	209.30
Dec. 31, 2013	126.49	2.69	(1.80)	18.59	27.31	46.79	–	(0.91)	–	–	(0.91)	172.63
Dec. 31, 2012	113.19	2.40	(1.44)	1.15	11.71	13.82	–	(0.86)	–	–	(0.86)	126.49
Dec. 31, 2011	116.37	5.39	(1.35)	(1.63)	(1.80)	0.61	–	(4.21)	–	–	(4.21)	113.19
Dec. 31, 2010	110.85	1.89	(1.28)	0.01	7.43	8.05	–	(0.56)	–	–	(0.56)	116.37
Series O												
Dec. 31, 2014	174.78	3.28	(0.19)	17.34	19.67	40.10	–	(3.17)	–	–	(3.17)	211.98
Dec. 31, 2013	128.06	2.72	(0.15)	18.80	27.62	48.99	–	(2.53)	–	–	(2.53)	174.77
Dec. 31, 2012	114.50	2.42	(0.12)	1.16	11.77	15.23	–	(2.13)	–	–	(2.13)	128.06
Dec. 31, 2011	116.79	5.34	(0.12)	(1.61)	(1.78)	1.83	–	(4.57)	–	–	(4.57)	114.50
Dec. 31, 2010	111.10	1.84	(0.11)	0.01	7.25	8.99	–	(1.60)	–	–	(1.60)	116.79

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series F							
Dec. 31, 2014	209.30	1 237	6	1.19	1.19	41.09	0.05
Dec. 31, 2013	172.64	1 500	9	1.19	1.19	64.41	0.06
Dec. 31, 2012	126.51	1 168	9	1.19	1.19	28.53	0.06
Dec. 31, 2011	113.20	1 126	10	1.20	1.20	51.81	0.07
Dec. 31, 2010	116.38	1 352	12	1.18	1.18	41.58	0.09
Series O							
Dec. 31, 2014	211.98	342 337	1 615	0.10	0.10	41.09	0.05
Dec. 31, 2013	174.78	288 136	1 649	0.10	0.10	64.41	0.06
Dec. 31, 2012	128.08	187 576	1 465	0.10	0.10	28.53	0.06
Dec. 31, 2011	114.51	127 646	1 115	0.10	0.10	51.81	0.07
Dec. 31, 2010	116.80	81 729	700	0.10	0.10	41.58	0.09

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. The management fee with respect to Series F units is payable by the Fund on a monthly basis and calculated at the annual percentages, before GST/HST, of the daily net asset value of Series F units of the Fund. The management fee in respect of Series F units is 100% for management, investment advisory services, general administration and profit. No amount is paid out of the management fee for distribution services.

The management fee with respect to Series O units is payable directly to RBC GAM by unitholders or distributors, and therefore is not charged to the Fund.

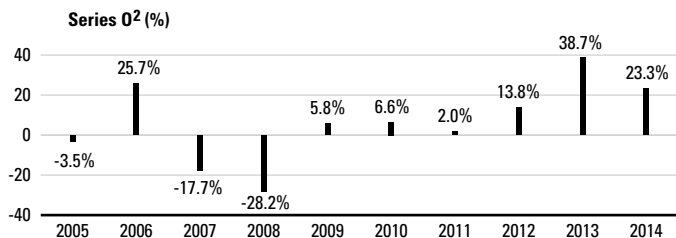
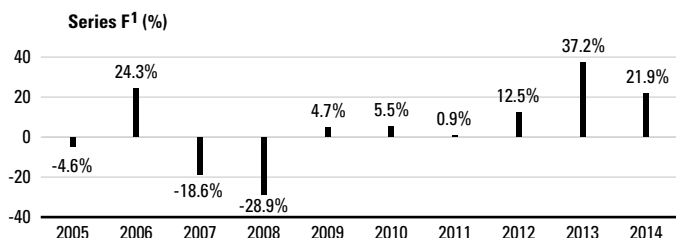


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, or optional charges, or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

Russell 1000 Value Index (CAD)

The broad-based index is the Russell 1000 Index (CAD).

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series F ¹	21.9	23.5	14.9	3.7	—
Benchmark	23.7	26.2	17.7	6.9	—
Broad-based index	23.4	25.9	18.0	7.6	—
Series O ²	23.3	24.8	16.2	4.8	—
Benchmark	23.7	26.2	17.7	6.9	—
Broad-based index	23.4	25.9	18.0	7.6	—

The returns of each series may vary because of differences in management fees and expenses. The Benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark and broad-based indexes.

¹ Inception date November 1, 2003.

² Inception date August 21, 2003.

INDEX DESCRIPTIONS

Russell 1000 Value Index (CAD) This index measures the Canadian dollar performance of companies in the Russell 1000 Index that have lower price-to-book ratios and lower forecasted growth values.

Russell 1000 Index (CAD) This index measures the Canadian dollar performance of the large-cap segment of the U.S. equity universe and includes 1,000 of the largest securities based on market capitalization.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Financials	21.1
Industrials	16.9
Consumer Discretionary	15.0
Health Care	12.7
Information Technology	11.8
Consumer Staples	7.9
Energy	7.1
Other Sectors	6.1
Cash/Other	1.4

Top 25 Holdings

	% of Net Asset Value
Wells Fargo & Company	3.1
Bank of America Corp.	3.0
JPMorgan Chase & Co.	3.0
Honeywell International Inc.	3.0
Capital One Financial Corp.	2.9
Amdocs Ltd.	2.9
Skyworks Solutions Inc.	2.7
Union Pacific Corp.	2.5
Target Corporation	2.4
Becton Dickinson & Co.	2.3
Hartford Financial Services Inc.	2.3
Comcast Corp., Class A	2.2
Apple Inc.	2.2
Express Scripts Holding Co.	2.2
Cigna Corp.	2.2
United Technologies Corp.	2.2
Raytheon Company	2.1
Boeing Co.	2.1
NextEra Energy Inc.	2.1
Invesco Ltd.	2.1
American International Group Inc.	2.1
Home Depot Inc.	2.0
Johnson & Johnson	2.0
Wisconsin Energy Corp.	2.0
McCormick & Co. Inc.	2.0
Top 25 Holdings	59.6

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available by calling us at 1-800-662-0652.



U.S. EQUITY

RBC PRIVATE U.S. LARGE-CAP VALUE EQUITY CURRENCY NEUTRAL POOL

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor (for the underlying fund): Westwood Management Corp.,
Dallas, Texas

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling us at 1-800-662-0652, by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term total returns primarily through capital appreciation by investing primarily in one or more mutual funds managed by RBC GAM or an affiliate. The assets are invested in common stocks and equivalent securities of U.S. corporations trading below their potential intrinsic value. The Fund also seeks to minimize exposure to currency fluctuations between the U.S. and Canadian dollars.

To achieve its investment objective, the Fund invests most of its assets in the RBC Private U.S. Large-Cap Value Equity Pool (the "underlying fund"), and uses currency hedges to minimize currency exposure. The underlying fund typically invests in U.S. and non-U.S. companies that are constituents of the Russell 1000 or S&P 500 indices. The underlying fund is diversified across major industry sectors, within minimum and maximum exposures.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value fell to \$16 million as of December 31, 2014, from \$29 million at the end of 2013. The change was due to net redemptions.

Over the past year, the Fund's Series O units gained 12.7%, which underperformed the 13.5% rise in the benchmark. The broad-based benchmark rose 13.2%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The U.S. stock market extended gains in 2014, as central-bank policy remained in the forefront of investor psychology. While the U.S. Federal Reserve announced plans to end its monetary-stimulus program, the European Central Bank and Bank of Japan announced massive new stimulus plans. Given the choppy global macroeconomic backdrop, interest rates declined through the year and equity valuations increased.

The Fund's relative performance was aided by security selection in the Consumer Discretionary and Energy sectors, and an underweight position in the Materials sector. On an individual stock basis, Skyworks Solutions was a top contributor during the year, as the company benefited from growing demand for its semiconductors in Internet-ready consumer products. Apple Inc. performed well as profit margins and sales improved with the successful launch of several new products including the new iPhone and Apple Pay. Union Pacific benefited from improving rail volumes and success in boosting prices. Advance Auto Parts outperformed as industry fundamentals remained strong and the company benefited from the acquisition of Genuine Parts International. Covidien contributed to performance after it agreed to be acquired by Medtronic for nearly \$43 billion in June.

The Fund's relative performance was negatively impacted by security selection in the Consumer Staples and Financials sectors, an underweight position in real estate investment trusts (REITs) and a modest cash position. Stocks that had a negative impact on performance included Occidental Petroleum and Chevron. Both energy holdings were hurt by the big drop in crude-oil prices in the second half of the year. Viacom and AMC Networks underperformed due to weakness in industry-wide advertising spending. WESCO International, an electrical-products distributor, was held back by sluggish construction trends early in 2014 and weak prices for its products during the year.

The performance of the Fund was negatively affected by the Fund's mandate to hedge exchange-rate movements between the U.S. and Canadian dollars, as unitholders did not benefit from the rise in the U.S. dollar versus the Canadian dollar during 2014.

Recent Developments

As the economic cycle matures and investors exit the monetary-policy-driven environment of the past several years, corporate fundamentals will become increasingly important for the direction of stock prices. Businesses that are better able to weather rising interest rates, diverging economic trends and volatility in commodity markets will be more highly valued by investors.

Without monetary stimulus, which has provided a "rising tide" over the past few years, the sub-advisor believes it is prudent to focus on businesses with real opportunities for growth. Companies with steady earnings growth and robust returns on invested capital are particularly attractive, as these businesses offer the best potential for risk-adjusted returns. The sub-advisor continues to invest in securities with conservative balance sheets and strong free cash flows, as these characteristics help protect against an environment of falling stock prices.



Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributor

RBC GAM is the principal distributor of the Fund, and RBC Dominion Securities Inc. also distributes units of the Fund.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrar

RBC IS is the registrar of the Fund and keeps records of who owns the units of the Fund. The registrar also processes orders and issues account statements.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Dec. 31, 2014	14.51	0.23	(0.01)	3.63	(2.20)	1.65	–	(0.24)	–	–	(0.24)	16.10
Dec. 31, 2013	11.30	0.21	(0.01)	0.05	3.17	3.42	–	(0.21)	–	–	(0.21)	14.51
Dec. 31, 2012	9.88	0.19	(0.01)	0.60	0.79	1.57	–	(0.18)	(0.06)	–	(0.24)	11.30
Dec. 31, 2011	10.40	0.54	(0.01)	(0.63)	(0.30)	(0.40)	–	(0.37)	–	–	(0.37)	9.88
Dec. 31, 2010 ³	10.00 [†]	0.17	(0.01)	1.12	1.50	2.78	–	(0.13)	(0.48)	–	(0.61)	10.40

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From January 11, 2010.

[†] Initial offering net asset value per unit.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Dec. 31, 2014	16.10	15 612	970	0.15	0.17	5.56	0.05
Dec. 31, 2013	14.51	28 693	1 977	0.16	0.16	13.25	0.06
Dec. 31, 2012	11.30	25 865	2 290	0.17	0.17	29.61	0.06
Dec. 31, 2011	9.88	17 632	1 784	0.21	0.21	53.51	0.07
Dec. 31, 2010 ⁴	10.40	5 306	510	0.21	0.21	n/a	–

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From January 11, 2010.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. The management fee with respect to Series O units is payable directly to RBC GAM by unitholders or distributors, and therefore is not charged to the Fund.

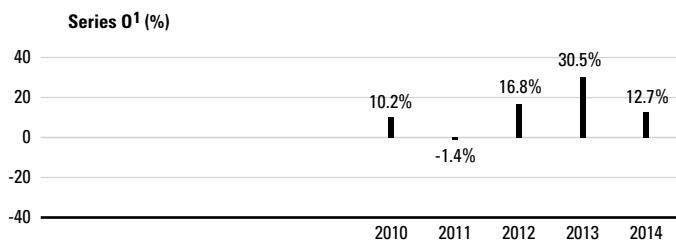


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, or optional charges, or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for Series 0 of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

Russell 1000 Value Index (USD)

The broad-based index is the Russell 1000 Index (USD).

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series 0 ¹	12.7	19.7	—	—	13.4
Benchmark	13.5	20.9	—	—	16.4
Broad-based index	13.2	20.6	—	—	16.8

The Benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark and broad-based indexes.

¹ Inception date January 11, 2010.

INDEX DESCRIPTIONS

Russell 1000 Value Index (USD) This index measures the U.S. dollar performance of companies in the Russell 1000 Index that have lower price-to-book ratios and lower forecasted growth values.

Russell 1000 Index (USD) This index measures the U.S. dollar performance of the large-cap segment of the U.S. equity universe and includes 1,000 of the largest securities based on market capitalization.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Financials	21.1
Industrials	16.9
Consumer Discretionary	15.0
Health Care	12.7
Information Technology	11.8
Consumer Staples	7.9
Energy	7.1
Other Sectors	6.1
Cash/Other	1.4

Top 25 Holdings*

	% of Net Asset Value
Wells Fargo & Company	3.1
Bank of America Corp.	3.0
JPMorgan Chase & Co.	3.0
Honeywell International Inc.	3.0
Capital One Financial Corp.	2.9
Amdocs Ltd.	2.9
Skyworks Solutions Inc.	2.7
Union Pacific Corp.	2.5
Target Corporation	2.4
Becton Dickinson & Co.	2.3
Hartford Financial Services Inc.	2.3
Comcast Corp., Class A	2.2
Apple Inc.	2.2
Express Scripts Holding Co.	2.2
Cigna Corp.	2.2
United Technologies Corp.	2.2
Raytheon Company	2.1
Boeing Co.	2.1
NextEra Energy Inc.	2.1
Invesco Ltd.	2.1
American International Group Inc.	2.1
Home Depot Inc.	2.0
Johnson & Johnson	2.0
Wisconsin Energy Corp.	2.0
McCormick & Co. Inc.	2.0
Top 25 Holdings	59.6

* The Fund invests substantially all of its assets directly in the RBC Private U.S. Large-Cap Value Equity Pool. The above are the Top 25 holdings of the RBC Private U.S. Large-Cap Value Equity Pool.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available by calling us at 1-800-662-0652.

The simplified prospectus and other information about the underlying fund are available on SEDAR website at www.sedar.com.



U.S. EQUITY

RBC PRIVATE U.S. GROWTH EQUITY POOL

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor: Brown Advisory, LLC, Baltimore, Maryland

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling us at 1-800-662-0652, by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks long-term growth primarily through capital appreciation by investing in common stocks and equivalent securities of U.S. corporations that offer above-average prospects for growth.

The Fund identifies opportunities using detailed, bottom-up fundamental research performed through the analysis of a company's financial statements, long-term business model and industry attractiveness.

The Fund diversifies across major industry sectors. The Fund invests in companies with an attractive combination of large and sustainable market opportunities, experienced and credible management, proprietary products or services, healthy financial position and attractive valuations relative to their long-term growth opportunity.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$342 million as of December 31, 2014, from \$324 million at the end of 2013. Of the change, \$52 million was due to investment returns offset by \$34 million of net redemptions.

Over the past year, the Fund's Series O units gained 17.1%, which underperformed the 23.2% rise in the blended benchmark. The broad-based index rose 23.4%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The year 2014 was another strong one for U.S. equity markets, as they continued to rise to all-time highs. The year, however, proved challenging for the Fund's relative returns, which were negatively affected by investors' preference for dividend-paying stocks over fast-growing businesses. The impact was felt most in the Information Technology sector, where stocks in the lowest fifth of sector valuations outperformed the rest of the sector. Dividend yield is not a component of the Fund's investment process, and the majority of companies in the Fund tend to reinvest profits rather than pay them out as dividends.

In addition to the general trend, several of the Fund's portfolio holdings disappointed investors during 2014. One of these was Whole Foods, a grocery chain focused on healthier foods, whose shares fell significantly during the first half of the year before recovering somewhat. The stock was negatively affected by decelerating sales in existing stores and concern about increased competition. The management team has developed plans to address the problems, and the results are starting to show.

Between the middle of 2014 and the end of year, Energy went from being a top-performing sector to the only sector in the benchmark with a negative return, as the spot price of crude oil fell precipitously. The Fund has been overweight in the Energy sector for a number of years through a few investments in fast-growing oilfield-services companies that offer unique products. These stocks performed poorly alongside the decline in the price of oil as did a few stocks in the Industrials sector with energy-related exposure.

On the positive side, many of the Fund's Health Care holdings performed well. This included surgical-tool maker Intuitive Surgical, which was among the portfolio's best-performing stocks this year. This is a reversal from 2013, when the stock was one of the Fund's worst-performing holdings.

Recent Developments

The sub-advisor remains steadfast in applying the criteria on which it bases investment decisions. The sub-advisor will not invest in lower-growth companies that pay high dividends or expose the portfolio to unproven, highly speculative business models.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributor

RBC GAM is the principal distributor of the Fund, and RBC Dominion Securities Inc. also distributes units of the Fund.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.



Registrars

RBC IS and RBC GAM are registrars of the Fund and keep records of who owns the units of the Fund. The registrars also process orders and issue account statements.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. There were no related-party commissions.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series F												
Dec. 31, 2014	110.30	0.77	(1.38)	10.26	7.23	16.88	–	–	–	–	–	127.74
Dec. 31, 2013	80.26	0.60	(1.18)	2.96	27.47	29.85	–	–	–	–	–	110.28
Dec. 31, 2012	77.76	1.27	(0.94)	(0.22)	3.15	3.26	–	(0.42)	–	–	(0.42)	80.26
Dec. 31, 2011	81.41	0.80	(0.90)	4.53	(8.71)	(4.28)	–	–	–	–	–	77.76
Dec. 31, 2010	74.33	1.52	(0.87)	(4.31)	11.03	7.37	(0.03)	(0.61)	–	–	(0.64)	81.41
Series O												
Dec. 31, 2014	111.37	0.78	(0.09)	10.40	7.33	18.42	–	(0.70)	–	–	(0.70)	129.64
Dec. 31, 2013	80.78	0.61	(0.07)	2.98	27.68	31.20	–	(0.65)	–	–	(0.65)	111.35
Dec. 31, 2012	78.06	1.26	(0.06)	(0.22)	3.15	4.13	–	(1.09)	–	–	(1.09)	80.78
Dec. 31, 2011	81.63	0.80	(0.03)	4.54	(8.72)	(3.41)	–	(0.76)	–	–	(0.76)	78.06
Dec. 31, 2010	74.53	1.53	(0.06)	(4.32)	11.07	8.22	(0.07)	(1.39)	–	–	(1.46)	81.63

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series F							
Dec. 31, 2014	127.74	592	5	1.19	1.19	20.88	0.02
Dec. 31, 2013	110.30	703	6	1.24	1.24	23.38	0.02
Dec. 31, 2012	80.28	575	7	1.16	1.16	139.09	0.24
Dec. 31, 2011	77.83	4 839	62	1.12	1.12	66.24	0.15
Dec. 31, 2010	81.45	6 114	75	1.16	1.16	60.20	0.15
Series O							
Dec. 31, 2014	129.64	340 987	2 630	0.08	0.08	20.88	0.02
Dec. 31, 2013	111.37	322 841	2 899	0.08	0.08	23.38	0.02
Dec. 31, 2012	80.80	216 630	2 681	0.08	0.08	139.09	0.24
Dec. 31, 2011	78.13	207 078	2 650	0.04	0.04	66.24	0.15
Dec. 31, 2010	81.67	188 774	2 312	0.08	0.08	60.20	0.15

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. The management fee with respect to Series F units is payable by the Fund on a monthly basis and calculated at the annual percentages, before GST/HST, of the daily net asset value of Series F units of the Fund. The management fee in respect of Series F units is 100% for management, investment advisory services, general administration and profit. No amount is paid out of the management fee for distribution services.

The management fee with respect to Series O units is payable directly to RBC GAM by unitholders or distributors, and therefore is not charged to the Fund.

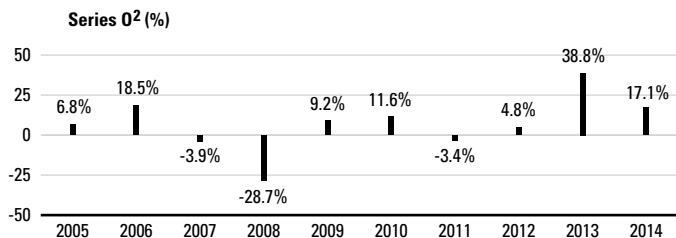
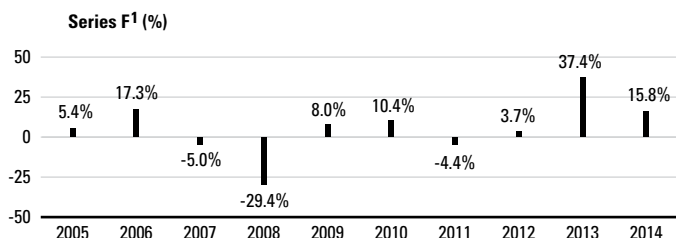


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, or optional charges, or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

Russell 1000 Growth Index (CAD)

The broad-based index is the Russell 1000 Index (CAD).

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series F ¹	15.8	18.2	11.7	4.6	—
Benchmark	23.2	25.5	18.1	8.1	—
Broad-based index	23.4	25.9	18.0	7.6	—
Series O ²	17.1	19.4	12.9	5.7	—
Benchmark	23.2	25.5	18.1	8.1	—
Broad-based index	23.4	25.9	18.0	7.6	—

The returns of each series may vary because of differences in management fees and expenses. The Benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark and broad-based indexes.

¹ Inception date November 1, 2003.

² Inception date August 21, 2003.

INDEX DESCRIPTIONS

Russell 1000 Growth Index (CAD) This index measures the Canadian dollar performance of companies in the Russell 1000 Index that have higher price-to-book ratios and higher forecasted growth values.

Russell 1000 Index (CAD) This index measures the Canadian dollar performance of the large-cap segment of the U.S. equity universe and includes 1,000 of the largest securities based on market capitalization.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Information Technology	30.6
Health Care	18.7
Consumer Staples	13.3
Industrials	11.0
Consumer Discretionary	8.7
Energy	8.2
Other Sectors	7.6
Cash/Other	1.9

Top 25 Holdings

	% of Net Asset Value
Express Scripts Holding Co.	4.8
Visa Inc., Class A	4.6
The Charles Schwab Corporation	4.5
Intuitive Surgical Inc.	4.1
Whole Foods Market Inc.	4.0
Starbucks Corp.	3.8
Danaher Corp.	3.7
Stericycle Inc.	3.6
Mead Johnson Nutrition Co., Class A	3.6
Apple Inc.	3.6
QUALCOMM Inc.	3.5
Gilead Sciences Inc.	3.3
Estée Lauder Companies Inc., Class A	3.2
Schlumberger Ltd.	3.2
Amphenol Corp., Class A	3.2
Ecolab Inc.	3.0
Fastenal Co.	3.0
DaVita HealthCare Partners Inc.	3.0
Salesforce.com Inc.	2.9
FMC Technologies Inc.	2.8
Discovery Communications Inc.	2.6
Costco Wholesale Corp.	2.5
Core Laboratories N.V.	2.2
Cognizant Technology Solutions Corp., Class A	2.2
Genpact Ltd.	2.2
Top 25 Holdings	83.1

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available by calling us at 1-800-662-0652.



U.S. EQUITY

**RBC PRIVATE O'SHAUGHNESSY
U.S. GROWTH EQUITY POOL**

December 31, 2014

Portfolio Manager *RBC Global Asset Management Inc. ("RBC GAM")*

Sub-Advisor: O'Shaughnessy Asset Management, L.L.C., Stamford, Connecticut

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling us at 1-800-662-0652, by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term capital growth by investing primarily in equity securities of U.S. companies based on Strategy Indexing[®], an investment portfolio management model developed in 1995 by Jim O'Shaughnessy.

To achieve its objective, the Fund selects stocks with the most attractive momentum based on a variety of measures, including six-month total return and nine-month total return. The stocks must also meet certain market capitalization and liquidity thresholds. The Fund uses currency hedges to minimize the impact of fluctuations in the U.S. dollar versus the Canadian dollar.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$79 million as of December 31, 2014, from \$62 million at the end of 2013. Most of the change was due to net inflows.

Over the past year, the Fund's Series O units gained 1.7%, which underperformed the 7.1% rise in the benchmark. The broad-based index rose 7.1%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

In 2014, global equity markets did not match the huge gains of 2013. The U.S. market continued to do well, while markets in Canada and elsewhere had only moderate gains. Volatility picked up at times during the year, especially in energy, which was hit hard by a swift decline in the price of oil. Earnings continued to grow, but stocks remained more expensive than they have been in recent years.

Companies whose stocks exhibited strong price momentum, like those invested in by the sub-advisor, generally underperformed. Within momentum, the sub-advisor favoured stocks with lower price volatility. These stocks finished the period with a positive effect on returns. Exposure to companies with attractive valuations, which are targeted as a component of the Fund's stock-selection process, had a positive effect on performance. Additionally, exposure to stocks with high earnings quality, financial strength and high earnings growth helped returns.

Both security selection and allocation among sectors had a negative effect on Fund performance. An overweight allocation to Consumer Staples and an underweight allocation to Materials contributed to performance during the period. These effects were more than offset by an underweight allocation to and security selection within Health Care. Within the sector, InterMune had a significantly negative impact on Fund performance. An overweight position in Energy, as well as security selection in the Information Technology sector, also hurt the Fund's returns. In the Energy sector, Westmoreland Coal was a main contributor to the Fund's performance, while Warren Resources had a negative impact. Stock selection in the Industrials and Consumer Discretionary sectors had a positive effect on performance. In the Industrials sector, Knight Transportation was a main contributor to Fund performance.

Portfolio turnover for the Fund is typically high. Inherent in the investment process for O'Shaughnessy Funds is the periodic rebalancing of segments of the portfolio as the sub-advisor attempts to generate better returns through stock selection.

Recent Developments

To identify the most attractive investments, the sub-advisor uses historically proven, objectively measured characteristics such as low valuations, strong balance sheets and earnings quality and strong but stable momentum.

Due to the Fund's investment process and market conditions over the course of 2014, the Fund decreased allocations to the Materials and Industrials sectors and increased allocations to Consumer Staples stocks. The sub-advisor believes that stock selection becomes more important when the overall market is more expensive and that portfolios that differ from the market offer the best chance for outperformance.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

[®] Registered trademark of Royal Bank of Canada. Used under licence.



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

Distributor

RBC GAM is the principal distributor of the Fund. Royal Mutual Funds Inc. and RBC Dominion Securities Inc. also distribute units of the Fund.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrar

RBC IS is the registrar of the Fund and keeps records of who owns the units of the Fund. The registrar also processes orders and issues account statements.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$5,000 (2013 – \$1,000) or 6% (2013 – 2%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Dec. 31, 2014	7.45	0.11	(0.01)	0.61	(0.51)	0.20	–	(0.10)	–	–	(0.10)	7.48
Dec. 31, 2013	5.22	0.08	(0.01)	1.37	0.90	2.34	–	(0.10)	–	–	(0.10)	7.45
Dec. 31, 2012	4.41	0.08	(0.01)	0.67	0.23	0.97	–	(0.08)	–	–	(0.08)	5.22
Dec. 31, 2011	5.16	0.05	(0.01)	0.01	(0.79)	(0.74)	–	(0.04)	–	–	(0.04)	4.41
Dec. 31, 2010	4.11	0.03	–	0.58	0.46	1.07	–	(0.02)	–	–	(0.02)	5.16

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Dec. 31, 2014	7.48	78 501	10 497	0.11	0.11	100.80	0.10
Dec. 31, 2013	7.45	61 508	8 255	0.12	0.12	94.27	0.11
Dec. 31, 2012	5.24	52 863	10 091	0.11	0.11	91.10	0.15
Dec. 31, 2011	4.43	78 881	17 821	0.12	0.12	127.07	0.21
Dec. 31, 2010	5.16	82 042	15 885	0.11	0.11	138.17	0.32

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. The management fee with respect to Series O units is payable directly to RBC GAM by unitholders or distributors, and therefore is not charged to the Fund.

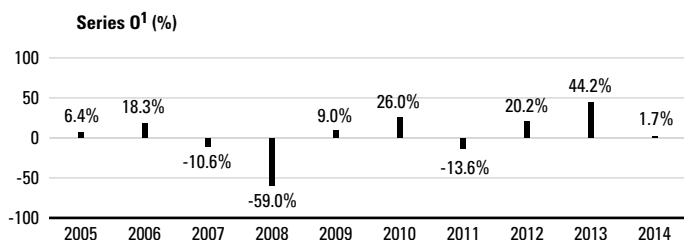


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, or optional charges, or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for Series 0 of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmarks:

Russell 2500 Growth Index (USD)

The broad-based index is the Russell 2500 Index (USD).

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series 0 ¹	1.7	20.8	14.0	—	-0.4
Benchmark	7.1	20.5	17.3	—	10.0
Broad-based index	7.1	20.0	16.4	—	9.2

The Benchmark and broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark and broad-based indexes.

¹ Inception date October 17, 2005.

INDEX DESCRIPTIONS

Russell 2500 Growth Index (USD) This index measures the U.S. dollar performance of the small- to mid-cap growth segment of the U.S. equity universe and includes those Russell 2500 companies with higher price-to-book ratios and higher forecasted growth values.

Russell 2500 Index (USD) This index measures the U.S. dollar performance of the small-cap segment of the U.S. equity universe and includes 2,500 of the smallest securities based on market capitalization.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Industrials	26.9
Consumer Discretionary	19.5
Information Technology	16.0
Health Care	12.1
Consumer Staples	8.9
Other Sectors	6.8
Materials	5.8
Financials	4.9
Cash/Other	(0.9)

Top 25 Holdings

	% of Net Asset Value
Skyworks Solutions Inc.	3.0
Knight Transportation Inc.	1.7
John B. Sanfilippo & Son Inc.	1.7
Cal-Maine Foods Inc.	1.6
Ryder System Inc.	1.6
Restaurant Brands International Inc.	1.6
Cash & Cash Equivalents	1.6
Multi-Color Corp.	1.5
Targa Resources Corp.	1.5
VCA Antech Inc.	1.4
Ball Corp.	1.4
LifePoint Hospitals Inc.	1.3
Jack in the Box Inc.	1.3
Hawaiian Holdings Inc.	1.3
Core-Mark Holding Co. Inc.	1.3
Avis Budget Group Inc.	1.2
Hyatt Hotels Corp., Class A	1.2
Royal Caribbean Cruises Ltd.	1.2
Huntington Ingalls Industries Inc.	1.2
Trinity Industries	1.1
The Greenbrier Co. Inc.	1.1
Foot Locker Inc.	1.1
Windstream Holdings Inc.	1.1
Old Dominion Freight Line Inc.	1.0
Visteon Corp.	1.0
Top 25 Holdings	35.0

The Summary of Investment Portfolio may change due to ongoing portfolio transactions. The Fund is re-balanced around the end of the period. The Top 25 Holdings may not reflect current positions. A quarterly update is available by calling us at 1-800-662-0652.



U.S. EQUITY

RBC PRIVATE U.S. LARGE-CAP CORE EQUITY POOL

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor: RBC Global Asset Management (U.S.) Inc, Minneapolis, Minnesota

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling us at 1-800-662-0652, by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term total returns consisting primarily of capital appreciation by investing in common stocks of U.S. corporations.

The Fund typically invests in large-cap companies that belong to the Standard & Poor's 500 Index. The Fund will be diversified across industries and, in aggregate, normally will have lower price-to-earnings, price-to-book, and price-to-cash-flow ratios than the Standard & Poor's 500 Index. Equities are also selected based on expectations of improved fundamentals that could result from restructurings, management changes and new-product cycles.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$687 million as of December 31, 2014, from \$496 million at the end of 2013. Most of the change was due to investment returns.

Over the past year, the Fund's Series O units gained 25.2%, which outperformed the 24.3% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The broad U.S. equity market rose in 2014 as the U.S. economy gathered momentum. Steady U.S. economic growth, a stabilizing housing market and improved consumer spending offset the dampening effect of a historically cold winter and slowing growth in many countries overseas. Also during the period, the U.S. Federal Reserve (the "Fed") ended its efforts to stimulate economic growth through long-term bond purchases, known formally as quantitative easing. Nine of the 10 economic sectors in the S&P 500 posted gains in the year, the only exception being the Energy sector.

The sub-advisor generally allocates the Fund's investments among the 10 major sectors in line with benchmark weightings, and this exposure usually means that sector weights do not have much impact on the Fund's performance. During 2014, however, a slight underweight allocation to the Energy sector had a measurably positive impact on Fund performance because the sector declined significantly, especially during the second half of the year. Stock-selection decisions contributed significantly to the Fund's performance during the period.

Favourable stock selection in the Information Technology, Consumer Discretionary and Consumer Staples sectors contributed most to the Fund's performance. Semiconductor manufacturers Skyworks Solutions and NXP Semiconductor were two of the strongest performers in the Information Technology sector. Holdings in the Consumer Discretionary sector, such as home-improvement retailer, Lowe's, and Macy's, the department store chain, recorded strong returns. In the Consumer Staples sector, CVS Health and supermarket operator, Kroger, had a significant positive impact on relative returns.

Recent Developments

While the sub-advisor remains optimistic about the outlook for equities going into 2015, there is a potential for significant swings in stocks following the end of the Fed's quantitative easing and the prospect of interest-rate increases sometime in 2015. The sub-advisor remains confident in the Fund's process for finding stocks with the potential to outperform in any market environment.

There are a number of industry trends that the sub-advisor believes could lead to outperformance as we head into 2015. In the Consumer Discretionary sector, the Fund is overweight department-store companies and other retailers that sell a wide range of merchandise. In regard to technology, the Fund is overweight semiconductors, as the sub-advisor seeks exposure to the Internet of Things – the idea that everyday things can be controlled from remote locations. This transition is occurring in autos as well as industrial automation, appliances and fitness accessories such as watches and eyeglasses. In the Health Care sector, the increase in government health insurance is leading to greater demand for health-care services. This supports the Fund's overweight position in health-care providers and services.



Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Sub-Advisor

RBC Global Asset Management (U.S.) Inc. is the sub-advisor and provides investment advice for the Fund.

Distributor

RBC GAM is the principal distributor of the Fund. Royal Mutual Funds Inc. and RBC Dominion Securities Inc. also distribute units of the Fund.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

RBC IS and RBC GAM are registrars of the Fund and keep records of who owns the units of the Fund. The registrars also process orders and issue account statements.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. There were no related-party commissions.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series F												
Dec. 31, 2014	16.31	0.29	(0.16)	2.18	1.72	4.03	–	(0.11)	(1.57)	–	(1.68)	18.58
Dec. 31, 2013	12.59	0.31	(0.15)	1.42	2.70	4.28	–	(0.14)	(0.90)	–	(1.04)	16.31
Dec. 31, 2012	11.38	0.22	(0.11)	0.41	0.83	1.35	–	(0.10)	(0.20)	–	(0.30)	12.59
Dec. 31, 2011	11.35	0.17	(0.10)	0.06	0.06	0.19	–	(0.07)	–	–	(0.07)	11.38
Dec. 31, 2010	10.76	0.18	(0.10)	0.25	0.40	0.73	–	(0.07)	(0.04)	–	(0.11)	11.35
Series O												
Dec. 31, 2014	16.48	0.29	(0.02)	2.20	1.73	4.20	–	(0.26)	(1.57)	–	(1.83)	18.78
Dec. 31, 2013	12.75	0.34	(0.02)	1.56	2.97	4.85	–	(0.31)	(0.91)	–	(1.22)	16.48
Dec. 31, 2012	11.50	0.24	(0.01)	0.45	0.90	1.58	–	(0.19)	(0.20)	–	(0.39)	12.75
Dec. 31, 2011	11.48	0.18	(0.01)	0.06	0.06	0.29	–	(0.18)	–	–	(0.18)	11.50
Dec. 31, 2010	10.88	0.18	(0.01)	0.25	0.39	0.81	–	(0.15)	(0.04)	–	(0.19)	11.48

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series F							
Dec. 31, 2014	18.58	11 902	641	0.90	0.90	76.82	0.10
Dec. 31, 2013	16.31	8 199	503	0.98	0.98	84.71	0.16
Dec. 31, 2012	12.59	545	43	0.92	0.92	76.59	0.20
Dec. 31, 2011	11.38	179	16	0.90	0.90	136.94	0.30
Dec. 31, 2010	11.35	32	3	0.89	0.89	125.90	0.36
Series O							
Dec. 31, 2014	18.78	675 585	35 974	0.11	0.11	76.82	0.10
Dec. 31, 2013	16.48	488 166	29 625	0.11	0.11	84.71	0.16
Dec. 31, 2012	12.75	224 364	17 599	0.11	0.11	76.59	0.20
Dec. 31, 2011	11.50	135 201	11 760	0.11	0.11	136.94	0.30
Dec. 31, 2010	11.48	114 520	9 976	0.11	0.11	125.90	0.36

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. The management fee with respect to Series F units is payable by the Fund on a monthly basis and calculated at the annual percentages, before GST/HST, of the daily net asset value of Series F units of the Fund. The management fee in respect of Series F units is 100% for management, investment advisory services, general administration and profit. No amount is paid out of the management fee for distribution services.

The management fee with respect to Series O units is payable directly to RBC GAM by unitholders or distributors, and therefore is not charged to the Fund.

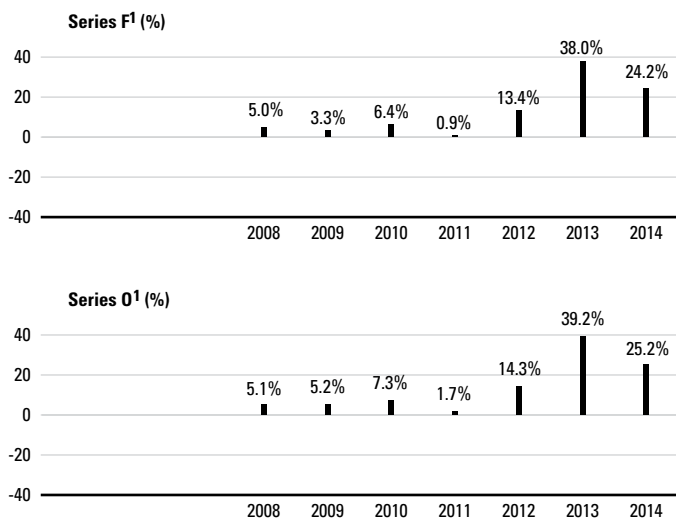


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, or optional charges, or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

S&P 500 Total Return Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series F ¹	24.2	24.8	15.9	—	14.1
Benchmark	24.3	25.8	17.8	—	14.8
Series O ¹	25.2	25.8	16.8	—	15.2
Benchmark	24.3	25.8	17.8	—	14.8

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date October 20, 2008.

INDEX DESCRIPTION

S&P 500 Total Return Index (CAD) This index is a capitalization weighted index measuring the Canadian dollar performance of 500 widely held common stocks representing all major industries in the United States. The index gives investors a broad measure of the overall performance of the U.S. stock market.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Information Technology	21.3
Financials	16.1
Health Care	14.7
Consumer Discretionary	12.3
Industrials	10.1
Consumer Staples	9.2
Energy	7.8
Other Sectors	7.4
Cash/Other	1.1

Top 25 Holdings

	% of Net Asset Value
Apple Inc.	4.5
The Kroger Co.	2.9
CVS Health Corp.	2.8
Pfizer Inc.	2.6
Microsoft Corp.	2.6
Celgene Corp.	2.5
Medtronic Inc.	2.4
Wells Fargo & Company	2.3
Google Inc., Class C	2.2
Johnson & Johnson	2.2
Helmerich & Payne	2.1
Honeywell International Inc.	2.1
Union Pacific Corp.	2.0
The Walt Disney Company	2.0
Comcast Corp., Class A	1.9
Invesco Ltd.	1.7
Lowe's Companies	1.7
Visa Inc., Class A	1.7
McKesson Corp.	1.7
Allstate Corp.	1.6
Citigroup Inc.	1.6
JPMorgan Chase & Co.	1.6
Intel Corp.	1.6
Exxon Mobil Corp.	1.5
ConocoPhillips	1.5
Top 25 Holdings	53.3

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available by calling us at 1-800-662-0652.



U.S. EQUITY

RBC PRIVATE U.S. LARGE-CAP CORE EQUITY CURRENCY NEUTRAL POOL

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor (for the underlying fund): RBC Global Asset Management (U.S.) Inc,
Minneapolis, Minnesota

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling us at 1-800-662-0652, by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term total returns consisting primarily of capital appreciation by investing primarily in one or more mutual funds managed by RBC GAM or an affiliate. The assets are invested in common stocks of U.S. corporations. The Fund also seeks to minimize the exposure of currency fluctuations between the U.S. and Canadian dollars.

To achieve its objective, the Fund invests most of its assets in the RBC Private U.S. Large-Cap Core Equity Pool (the “underlying fund”), and uses currency hedges to minimize currency exposure. The underlying fund typically invests in large-cap companies that belong to the Standard & Poor’s 500 Index. The underlying fund will be diversified across industries and, in aggregate, normally will have lower price-to-earnings, price-to-book, and price-to-cash-flow ratios than the Standard & Poor’s 500 Index. Equities are also selected based on expectations of improved fundamentals that could result from restructurings, management changes and new-product cycles.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund’s overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund’s net asset value fell to \$8 million as of December 31, 2014, from \$9 million at the end of 2013. The change was due to net redemptions, offset by investment returns.

Over the past year, the Fund’s Series O units gained 15.2%, which outperformed the 13.7% rise in the benchmark. The Fund’s return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The broad U.S. equity market rose in 2014 as the U.S. economy gathered momentum. Steady U.S. economic growth, a stabilizing housing market and improved consumer spending offset the dampening effect of a historically cold winter and slowing growth in many countries overseas. Also during the period, the U.S. Federal Reserve (the “Fed”) ended its efforts to stimulate economic growth through long-term bond purchases, known formally as quantitative easing. Nine of the 10 economic sectors in the S&P 500 posted gains in the year, the only exception being the Energy sector.

The sub-advisor generally allocates the Fund’s investments among the 10 major sectors in line with benchmark weightings, and this exposure usually means that sector weights do not have much impact on the Fund’s performance. During 2014, however, a slight underweight allocation to the Energy sector had a measurably positive impact on Fund performance because the sector declined significantly, especially during the second half of the year. Stock-selection decisions contributed significantly to the Fund’s performance during the period.

Favourable stock selection in the Information Technology, Consumer Discretionary and Industrials sectors contributed to the Fund’s performance versus the benchmark. Semiconductor manufacturers Skyworks Solutions and NXP Semiconductor were two of the strongest performers in the Information Technology sector. Holdings in the Consumer Discretionary sector, such as home-improvement retailer Lowe’s and Walt Disney, the media and entertainment company, recorded strong returns. In the Industrials sector, aerospace and defence company General Dynamics contributed to the Fund’s performance. Apple Inc. also had a significant positive impact on relative returns.

Performance was negatively affected by the Fund’s mandate to hedge exchange-rate movements between the U.S. and Canadian dollars, as unitholders did not benefit from the rise in the U.S. dollar versus the Canadian dollar during 2014.

Recent Developments

While the sub-advisor remains optimistic about the outlook for equities going into 2015, there is a potential for significant swings in stocks following the end of the Fed’s quantitative easing and the prospect of interest-rate increases sometime in 2015. The sub-advisor remains confident in the Fund’s process for finding stocks with the potential to outperform in any market environment.

There are a number of industry trends that the sub-advisor believes could lead to outperformance as we head into 2015. The sub-advisor remains overweight aerospace and defence companies because government defence spending remains strong. In regard to technology, the Fund is overweight semiconductors, as the sub-advisor seeks exposure to the Internet of Things – the idea that everyday things can be controlled from remote locations. This transition is occurring in autos as well as industrial automation, appliances, and fitness accessories such as watches and eyeglasses. In the Financials sector, the sub-advisor favours regional banks on loan growth generated by a strengthening U.S. economy.



Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Sub-Advisor

RBC Global Asset Management (U.S.) Inc. is the sub-advisor and provides investment advice for the Fund.

Distributor

RBC GAM is the principal distributor of the Fund. Royal Mutual Funds Inc. and RBC Dominion Securities Inc. also distribute units of the Fund.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrar

RBC IS is the registrar of the Fund and keeps records of who owns the units of the Fund. The registrar also processes orders and issues account statements.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Dec. 31, 2014	12.96	0.20	(0.01)	1.49	0.26	1.94	–	(0.18)	(1.54)	–	(1.72)	13.19
Dec. 31, 2013	10.59	0.25	(0.01)	0.69	2.31	3.24	–	(0.24)	(0.69)	–	(0.93)	12.96
Dec. 31, 2012	10.08	0.18	(0.01)	1.07	0.30	1.54	–	(0.16)	(1.04)	–	(1.20)	10.59
Dec. 31, 2011	10.37	0.17	(0.05)	0.06	(0.24)	(0.06)	–	(0.12)	(0.01)	–	(0.13)	10.08
Dec. 31, 2010 ³	10.00 [†]	0.16	(0.03)	0.44	1.63	2.20	–	(0.13)	(0.19)	–	(0.32)	10.37

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From January 11, 2010.

[†] Initial offering net asset value per unit.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Dec. 31, 2014	13.19	8 271	627	0.16	0.20	28.77	0.10
Dec. 31, 2013	12.96	8 581	662	0.20	0.20	43.10	0.16
Dec. 31, 2012	10.59	6 137	579	0.22	0.22	78.00	0.20
Dec. 31, 2011	10.08	2 229	221	0.57	0.57	91.36	0.30
Dec. 31, 2010 ⁴	10.37	1 599	154	0.36	0.36	n/a	–

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From January 11, 2010.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. The management fee with respect to Series O units is payable directly to RBC GAM by unitholders or distributors, and therefore is not charged to the Fund.

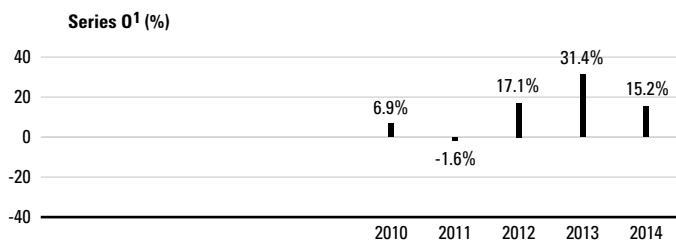


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, or optional charges, or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for Series 0 of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

S&P 500 Total Return Index (USD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series 0 ¹	15.2	21.0	—	—	13.4
Benchmark	13.7	20.4	—	—	16.6

The Benchmark return does not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date January 11, 2010.

INDEX DESCRIPTION

S&P 500 Total Return Index (USD) This index is a capitalization-weighted index measuring the U.S. dollar performance of 500 widely held common stocks representing all major industries in the United States. The index gives investors a broad measure of the overall performance of the U.S. stock market at anytime.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Information Technology	21.3
Financials	16.1
Health Care	14.7
Consumer Discretionary	12.3
Industrials	10.1
Consumer Staples	9.2
Energy	7.8
Other Sectors	7.4
Cash/Other	1.1

Top 25 Holdings*

	% of Net Asset Value
Apple Inc.	4.5
The Kroger Co.	2.9
CVS Health Corp.	2.8
Pfizer Inc.	2.6
Microsoft Corp.	2.6
Celgene Corp.	2.5
Medtronic Inc.	2.4
Wells Fargo & Company	2.3
Google Inc., Class C	2.2
Johnson & Johnson	2.2
Helmerich & Payne	2.1
Honeywell International Inc.	2.1
Union Pacific Corp.	2.0
The Walt Disney Company	2.0
Comcast Corp., Class A	1.9
Invesco Ltd.	1.7
Lowe's Companies	1.7
Visa Inc., Class A	1.7
McKesson Corp.	1.7
Allstate Corp.	1.6
Citigroup Inc.	1.6
JPMorgan Chase & Co.	1.6
Intel Corp.	1.6
Exxon Mobil Corp.	1.5
ConocoPhillips	1.5
Top 25 Holdings	53.3

* The Fund invests substantially all of its assets directly in the RBC Private U.S. Large-Cap Core Equity Pool. The above are the Top 25 holdings of the RBC Private U.S. Large-Cap Core Equity Pool.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available by calling us at 1-800-662-0652.

The simplified prospectus and other information about the underlying fund are available on SEDAR website at www.sedar.com.



U.S. EQUITY

RBC PRIVATE U.S. SMALL-CAP EQUITY POOL

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor: Kennedy Capital Management, Inc., St. Louis, Missouri

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling us at 1-800-662-0652, by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term growth, primarily through capital appreciation, by investing in a portfolio of common stocks and equivalent securities of small- to mid-capitalization U.S. companies.

The Fund typically invests in companies that trade regularly on major U.S. stock exchanges. Investments are primarily within the Russell 2000 Index and are diversified across major industry sectors within minimum and maximum exposures. The Fund may not purchase or sell derivatives instruments, including options, futures and forwards.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value fell to \$186 million as of December 31, 2014, from \$245 million at the end of 2013. The change was due to net redemptions.

Over the past year, the Fund's Series O units gained 7.7%, which underperformed the 14.3% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The Fund underperformed in 2014, mostly because of an overweight position in the poorly performing Energy sector during the second half of the year. Within the sector, the Fund attempted to limit exposure to the oil and gas industry by holding an investment in Cloud Peak Energy, a coal company, but the stock declined as much as oil and gas stocks.

The Fund's investment in the Health Care sector was significantly reduced throughout the year. The Fund sold several holdings that had reached the sub-advisor's price targets and found few acceptable replacements in the sector. The Fund ended the year slightly underweight in the Financials sector. However, the sub-advisor increased its exposure to the sector during the period. This was mostly due to bank stocks being added, and the sub-advisor also added another real estate investment trust (REIT). The sub-advisor increased the Fund's weighting in the Industrials sector throughout the year, while being careful to avoid companies that were mainly suppliers to the energy, auto and homebuilding industries. The Fund also added to holdings in the Information Technology sector.

The sub-advisor positioned the portfolio more conservatively as many growth stocks have reached what the sub-advisor considers to be relatively high valuations. At the same time, the sub-advisor has found many value stocks that appear to be reasonably valued. While these value stocks may require a period of time before fulfilling the sub-advisor's expectations, the sub-advisor believes that they offer better potential in the current market environment.

Recent Developments

The sub-advisor sees no immediate developments that would require a repositioning of the portfolio. The sub-advisor continues to look for stocks in the Consumer Discretionary sector to add to the portfolio. However, the sub-advisor is not willing to force an investment simply for more exposure to a sector.

The Energy sector and energy-related stocks have sold off significantly as the year comes to a close. The sub-advisor believes that there may be some good investment opportunities in this sector area in the coming year but would like to see the oil price stabilize before considering any additional investments.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributor

RBC GAM is the principal distributor of the Fund, and RBC Dominion Securities Inc. also distributes units of the Fund.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

RBC IS and RBC GAM are registrars of the Fund and keep records of who owns the units of the Fund. The registrars also process orders and issue account statements.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. There were no related-party commissions.



Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund’s financial performance for the past five years or for the periods since inception. This information is derived from the Fund’s audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards (“IFRS”). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). “Net Assets,” for the periods prior to 2014, are calculated in accordance with GAAP, and “Net Asset Value” is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between “Net Assets” and “Net Asset Value” under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series F												
Dec. 31, 2014	126.13	1.02	(1.95)	21.70	(14.09)	6.68	–	–	(16.80)	–	(16.80)	117.16
Dec. 31, 2013	93.97	0.84	(1.75)	13.28	23.04	35.41	–	–	(3.35)	–	(3.35)	126.06
Dec. 31, 2012	86.98	0.93	(1.31)	8.13	(1.26)	6.49	–	–	–	–	–	93.97
Dec. 31, 2011	82.34	0.60	(1.22)	1.08	2.89	3.35	–	–	–	–	–	86.98
Dec. 31, 2010	67.46	0.62	(0.98)	3.99	12.41	16.04	–	(0.06)	–	–	(0.06)	82.34
Series O												
Dec. 31, 2014	134.82	1.13	(0.15)	24.15	(15.69)	9.44	–	(1.02)	(16.80)	–	(17.82)	127.33
Dec. 31, 2013	99.59	0.88	(0.13)	13.95	24.22	38.92	–	(0.86)	(3.35)	–	(4.21)	134.75
Dec. 31, 2012	91.55	0.95	(0.11)	8.35	(1.30)	7.89	–	(0.62)	–	–	(0.62)	99.59
Dec. 31, 2011	86.02	0.64	(0.10)	1.17	3.12	4.83	–	(0.50)	–	–	(0.50)	91.55
Dec. 31, 2010	70.08	0.63	(0.08)	4.03	12.53	17.11	–	(0.62)	–	–	(0.62)	86.02

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series F							
Dec. 31, 2014	117.16	8	–	1.51	1.51	38.56	0.11
Dec. 31, 2013	126.13	120	1	1.54	1.54	42.48	0.11
Dec. 31, 2012	94.55	51	1	1.42	1.42	21.83	0.06
Dec. 31, 2011	87.36	111	1	1.43	1.43	20.85	0.08
Dec. 31, 2010	82.45	3	–	1.41	1.41	29.92	0.07
Series O							
Dec. 31, 2014	127.33	185 825	1 459	0.11	0.11	38.56	0.11
Dec. 31, 2013	134.82	244 594	1 814	0.11	0.11	42.48	0.11
Dec. 31, 2012	100.21	182 734	1 824	0.11	0.11	21.83	0.06
Dec. 31, 2011	91.95	132 858	1 445	0.12	0.12	20.85	0.08
Dec. 31, 2010	86.14	86 477	1 004	0.11	0.11	29.92	0.07

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. The management fee with respect to Series F units is payable by the Fund on a monthly basis and calculated at the annual percentages, before GST/HST, of the daily net asset value of Series F units of the Fund. The management fee in respect of Series F units is 100% for management, investment advisory services, general administration and profit. No amount is paid out of the management fee for distribution services.

The management fee with respect to Series O units is payable directly to RBC GAM by unitholders or distributors, and therefore is not charged to the Fund.

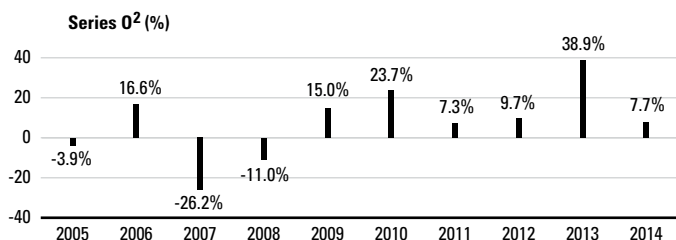
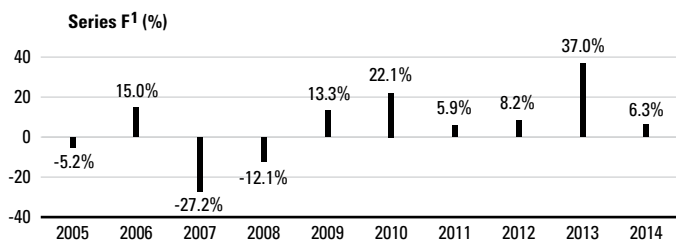


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, or optional charges, or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

Russell 2000 Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series F1	6.3	16.4	15.3	4.9	—
Benchmark	14.3	24.4	17.9	7.4	—
Series O2	7.7	18.0	16.9	6.3	—
Benchmark	14.3	24.4	17.9	7.4	—

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date November 1, 2003.

² Inception date August 21, 2003.

INDEX DESCRIPTION

Russell 2000 Index (CAD) This index measures the Canadian dollar performance of the small-cap segment of the U.S. equity universe and includes 2,000 of the smallest securities based on market capitalization.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Financials	21.1
Information Technology	20.8
Industrials	16.0
Consumer Discretionary	10.4
Health Care	9.7
Materials	7.7
Energy	4.1
Utilities	2.9
Cash/Other	7.3

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	7.3
Woodward Inc.	3.0
Analogic Corp.	2.9
Cleco Corporation	2.9
Helen Of Troy Ltd.	2.7
Clarcor Inc.	2.7
Sykes Enterprises Inc.	2.6
Regal-Beloit Corp.	2.5
LaSalle Hotel Properties	2.5
Barnes Group Inc.	2.4
EverBank Financial Corp.	2.4
Investors Bancorp Inc.	2.4
Innophos Holdings Inc.	2.4
Hill-Rom Holdings Inc.	2.4
Old National Bancorp	2.3
Itron Inc.	2.3
The Children's Place Inc.	2.3
LSB Industries Inc.	2.2
Arctic Cat Inc.	2.2
Euronet Worldwide Inc.	2.2
West Pharmaceutical Services Inc.	2.1
Rollins Inc.	2.1
Harmonic Inc.	2.1
Microsemi Corp.	2.1
UMB Financial Corp.	2.1
Top 25 Holdings	65.1

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available by calling us at 1-800-662-0652.



INTERNATIONAL EQUITY

RBC PRIVATE INTERNATIONAL EQUITY POOL

December 31, 2014

Portfolio Manager *RBC Global Asset Management Inc. ("RBC GAM")*

Sub-Advisor: RBC Global Asset Management (UK) Limited, London, England
(for the European equity portion of the Fund)

Sub-Advisor: RBC Investment Management (Asia) Limited, Hong Kong, China
(for the Asian equity portion of the Fund)

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling us at 1-800-662-0652, by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund aims to provide long-term capital growth by investing in stocks of companies outside North America, providing exposure to economies that may be at different stages of the business cycle or offer growth opportunities unavailable in U.S. and Canadian markets. The Fund focuses on companies that are primarily in Europe, Australasia and the Far East.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$153 million as of December 31, 2014, from \$138 million at the end of 2013. Most of the change was due to net inflows.

Over the past year, the Fund's Series O units gained 2.7%, which underperformed the 3.7% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

European equities rose over the course of 2014, albeit against a backdrop of continued volatility. Economic growth was healthy, if not robust, until the middle of the year before economic indicators turned down and markets followed suit in October. European stocks then rallied to their highs for the year after Mario Draghi, president of the European Central Bank (the "ECB"), persuaded investors that he will undertake new forms of extraordinary monetary policies with the goal of stimulating economic growth and combatting a broad drop in the price level.

The macroeconomic environment was challenging for Asia and emerging markets in general. While some countries benefited from falling oil prices, including India, Thailand and Indonesia, the rising U.S. dollar was not generally conducive to equity-market performance in the region. In Japan, the central bank emphasized its preference for a lower yen, and the currency depreciated over the period. The depreciation resulted in significant volatility for the Fund.

Stocks in Germany, Europe's biggest economy, generally outperformed later in the year after economic data worsened. For all of 2014, Germany did not keep pace because of euro strength in the earlier part of the period and slowing emerging-market growth. This scenario was positive for the Fund because Germany was a small underweight position for much of the year. Pharmaceuticals were the best-performing group in the European segment, thanks to attractive valuations and a slew of new products. The Fund's preference in this area was a positive for relative returns, led by Shire, the U.K. pharmaceuticals company.

Recent Developments

Investors enter 2015 expecting the ECB to conduct large-scale asset purchases. The sub-advisor, however, does not expect that such extraordinary monetary measures will be as far-reaching as many investors believe. The sub-advisor anticipates that market volatility could continue for at least another six months, and has therefore positioned the Fund to withstand market swings. This entails a defensive tilt, with an overweight position in northern Europe and a bias to the Nordic countries, the Netherlands and the U.K.

The sub-advisor believes that high Chinese corporate leverage is a risk that remains largely unaddressed. The sub-advisor therefore prefers to maintain exposure to higher-quality businesses in China. The sub-advisor will look to increase allocations to cyclical sectors, such as Energy, when the current decline bottoms out and valuations become more attractive. The big boost to stocks provided by the yen's decline in 2014 will not likely recur in 2015. That said, the sub-advisor expects the Japanese currency to weaken marginally this year and continue to help underpin the stock market. The real test for Japanese stocks, however, will come from whether Prime Minister Shinzo Abe succeeds in accelerating the economic reforms that he has promised.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.



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

Sub-Advisors

RBC Global Asset Management (UK) Limited and RBC Investment Management (Asia) Limited are the sub-advisors and provide investment advice for the Fund.

Distributor

RBC GAM is the principal distributor of the Fund. Royal Mutual Funds Inc. and RBC Dominion Securities Inc. also distribute units of the Fund.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrar

RBC IS is the registrar of the Fund and keeps records of who owns the units of the Fund. The registrar also processes orders and issues account statements.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$41,000 (2013 – \$8,000) or 6% (2013 – 2%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series F												
Dec. 31, 2014	31.44	0.69	(0.30)	2.74	(2.65)	0.48	–	(0.38)	–	–	(0.38)	31.66
Dec. 31, 2013	24.33	0.72	(0.27)	1.35	6.07	7.87	–	(0.41)	–	–	(0.41)	31.44
Dec. 31, 2012	20.88	0.68	(0.22)	0.05	3.39	3.90	–	(0.45)	–	–	(0.45)	24.33
Dec. 31, 2011	23.95	0.67	(0.22)	(0.26)	(2.88)	(2.69)	–	(0.43)	–	–	(0.43)	20.88
Dec. 31, 2010	23.61	0.52	(0.21)	(0.74)	1.00	0.57	–	(0.31)	–	–	(0.31)	23.95
Series O												
Dec. 31, 2014	31.56	0.70	(0.05)	2.75	(2.66)	0.74	–	(0.63)	–	–	(0.63)	31.78
Dec. 31, 2013	24.41	0.71	(0.05)	1.33	6.01	8.00	–	(0.63)	–	–	(0.63)	31.56
Dec. 31, 2012	20.93	0.68	(0.04)	0.05	3.38	4.07	–	(0.61)	–	–	(0.61)	24.41
Dec. 31, 2011	24.02	0.67	(0.04)	(0.26)	(2.89)	(2.52)	–	(0.62)	–	–	(0.62)	20.93
Dec. 31, 2010	23.67	0.52	(0.04)	(0.75)	1.00	0.73	–	(0.49)	–	–	(0.49)	24.02

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series F							
Dec. 31, 2014	31.66	11 099	351	0.97	0.97	93.13	0.45
Dec. 31, 2013	31.44	10 027	319	0.98	0.98	54.80	0.38
Dec. 31, 2012	24.33	6 725	276	0.97	0.97	80.70	0.41
Dec. 31, 2011	20.88	6 918	331	0.98	0.98	118.72	0.66
Dec. 31, 2010	23.95	8 956	374	0.96	0.96	130.69	0.63
Series O							
Dec. 31, 2014	31.78	141 572	4 454	0.17	0.17	93.13	0.45
Dec. 31, 2013	31.56	128 188	4 062	0.17	0.17	54.80	0.38
Dec. 31, 2012	24.42	58 827	2 409	0.17	0.17	80.70	0.41
Dec. 31, 2011	20.93	41 824	1 999	0.18	0.18	118.72	0.66
Dec. 31, 2010	24.02	55 472	2 310	0.17	0.17	130.69	0.63

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. The management fee with respect to Series F units is payable by the Fund on a monthly basis and calculated at the annual percentages, before GST/HST, of the daily net asset value of Series F units of the Fund. The management fee in respect of Series F units is 100% for management, investment advisory services, general administration and profit. No amount is paid out of the management fee for distribution services.

The management fee with respect to Series O units is payable directly to RBC GAM by unitholders or distributors, and therefore is not charged to the Fund.

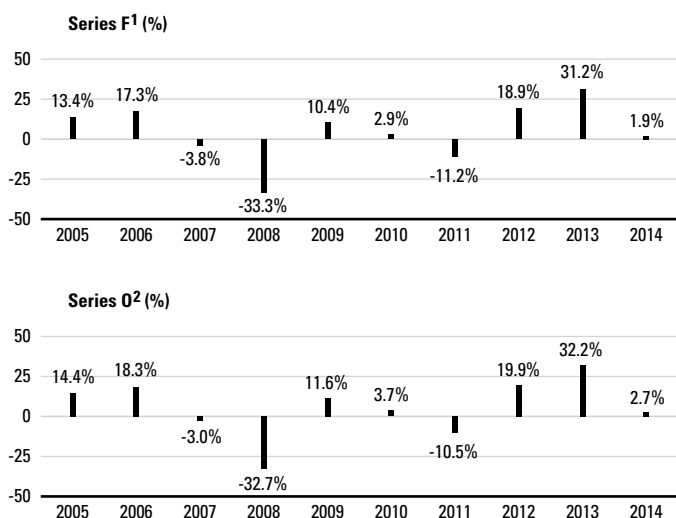


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, or optional charges, or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

MSCI EAFE Total Return Net Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series F ¹	1.9	16.7	7.8	3.2	–
Benchmark	3.7	15.9	7.5	4.1	–
Series O ²	2.7	17.6	8.6	4.1	–
Benchmark	3.7	15.9	7.5	4.1	–

The returns of each series may vary because of differences in management fees and expenses. The Benchmark and index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date November 1, 2003.

² Inception date August 21, 2003.

INDEX DESCRIPTION

MSCI EAFE Total Return Net Index (CAD) This index is a broad measure of the Canadian dollar performance of stocks from developed equity markets covering countries in Europe, Australasia and the Far East. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
United Kingdom	21.5
Japan	21.1
Other Countries	8.5
Germany	8.3
Australia	8.0
Switzerland	6.7
Netherlands	5.7
Hong Kong	4.9
Denmark	4.6
Ireland	4.0
Finland	3.1
France	3.0
Cash/Other	0.6

Top 25 Holdings

	% of Net Asset Value
Roche Holdings AG Genusscheine	3.1
Unilever Plc.	2.8
InBev N.V.	2.7
Novo Nordisk A/S	2.6
Elsevier N.V.	2.5
SAP SE	2.0
Royal Dutch Shell Plc., A Shares	1.9
Bayer AG	1.9
Toyota Motor Corp.	1.8
Daily Mail & General Trust Plc.	1.7
Henkel KGaA, Preferred Non-Voting	1.7
Fuji Heavy Industries Ltd.	1.7
Novartis AG	1.6
Diageo Plc.	1.6
Sampo OYJ	1.6
BT Group Plc.	1.6
Kerry Group Plc.	1.5
Swedbank AB	1.5
Paddy Power Plc.	1.5
London Stock Exchange Group Plc.	1.4
British American Tobacco Plc.	1.4
Olympus Optical Co. Ltd.	1.4
ING Groep N.V.	1.4
Koninklijke KPN N.V.	1.3
The Dai-ichi Life Insurance Co. Ltd.	1.3
Top 25 Holdings	45.5

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available by calling us at 1-800-662-0652.



INTERNATIONAL EQUITY

RBC PRIVATE EAFE EQUITY POOL

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor: EARNEST Partners, LLC, Atlanta, Georgia

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling us at 1-800-662-0652, by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term growth primarily through capital appreciation by investing in a portfolio of common stocks, American Depository Receipts (“ADRs”) and equivalent securities of major companies domiciled in the developed countries of Europe, Australasia and the Far East (“EAFE”).

The Fund selects medium- to large-capitalization companies which, in aggregate, normally exhibit lower price/earnings and price/cash flow ratios than the Morgan Stanley Capital International (“MSCI”) EAFE Index. The Fund diversifies by region and sector within certain minimum and maximum exposures and may use derivatives for currency hedging purposes.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund’s overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund’s net asset value rose to \$298 million as of December 31, 2014, from \$295 million at the end of 2013. The change was due mostly to investment returns.

Over the past year, the Fund’s Series O units gained 2.3%, which underperformed the 3.7% rise in the benchmark. The Fund’s return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

Developed-world equity markets outside the U.S. rose in Canadian dollar terms during the quarter and year. Early in the year, the Eurozone economy showed signs of stabilization and modest growth. However, growth did not pick up and inflation remained near zero. Interest rates fell to record lows in France and Germany at below 1%, and below 2% in Spain and Italy. The Japanese economy began to contract as the government implemented the first phase of a sales-tax increase to offset the cost of fiscal stimulus introduced in 2013. Given the negative impact of the sales-tax increase, the government decided to delay the second phase and introduce further stimulus. With the U.S. economy gaining momentum, Japan and Europe increased their stimulus efforts. The Bank of Japan unexpectedly announced that it will expand its bond-buying program to 80 trillion yen from 60 trillion,

and the European Central Bank promised additional monetary-policy measures. In emerging markets, China cut its benchmark interest rate for the first time since 2012 and evaluated ways to stimulate growth with GDP growth still above 7%. There has been an increasing focus on higher-quality growth as the country focuses on longer-term economic development in areas other than infrastructure.

During the period there were no changes in the investment process or any material changes to the portfolio’s composition. The portfolio’s overweight to emerging markets contributed to performance. In addition, stock selection in the Health Care sector contributed to performance, as the Fund’s holdings outperformed the sector benchmark. Health Care was the best performing sector in the portfolio. The portfolio’s overweight position in Energy was a headwind for performance as Energy was the worst-performing sector in the benchmark.

Stocks that had a positive impact on Fund performance were Shire, a pharmaceuticals company, ICON, which provides drug-testing services, and Indian bank ICICI. Energy companies including China Oilfield Services and Transocean were among the stocks that hurt the Fund’s performance most.

Recent Developments

The sub-advisor has no recent developments to report.

Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada (“Royal Bank”) and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund’s day-to-day operations, holds title to the Fund’s property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributor

RBC GAM is the principal distributor of the Fund, and RBC Dominion Securities Inc. also distributes units of the Fund.

Custodian

RBC Investor Services Trust (“RBC IS”) is the custodian and holds the assets of the Fund.



Registrars

RBC IS and RBC GAM are registrars of the Fund and keep records of who owns the units of the Fund. The registrars also process orders and issue account statements.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$3,000 (2013 – \$0) or 3% (2013 – 0%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors (“BoG”) in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series F												
Dec. 31, 2014	10.91	0.24	(0.14)	0.19	(0.17)	0.12	–	(0.10)	–	–	(0.10)	10.93
Dec. 31, 2013	8.87	0.20	(0.12)	0.06	2.01	2.15	–	(0.08)	–	–	(0.08)	10.91
Dec. 31, 2012	7.83	0.17	(0.10)	(0.07)	1.08	1.08	–	(0.07)	–	–	(0.07)	8.87
Dec. 31, 2011	8.51	0.38	(0.10)	(1.75)	1.09	(0.38)	–	(0.28)	–	–	(0.28)	7.83
Dec. 31, 2010	9.32	0.34	(0.10)	(0.53)	(0.39)	(0.68)	–	(0.27)	–	–	(0.27)	8.51
Series O												
Dec. 31, 2014	10.95	0.24	(0.01)	0.19	(0.17)	0.25	–	(0.23)	–	–	(0.23)	10.96
Dec. 31, 2013	8.89	0.20	(0.01)	0.06	2.00	2.25	–	(0.18)	–	–	(0.18)	10.94
Dec. 31, 2012	7.84	0.17	(0.01)	(0.07)	1.08	1.17	–	(0.17)	–	–	(0.17)	8.89
Dec. 31, 2011	8.54	0.38	(0.01)	(1.75)	1.09	(0.29)	–	(0.38)	–	–	(0.38)	7.84
Dec. 31, 2010	9.34	0.35	(0.01)	(0.53)	(0.39)	(0.58)	–	(0.37)	–	–	(0.37)	8.54

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series F							
Dec. 31, 2014	10.93	5 770	528	1.22	1.22	5.53	0.03
Dec. 31, 2013	10.91	6 773	621	1.23	1.23	11.08	0.07
Dec. 31, 2012	8.87	6 204	699	1.24	1.24	12.74	0.05
Dec. 31, 2011	7.83	4 404	562	1.25	1.25	101.19	0.17
Dec. 31, 2010	8.51	4 895	575	1.22	1.22	14.91	0.05
Series O							
Dec. 31, 2014	10.96	292 154	26 647	0.09	0.09	5.53	0.03
Dec. 31, 2013	10.95	288 265	26 338	0.09	0.09	11.08	0.07
Dec. 31, 2012	8.89	191 962	21 598	0.09	0.09	12.74	0.05
Dec. 31, 2011	7.85	156 231	19 899	0.09	0.09	101.19	0.17
Dec. 31, 2010	8.54	196 985	23 066	0.09	0.09	14.91	0.05

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. The management fee with respect to Series F units is payable by the Fund on a monthly basis and calculated at the annual percentages, before GST/HST, of the daily net asset value of Series F units of the Fund. The management fee in respect of Series F units is 100% for management, investment advisory services, general administration and profit. No amount is paid out of the management fee for distribution services.

The management fee with respect to Series O units is payable directly to RBC GAM by unitholders or distributors, and therefore is not charged to the Fund.

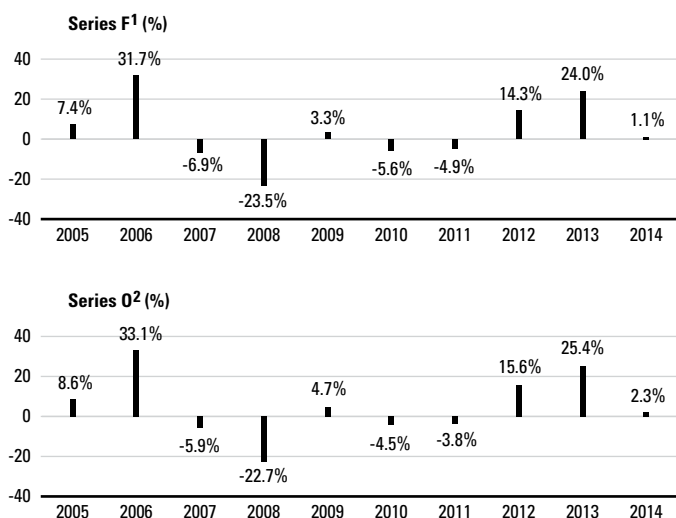


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, or optional charges, or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

MSCI EAFE Total Return Net Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series F ¹	1.1	12.7	5.2	3.0	—
Benchmark	3.7	15.9	7.5	4.1	—
Series O ²	2.3	14.0	6.4	4.1	—
Benchmark	3.7	15.9	7.5	4.1	—

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date November 1, 2003.

² Inception date August 21, 2003.

INDEX DESCRIPTION

MSCI EAFE Total Return Net Index (CAD) This index is a broad measure of the Canadian dollar performance of stocks from developed equity markets covering countries in Europe, Australasia and the Far East. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
United Kingdom	17.1
Other Countries	16.6
Japan	10.4
Switzerland	6.4
United States	6.0
Norway	5.4
Austria	5.3
China	4.8
Sweden	4.7
Ireland	4.4
Germany	3.0
Spain	2.9
South Korea	2.9
France	2.7
Australia	2.7
Netherlands	2.6
Cash/Other	2.1

Top 25 Holdings

	% of Net Asset Value
ARM Holdings Plc. ADR	4.4
ICON Plc.	4.4
Shire Plc.	3.9
Everest Re Group Ltd.	2.9
Denso Corp.	2.9
Amadeus IT Holding S.A.	2.9
Roche Holdings AG Genussscheine	2.8
Core Laboratories N.V.	2.6
Getinge AB	2.5
DnB ASA	2.5
Diageo Plc.	2.4
Carnival Corp.	2.4
Advanced Semiconductor Engineering Inc. ADR	2.4
Luxottica Group S.p.A. ADR	2.4
Novartis AG	2.3
Telefonaktiebolaget LM Ericsson ADR	2.2
ICICI Bank Ltd. ADR	2.2
Secom Co. Ltd.	2.2
Cash & Cash Equivalents	2.1
HSBC Holdings Plc. (U.K. Reg.)	2.0
Unilever Plc.	2.0
BASF AG	1.9
Hitachi Ltd.	1.9
DBS Group Holdings Ltd.	1.8
Orient Overseas International Ltd.	1.6
Top 25 Holdings	63.6

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available by calling us at 1-800-662-0652.



INTERNATIONAL EQUITY

RBC PRIVATE OVERSEAS EQUITY POOL

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor: Edinburgh Partners Limited, Edinburgh, Scotland

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

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MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term total returns through capital appreciation by investing in equity securities of companies domiciled primarily in the developed nations of Europe, Australasia and the Far East. It may also invest in equity securities of companies domiciled in other parts of the world, excluding Canada and the U.S.

The Fund diversifies its holdings by region and sector within certain minimum and maximum exposures and may use derivatives for currency hedging purposes. It may invest no more than 20% of its assets in securities of companies domiciled in emerging markets.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$235 million as of December 31, 2014, from \$193 million at the end of 2013. Most of the change was due to net inflows.

Over the past year, the Fund's Series O units gained 5.4%, which outperformed the 3.7% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

The U.S. and broad global economy continued to recover in 2014, although economies in the Eurozone and many emerging markets lagged significantly. European equities continue to be sensitive to the political standoff between Russia and Ukraine, which hurt business confidence in central Europe and especially Germany. In Japan, the government's progress on structural reforms did not match the impact of the Bank of Japan's extraordinary monetary stimulus. Many emerging markets were hurt by the large decline in oil prices during the second half of the year. Geopolitical concerns and economic flare-ups meant that the Fund's positive return over the year masks some sharp short-term moves in equity valuations.

Portfolio performance was led by the Fund's Japanese holdings, but there were also contributions from other regions. At a sector level, the strongest performance came from Health Care, Industrials, banks in the Financials sector and Telecommunication Services, with the weakest performance from the Energy sector. The biggest individual contributors to performance were Yamaha Motor and AstraZeneca. Yamaha Motor has benefited from the weaker yen and from improving demand in its key export markets such as Indonesia. At AstraZeneca, scientific advances and a greater focus on the efficiency of research and development have radically improved the prospects for drug discovery.

The sub-advisor made some significant changes to the portfolio during the year. At the sector level, exposure was increased to the Health Care sector through purchases of AstraZeneca, Novartis, Roche and Sanofi. The sub-advisor also increased exposure to banks through purchases of Sumitomo Mitsui Trust and Banque Nationale de Paris. These purchases were funded largely through reductions in telecommunications operators Singtel and Orange, as well as industrial holdings such as Deutsche Post and Maersk. Partly as a consequence of these changes, the sub-advisor increased exposure to European equities and lightened exposure to stocks that are tied to overall economic growth. Overall, the risk profile of the portfolio has been reduced slightly.

Recent Developments

Oil prices fell significantly between June and December. In the sub-advisor's opinion, the drop in prices is tied more to additional supplies extracted from U.S. shale deposits than to a drop in global demand. The recent OPEC decision to maintain output may be a short-term one, but it keeps downward pressure on prices. The Fund has direct exposure to oil and natural gas through holdings in Shell, ENI and Gazprom. However, the large oil-price drop should deliver a significant boost to consumer spending and benefit a range of businesses. Overall, the sub-advisor expects corporate profits and equities to benefit. The sub-advisor expects producers to cut supply, bringing supply and demand closer to equilibrium in due course. In the meantime, lower oil prices should be positive overall for international equities.



Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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Distributor

RBC GAM is the principal distributor of the Fund, and RBC Dominion Securities Inc. also distributes units of the Fund.

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RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrars

RBC IS and RBC GAM are registrars of the Fund and keep records of who owns the units of the Fund. The registrars also process orders and issue account statements.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. There were no related-party commissions.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series F												
Dec. 31, 2014	9.42	0.34	(0.12)	0.69	(0.52)	0.39	–	(0.21)	(0.10)	–	(0.31)	9.51
Dec. 31, 2013	7.18	0.20	(0.11)	0.38	1.97	2.44	–	(0.09)	–	–	(0.09)	9.42
Dec. 31, 2012	6.39	0.22	(0.09)	(0.34)	1.14	0.93	–	(0.15)	–	–	(0.15)	7.18
Dec. 31, 2011	7.46	0.24	(0.08)	(0.48)	(0.69)	(1.01)	–	(0.14)	–	–	(0.14)	6.39
Dec. 31, 2010	7.80	0.21	(0.09)	0.06	(0.30)	(0.12)	–	(0.16)	–	–	(0.16)	7.46
Series O												
Dec. 31, 2014	9.53	0.34	(0.02)	0.70	(0.53)	0.49	–	(0.32)	(0.10)	–	(0.42)	9.62
Dec. 31, 2013	7.25	0.20	(0.01)	0.38	1.97	2.54	–	(0.18)	–	–	(0.18)	9.53
Dec. 31, 2012	6.46	0.23	(0.01)	(0.35)	1.16	1.03	–	(0.22)	–	–	(0.22)	7.25
Dec. 31, 2011	7.56	0.24	(0.01)	(0.48)	(0.69)	(0.94)	–	(0.24)	–	–	(0.24)	6.46
Dec. 31, 2010	7.83	0.20	(0.01)	0.05	(0.30)	(0.06)	–	(0.18)	–	–	(0.18)	7.56

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series F							
Dec. 31, 2014	9.51	320	34	1.30	1.30	31.31	0.10
Dec. 31, 2013	9.42	319	34	1.30	1.30	25.06	0.14
Dec. 31, 2012	7.18	206	29	1.29	1.29	38.90	0.13
Dec. 31, 2011	6.39	194	30	1.29	1.29	37.23	0.13
Dec. 31, 2010	7.46	207	28	1.22	1.22	32.44	0.16
Series O							
Dec. 31, 2014	9.62	234 818	24 406	0.16	0.16	31.31	0.10
Dec. 31, 2013	9.53	193 093	20 264	0.17	0.17	25.06	0.14
Dec. 31, 2012	7.25	102 157	14 082	0.17	0.17	38.90	0.13
Dec. 31, 2011	6.46	93 036	14 395	0.16	0.16	37.23	0.13
Dec. 31, 2010	7.56	152 880	20 210	0.16	0.16	32.44	0.16

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. The management fee with respect to Series F units is payable by the Fund on a monthly basis and calculated at the annual percentages, before GST/HST, of the daily net asset value of Series F units of the Fund. The management fee in respect of Series F units is 100% for management, investment advisory services, general administration and profit. No amount is paid out of the management fee for distribution services.

The management fee with respect to Series O units is payable directly to RBC GAM by unitholders or distributors, and therefore is not charged to the Fund.

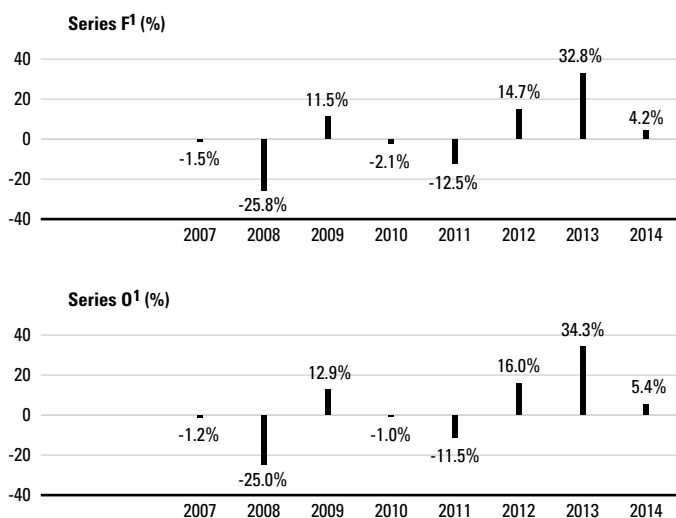


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, or optional charges, or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

MSCI EAFE Total Return Net Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series F ¹	4.2	16.7	6.4	—	1.4
Benchmark	3.7	15.9	7.5	—	1.3
Series O ¹	5.4	18.0	7.5	—	2.6
Benchmark	3.7	15.9	7.5	—	1.3

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date August 29, 2007.

INDEX DESCRIPTION

MSCI EAFE Total Return Net Index (CAD) This index is a broad measure of the Canadian dollar performance of stocks from developed equity markets covering countries in Europe, Australasia and the Far East. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
Japan	33.4
United Kingdom	16.6
Germany	9.7
Hong Kong	7.4
Switzerland	7.2
Other Countries	6.1
Singapore	4.3
France	4.3
Netherlands	4.1
Italy	4.0
Cash/Other	2.9

Top 25 Holdings

	% of Net Asset Value
Sumitomo Mitsui Financial Group Inc.	3.0
Toyota Motor Corp.	3.0
Sumitomo Mitsui Trust Holdings Inc.	2.9
Swire Pacific Ltd. 'A'	2.9
Novartis AG	2.9
AstraZeneca Plc.	2.9
Bridgestone Corp.	2.8
DBS Group Holdings Ltd.	2.8
Panasonic Corp.	2.8
East Japan Railway Company	2.8
Cash & Cash Equivalents	2.7
The Royal Bank of Scotland Group Plc.	2.7
Fresenius Medical Care AG & Co. KGaA	2.7
Bangkok Bank PCL	2.6
United Internet AG	2.6
Hutchison Whampoa Ltd.	2.5
Toshiba Corp.	2.4
Volkswagen AG	2.4
HSBC Holdings Plc. (U.K. Reg.)	2.4
Vodafone Group Plc.	2.4
Sumitomo Electric Industries Ltd.	2.4
Intesa Sanpaolo S.p.A.	2.3
Sanofi	2.3
KDDI Corporation	2.3
Carnival Plc.	2.2
Top 25 Holdings	65.7

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available by calling us at 1-800-662-0652.



GLOBAL EQUITY

RBC PRIVATE WORLD EQUITY POOL

December 31, 2014

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor: Capital Guardian Trust Company, Los Angeles, California

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 5, 2015.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling us at 1-800-662-0652, by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/funds or SEDAR at www.sedar.com. Security holders may also contact us to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term growth primarily through capital appreciation by investing in a portfolio of common stocks, American Depository Receipts ("ADRs") and equivalent securities of companies domiciled in the U.S. and the developed countries of Europe, Australasia and the Far East ("EAFE").

The Fund invests in companies considered to have superior management, superior prospects for earnings growth or cash flow, long-term value in a competitive market position, asset value, new product potential and global market expansion. The Fund diversifies by region and sector within minimum and maximum exposures. The Fund will usually not invest more than 10% of the market value of the Fund in emerging markets, defined as those markets not in the MSCI World Equity Index.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value rose to \$253 million as of December 31, 2014, from \$196 million at the end of 2013. The change was due to investment returns and net inflows.

Over the past year, the Fund's Series O units gained 13.8%, which underperformed the 14.4% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, if any, which may vary because of differences in management fees and expenses.

Stocks in developed markets posted mixed results in 2014 as the U.S. had strong gains, but performance in other parts of the world was constrained by economic weakness. The U.S. economy continued to expand even as the U.S. Federal Reserve ended its quantitative-easing program late in the year. European shares struggled as the continent's budding economic recovery faltered. Japanese shares gained after the central bank launched new stimulus measures.

Companies with significant exposure to emerging markets, especially makers of luxury goods, came under pressure during the year amid sluggish economic growth in the developing world. Handbag maker Coach and Standard Chartered, focused on emerging markets, were among the stocks with the biggest negative impact on the portfolio. After a strong run-up in 2013, shares of SoftBank were hurt by subpar performance at mobile-phone provider Sprint. Offshore drilling company EnSCO declined as a sharp drop in the price of crude oil weighed heavily on energy stocks late in the year. The portfolio was also weighed down by a moderate cash holding.

The portfolio was aided by stock selection in the Health Care sector. Gilead Sciences was among the stocks that had the biggest positive effect on the portfolio during the year. The company benefited from the continuing success of its drug to treat hepatitis C, as well as from promising research in other areas. The sub-advisor believes health care companies are well-positioned to benefit from global demographic trends, particularly the aging of the population in the U.S., Europe and Japan. Another top performer, CME Group, advanced as volatility in the financial markets spurred increased trading activity. Shares of home-improvement retailer Home Depot were helped by better-than-expected sales as the recovery in the housing market gained steam.

Recent Developments

The sub-advisor believes that the ongoing expansion of the middle class in developing economies will spur global growth for many years. Though emerging markets were weighed down by geopolitical tensions and other concerns during the year, the sub-advisor remains confident that steadily growing prosperity offers significant opportunities for global companies. The portfolio has trimmed holdings in companies that target high-end luxury consumers in emerging economies, while adding to those that are likely to benefit from expanded spending by the middle class. The sub-advisor expects the aerospace and automotive industries to benefit from increased demand among emerging-market consumers and believes there are compelling opportunities in health care. One area of focus is the biopharmaceutical field, where a number of companies have introduced innovative drugs. The sub-advisor will continue to conduct extensive on-the-ground research to identify companies with strong prospects that are well positioned to grow regardless of the macroeconomic environment.



Related-Party Transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio advisor of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

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

Distributor

RBC GAM is the principal distributor of the Fund, and RBC Dominion Securities Inc. also distributes units of the Fund.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund.

Registrar

RBC IS is the registrar of the Fund and keeps records of who owns the units of the Fund. The registrar also processes orders and issues account statements.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$2,000 (2013 – \$1,000) or 2% (2013 – 1%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as 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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series F												
Dec. 31, 2014	167.71	3.33	(2.23)	8.76	11.12	20.98	–	(1.09)	–	–	(1.09)	187.57
Dec. 31, 2013	126.37	2.35	(1.85)	4.91	38.42	43.83	–	(0.54)	–	–	(0.54)	167.70
Dec. 31, 2012	112.01	2.45	(1.51)	0.32	14.22	15.48	–	(0.95)	–	–	(0.95)	126.37
Dec. 31, 2011	116.86	2.06	(1.39)	(1.97)	(3.22)	(4.52)	–	(0.60)	–	–	(0.60)	112.01
Dec. 31, 2010	111.32	2.04	(1.33)	0.52	4.87	6.10	–	(0.58)	–	–	(0.58)	116.86
Series O												
Dec. 31, 2014	168.09	3.33	(0.30)	8.78	11.14	22.95	–	(2.99)	–	–	(2.99)	188.04
Dec. 31, 2013	126.49	2.31	(0.25)	4.83	37.79	44.68	–	(1.96)	–	–	(1.96)	168.08
Dec. 31, 2012	112.05	2.44	(0.20)	0.32	14.16	16.72	–	(2.21)	–	–	(2.21)	126.49
Dec. 31, 2011	116.86	2.06	(0.19)	(1.97)	(3.22)	(3.32)	–	(1.82)	–	–	(1.82)	112.05
Dec. 31, 2010	111.31	2.05	(0.18)	0.52	4.87	7.26	–	(1.76)	–	–	(1.76)	116.86

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series F							
Dec. 31, 2014	187.57	5 806	31	1.27	1.27	27.06	0.05
Dec. 31, 2013	167.71	5 490	33	1.28	1.28	25.27	0.09
Dec. 31, 2012	126.39	4 562	36	1.27	1.27	21.95	0.04
Dec. 31, 2011	112.02	4 293	38	1.28	1.28	27.79	0.06
Dec. 31, 2010	116.88	4 624	40	1.25	1.25	27.34	0.05
Series O							
Dec. 31, 2014	188.04	246 938	1 313	0.17	0.17	27.06	0.05
Dec. 31, 2013	168.09	190 309	1 132	0.17	0.17	25.27	0.09
Dec. 31, 2012	126.51	93 995	743	0.17	0.17	21.95	0.04
Dec. 31, 2011	112.06	65 446	584	0.17	0.17	27.79	0.06
Dec. 31, 2010	116.88	63 238	541	0.17	0.17	27.34	0.05

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, trustee and portfolio advisor of the Fund. The management fee with respect to Series F units is payable by the Fund on a monthly basis and calculated at the annual percentages, before GST/HST, of the daily net asset value of Series F units of the Fund. The management fee in respect of Series F units is 100% for management, investment advisory services, general administration and profit. No amount is paid out of the management fee for distribution services.

The management fee with respect to Series O units is payable directly to RBC GAM by unitholders or distributors, and therefore is not charged to the Fund.

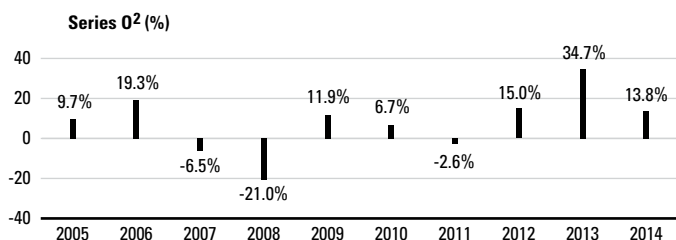
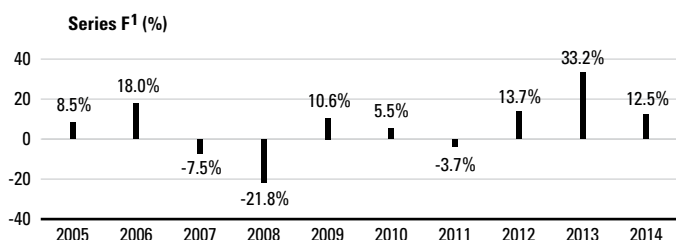


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, or optional charges, or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2014, compared with the following benchmark:

MSCI World Total Return Net Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series F ¹	12.5	19.5	11.6	5.9	—
Benchmark	14.4	20.5	12.4	5.7	—
Series O ²	13.8	20.8	12.8	7.1	—
Benchmark	14.4	20.5	12.4	5.7	—

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date November 1, 2003.

² Inception date August 21, 2003.

INDEX DESCRIPTION

MSCI World Total Return Net Index (CAD) This index is the capitalization weighted index measuring the Canadian dollar performance of selected companies listed on stock exchanges in countries around the world. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2014

Investment Mix

	% of Net Asset Value
United States	48.9
Japan	8.1
United Kingdom	6.7
Switzerland	6.1
Other Countries	5.9
France	5.7
Netherlands	3.8
Germany	3.2
Hong Kong	2.2
Denmark	2.0
Cash/Other	7.4

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	7.3
Gilead Sciences Inc.	2.4
AIA Group Ltd.	2.2
Chevron Corp.	2.2
Bristol-Myers Squibb Co.	2.1
Novo Nordisk A/S	2.0
The Goldman Sachs Group Inc.	2.0
Unilever Plc.	2.0
Home Depot Inc.	2.0
Schlumberger Ltd.	1.9
Nielsen N.V.	1.9
Verisign Inc.	1.9
Nestlé S.A.	1.8
Comcast Corp., Class A	1.8
Keyence Corp.	1.7
CME Group Inc., Class A	1.7
AstraZeneca Plc.	1.7
Boeing Co.	1.7
Express Scripts Holding Co.	1.7
Roche Holdings AG Genussscheine	1.7
Eaton Corp Plc.	1.6
Siemens AG	1.5
Newell Rubbermaid Inc.	1.5
Assa Abloy AB	1.4
Cerner Corp.	1.4
Top 25 Holdings	51.1

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available by calling us at 1-800-662-0652.



December 31, 2014

The Board of Governors of the RBC Funds and the RBC Private Pools was established in 1994 specifically to provide advice to the fund manager regarding conflicts of interest in mutual fund management. The Board's role was extended to include the RBC Private Pools in 2005.

On December 1, 2006, the Board of Governors and RBC Global Asset Management Inc. completed the regulatory requirements necessary to allow the RBC Funds and the RBC Private Pools to be the first to take full advantage of the benefits of independent fund governance provided by National Instrument 81-107. Building on its long history of leadership in fund governance, RBC Global Asset Management Inc. established the Board of Governors as the independent review committee of the RBC Funds and the RBC Private Pools. All of the members of the Board of Governors are independent of RBC Global Asset Management Inc. and RBC Financial Group.

In its capacity as the independent review committee, the Board of Governors provides input on conflict of interest matters in respect of RBC Global Asset Management Inc., the RBC Funds and the RBC Private Pools. At least once per year, the Board of Governors reviews and assesses the adequacy and effectiveness of the fund manager's policies and procedures relating to conflict of interest matters.

The Board of Governors is responsible for reviewing and assessing the independence of its members, the compensation of its members, and the effectiveness of the Board of Governors, its subcommittees and its members.

Effective July 1, 2015, the Board of Governors will be referred to as the Independent Review Committee ("IRC") and will no longer be using a subcommittee structure. The IRC will continue to review advisory matters relating to conflicts of interest. This change in structure will have no impact on its ability to effectively fulfill all IRC responsibilities.

The annual report of the Board of Governors describing its activities as the independent review committee of the RBC Funds and the RBC Private Pools is available under Mutual Fund Governance at www.rbcgam.com/investorinfo and on SEDAR at www.sedar.com.

If you have any questions or comments about the Board of Governors or its subcommittees, please let us know by contacting Melanie Adams, Secretary to the Board of Governors, at the address below.

Lloyd R. McGinnis, OC, PEng
Chair of the Board of Governors

Board of Governors
Attention: Melanie Adams
RBC Global Asset Management Inc.
P.O. Box 7500, Station A
Toronto, Ontario M5W 1P9

Board of Governors

Lloyd R. McGinnis
Chair of the Board of Governors
Director
Airport Site Development
Winnipeg Airports Authority

Michael G. Thorley^{1,4}
Vice Chair of the Board of Governors
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