



RBC Global
Asset Management

RBC FUNDS AND RBC PRIVATE POOLS

2015
Annual Management
Report of Fund
Performance



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MONEY MARKET FUND

RBC CANADIAN T-BILL FUND

December 31, 2015

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 4, 2016.

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/reports 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 \$398 million as of December 31, 2015, from \$454 million at the end of 2014. The decrease was due to net redemptions.

As of December 31, 2015, the current yields were 0.1% for Series A units and 0.1% for Series D units.

Over the past year, the Fund's Series A units gained 0.2%, compared with the 0.6% 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 any other series, 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 some series 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.

A faltering Canadian economy, accompanied by weak global growth, resulted in a more active Bank of Canada (the "BOC") during 2015. With oil and gas prices collapsing, the BOC recognized the all-important energy sector's negative effect on national income and overall demand. Accordingly, the central bank cut interest rates twice during the year as protection against a decelerating economy.

The Canadian economy contracted during the first half of the year, but recovered quickly in the summer on the strength of household consumption and stable employment growth, both of which benefited from lower interest rates and a weaker currency. Globally, there

was little support for the Canadian economy and resource prices as Chinese growth slowed, many emerging markets fell into recession and Europe failed to gain traction. The U.S. economy managed to generate some growth, but signs that the weak Canadian currency would bolster exports to the U.S. were slow in appearing.

The portfolio manager maintained a longer average term to maturity for the Fund, given that interest rates were declining with no immediate prospect of reversing course. With federal-government securities yielding less than provincial paper, the portfolio manager continued to rely on provincial securities and money-market bonds to enhance yield without taking on too much extra risk. The Fund's holdings of federal securities were occasionally limited to treasury bills and government-guaranteed bonds when valuations merited such investments. Provincial securities made up the bulk of the Fund's assets.

Recent Developments

Monetary policy in most industrialized nations remains highly accommodative, as central banks try to boost global economic growth that was tepid over the past year. The exception was the U.S., which enjoyed a stronger recovery than most developed nations, albeit weaker than many investors expected. The U.S. economy was strong enough that the U.S. Federal Reserve felt comfortable hiking its targeted interest rate for the first time in almost a decade. Projections for global economic growth are not expected to change much over the short term, and as a result most economies will continue to require policies aimed at stimulating economic growth. The portfolio manager believes that, given the recent rate hike in the U.S., a period of increased volatility will characterize North American money markets. Canada's benchmark interest rate will likely remain unchanged for most of 2016, in the view of the portfolio manager, as soft economic performance will sideline the BOC, likely leading to U.S. rates rising faster than those in Canada.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	10.00	0.08	(0.05)	—	—	0.03	(0.03)	—	—	—	(0.03)	10.00
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
Series D												
Dec. 31, 2015	10.00	0.08	(0.05)	—	—	0.03	(0.03)	—	—	—	(0.03)	10.00
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

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, 2015	10.00	342 970	34 297	0.52	0.52	n/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	—
Series D							
Dec. 31, 2015	10.00	55 230	5 523	0.52	0.52	n/a	—
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	—

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 manager 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	up to 0.75%	33%	67%
Series D	up to 0.60%	17%	83%

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

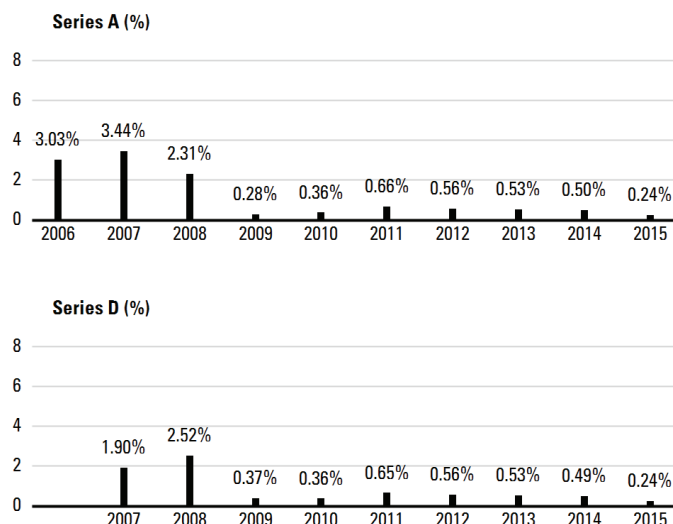


PAST PERFORMANCE

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.



Series D units have been available for sale to unitholders since July 3, 2007.

Inception dates are not provided for series that have been in existence for more than 10 years.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2015

Investment Mix

	% of Net Asset Value
Provincial Obligations	98.5
Term Deposits	1.6
Cash/Other	(0.1)

Top 25 Holdings*

	% of Net Asset Value
Province of Alberta 0.665% Apr 6 16	12.5
Province of Saskatchewan 0.559% Jan 20 16	9.4
Province of New Brunswick 0.653% Jul 21 16	9.2
Province of Saskatchewan 0.553% Jan 7 16	7.6
Province of Quebec 0.620% Mar 4 16	6.3
Province of Manitoba 0.559% Feb 10 16	5.0
Province of Quebec 0.580% May 20 16	5.0
Province of Quebec 0.570% Mar 24 16	4.5
Province of Quebec 0.540% Jan 8 16	4.3
Province of Manitoba 0.587% Mar 1 16	3.8
Province of New Brunswick 0.548% Jan 14 16	3.8
Province of Newfoundland and Labrador 0.548% Jan 14 16	3.8
Province of British Columbia 0.620% Jun 7 16	3.8
Province of British Columbia 0.641% Mar 21 16	3.5
Province of Saskatchewan 0.560% Feb 25 16	2.9
Province of New Brunswick 0.559% Jan 5 16	2.5
Province of Ontario 0.570% Jul 27 16	2.5
Province of Ontario 1.176% Jan 12 16	2.0
Province of Alberta 1.131% Feb 29 16	1.9
Province of New Brunswick 1.142% Feb 22 16	1.8
Canadian Imperial Bank of Commerce 0.500% Jan 4 16	1.5
Province of Ontario 0.602% Jan 27 16	1.2
Province of New Brunswick 0.550% Jan 19 16	1.2
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.



MONEY MARKET FUND

RBC CANADIAN MONEY MARKET FUND

December 31, 2015

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 4, 2016.

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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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/reports 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 was \$1.7 billion as of December 31, 2015, unchanged from the end of 2014.

As of December 31, 2015, the current yields were 0.2% for Series A units, 0.2% for Advisor Series units, 0.2% for Series D units, 0.3% for Series F units and 0.8% for Series O units.

Over the past year, the Fund's Series A units gained 0.4%, compared with the 0.6% 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 any other series, 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 some series 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.

A faltering Canadian economy, accompanied by weak global growth, resulted in a more active Bank of Canada (the "BOC") during 2015. With oil and gas prices collapsing, the BOC recognized the all-important energy sector's negative effect on national income and overall demand. Accordingly, the central bank cut interest rates twice during the year as protection against a decelerating economy.

The Canadian economy contracted during the first half of the year, but recovered quickly in the summer on the strength of household consumption and stable employment growth, both of which benefited from lower interest rates and a weaker currency. Globally, there was little support for the Canadian economy and resource prices as Chinese growth slowed, many emerging markets fell into recession and Europe failed to gain traction. The U.S. economy managed to generate some growth, but signs that the weak Canadian currency would bolster exports to the U.S. were slow in appearing.

The portfolio manager maintained a longer average term to maturity for the Fund, given that rates were declining with no immediate prospect of reversing course. Issuance of short-term paper by corporations continued to be light, as many companies funded themselves through bond markets. Asset-backed commercial paper made up the bulk of the portfolio, followed by bankers' acceptances. The portfolio manager also invested in floating-rate notes, which added to performance without unduly increasing risk.

Recent Developments

Monetary policy in most industrialized nations remains highly accommodative, as central banks try to boost global economic growth that was tepid over the past year. The exception was the U.S., which enjoyed a stronger recovery than most developed nations, albeit weaker than many investors expected. The U.S. economy was strong enough that the U.S. Federal Reserve felt comfortable hiking its targeted interest rate for the first time in almost a decade. Projections for global economic growth are not expected to change much over the short term, and as a result most economies will continue to require policies aimed at stimulating economic growth. The portfolio manager believes that, given the recent rate hike in the U.S., a period of increased volatility will characterize North American money markets. Canada's benchmark interest rate will likely remain unchanged for most of 2016, in the view of the portfolio manager, as soft economic performance will sideline the BOC, likely leading to U.S. rates rising faster than those in Canada.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing

instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	10.00	0.10	(0.06)	—	—	0.04	(0.04)	—	—	—	(0.04)	10.00
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
Advisor Series												
Dec. 31, 2015	10.00	0.10	(0.06)	—	—	0.04	(0.04)	—	—	—	(0.04)	10.00
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
Series D												
Dec. 31, 2015	10.00	0.10	(0.06)	—	—	0.04	(0.04)	—	—	—	(0.04)	10.00
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
Series F												
Dec. 31, 2015	10.00	0.10	(0.06)	—	—	0.04	(0.04)	—	—	—	(0.04)	10.00
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
Series O												
Dec. 31, 2015	10.00	0.10	—	—	—	0.10	(0.10)	—	—	—	(0.10)	10.00
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

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, 2015	10.00	1 352 347	135 235	0.61	0.61	n/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	—
Advisor Series							
Dec. 31, 2015	10.00	13 191	1 319	0.61	0.61	n/a	—
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	—
Series D							
Dec. 31, 2015	10.00	173 834	17 383	0.61	0.61	n/a	—
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	—
Series F							
Dec. 31, 2015	10.00	8 769	877	0.56	0.56	n/a	—
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	—
Series O							
Dec. 31, 2015	10.00	185 330	18 533	0.02	0.02	n/a	—
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	—

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 manager 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	up to 0.75%	33%	67%
Advisor Series	up to 0.75%	33%	67%
Series D	up to 0.60%	17%	83%
Series F	up to 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.

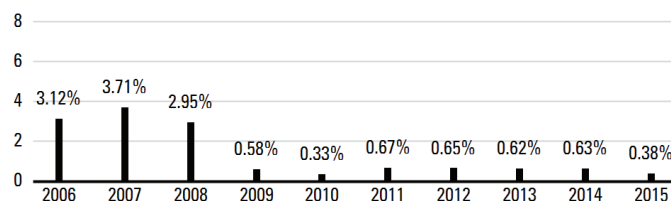
PAST PERFORMANCE

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.

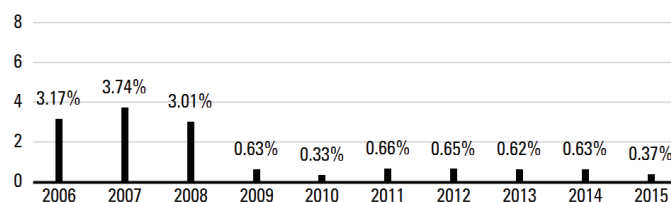
Year-by-Year Returns (%)

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.

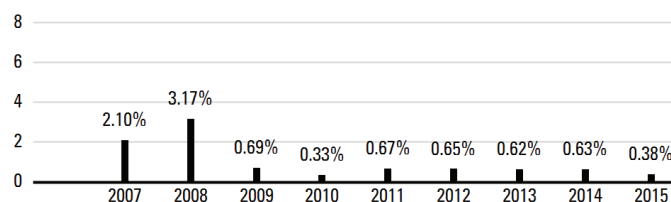
Series A (%)



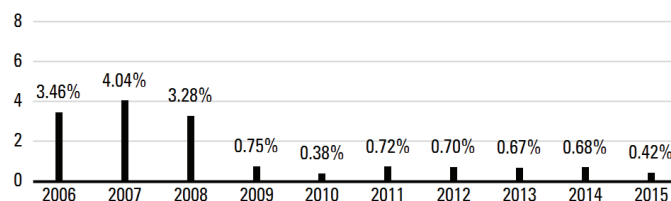
Advisor Series (%)



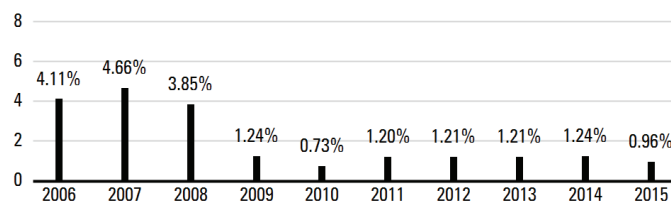
Series D (%)



Series F (%)



Series O (%)



Series D units have been available for sale to unitholders since July 3, 2007.

Inception dates are not provided for series that have been in existence for more than 10 years.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2015

Investment Mix

	% of Net Asset Value
Commercial Paper	60.3
Bankers Acceptances and Bank Obligations	34.7
Provincial Obligations	4.9
Cash/Other	0.1

Top 25 Holdings

	% of Net Asset Value
Merit Trust – Senior Notes 0.760% Jan 20 16	3.0
Canadian Master Trust – Series A 0.751% Jan 19 16	2.9
Canadian Imperial Bank of Commerce 0.730% Aug 8 16	2.6
Bank of Montreal 0.772% Jan 28 16	2.2
SURE Trust 0.759% Jan 15 16	2.1
National Bank of Canada 0.780% Apr 27 16	2.0
Bank of Nova Scotia 0.841% Jan 13 16	1.8
SOUND Trust 0.796% Jan 8 16	1.8
Canadian Imperial Bank of Commerce 1.290% Jan 8 16	1.7
Clarity Trust 0.882% Mar 28 16	1.7
Bay Street Funding Trust – Class A 0.761% Mar 8 16	1.7
Toronto-Dominion Bank 1.473% Jan 21 16	1.7
Toronto-Dominion Bank 0.760% Mar 3 16	1.7
Honda Canada Finance Inc. 0.802% Jan 21 16	1.7
Zeus Receivables Trust – Senior Notes 0.799% Jan 15 16	1.7
Province of Quebec 0.558% Jan 29 16	1.6
SAFE Trust – Series 1996-1 0.791% Jan 8 16	1.6
Toronto-Dominion Bank 0.961% Aug 2 16	1.6
Bank of Montreal 1.290% Jan 11 16	1.5
National Bank of Canada 0.959% Mar 23 16	1.5
Bank of Nova Scotia 1.106% Feb 22 16	1.5
King Street Funding Trust 1.000% Aug 22 16	1.4
Toronto-Dominion Bank 1.000% Jun 2 16	1.4
HSBC Bank Canada 0.770% Jan 25 16	1.4
Bay Street Funding Trust – Class A 0.793% Feb 2 16	1.4
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.



MONEY MARKET FUND

RBC PREMIUM MONEY MARKET FUND

December 31, 2015

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 4, 2016.

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/reports 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 \$1.5 billion as of December 31, 2015, from \$1.7 billion at the end of 2014. The decrease was due to net redemptions.

As of December 31, 2015, the current yields were 0.5% for Series A units, 0.6% for Series F units and 0.7% for Series I units.

Over the past year, the Fund's Series A units gained 0.6%, compared with the 0.6% 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 any other series, which may vary because of differences in management fees and expenses.

A faltering Canadian economy, accompanied by weak global growth, resulted in a more active Bank of Canada (the "BOC") during 2015. With oil and gas prices collapsing, the BOC recognized the all-important energy sector's negative effect on national income and overall demand. Accordingly, the central bank cut interest rates twice during the year as protection against a decelerating economy.

The Canadian economy contracted during the first half of the year, but recovered quickly in the summer on the strength of household consumption and stable employment growth, both of which benefited from lower interest rates and a weaker currency. Globally, there was little support for the Canadian economy and resource prices as Chinese growth slowed, many emerging markets fell into recession and Europe failed to gain traction. The U.S. economy managed to generate some growth, but signs that the weak Canadian currency would bolster exports to the U.S. were slow in appearing.

The portfolio manager maintained a longer average term to maturity for the Fund, given that rates were declining with no immediate prospect of reversing course. Issuance of short-term paper by corporations continued to be light, as many companies funded themselves through bond markets. Asset-backed commercial paper made up the bulk of the portfolio, followed by bankers' acceptances. The portfolio manager also invested in floating-rate notes, which added to performance without unduly increasing risk.

Recent Developments

Monetary policy in most industrialized nations remains highly accommodative, as central banks try to boost global economic growth that was tepid over the past year. The exception was the U.S., which enjoyed a stronger recovery than most developed nations, albeit weaker than many investors expected. The U.S. economy was strong enough that the U.S. Federal Reserve felt comfortable hiking its targeted interest rate for the first time in almost a decade. Projections for global economic growth are not expected to change much over the short term, and as a result most economies will continue to require policies aimed at stimulating economic growth. The portfolio manager believes that, given the recent rate hike in the U.S., a period of increased volatility will characterize North American money markets. Canada's benchmark interest rate will likely remain unchanged for most of 2016, in the view of the portfolio manager, as soft economic performance will sideline the BOC, likely leading to U.S. rates rising faster than those in Canada.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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	Total	
Series A												
Dec. 31, 2015	10.00	0.11	(0.04)	—	—	0.07	(0.07)	—	—	—	(0.07)	10.00
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
Series F												
Dec. 31, 2015	10.00	0.10	(0.02)	—	—	0.08	(0.08)	—	—	—	(0.08)	10.00
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
Series I												
Dec. 31, 2015	10.00	0.10	(0.01)	—	—	0.09	(0.09)	—	—	—	(0.09)	10.00
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

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, 2015	10.00	1 497 158	149 716	0.35	0.35	n/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	—
Series F							
Dec. 31, 2015	10.00	9 627	963	0.25	0.25	n/a	—
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	—
Series I							
Dec. 31, 2015	10.00	6 320	632	0.13	0.13	n/a	—
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	—

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 manager 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	up to 0.30%	83%	17%
Series F	up to 0.20%	—	100%
Series I	up to 0.10%	—	100%

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

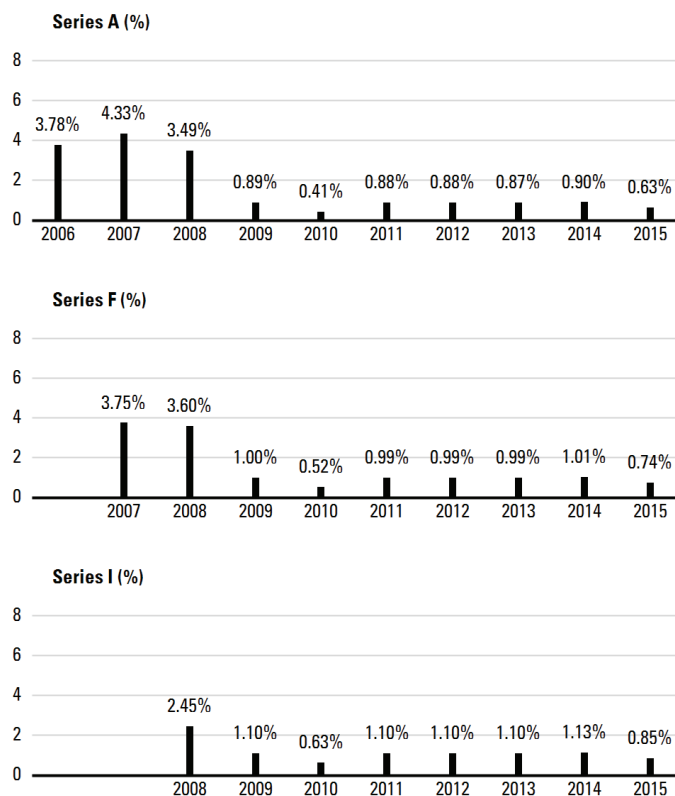


PAST PERFORMANCE

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.



Series I units have been available for sale to unitholders since May 12, 2008, and Series F units since March 7, 2007.

Inception dates are not provided for series that have been in existence for more than 10 years.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2015

Investment Mix

	% of Net Asset Value
Commercial Paper	59.8
Bankers Acceptances and Bank Obligations	34.9
Provincial Obligations	5.0
Cash/Other	0.3

Top 25 Holdings

	% of Net Asset Value
Bank of Montreal 0.621% Feb 10 16	3.8
Toronto-Dominion Bank 0.852% Jan 28 16	3.1
Bay Street Funding Trust – Class A 0.793% Jan 6 16	2.2
SOUND Trust 0.899% Mar 24 16	2.2
Clarity Trust 0.780% Mar 23 16	2.0
Toronto-Dominion Bank 1.473% Jan 21 16	1.9
Canadian Master Trust – Series A 0.950% Jun 15 16	1.9
Bank of Nova Scotia 0.841% Jan 13 16	1.9
Canadian Imperial Bank of Commerce 1.121% Jun 1 16	1.8
Canadian Imperial Bank of Commerce 1.290% Jan 8 16	1.8
Merit Trust – Senior Notes 0.760% Jan 20 16	1.8
Lower Mattagami Energy LP 0.876% Jan 12 16	1.7
SOUND Trust 0.859% Mar 17 16	1.7
King Street Funding Trust 0.751% Mar 10 16	1.6
King Street Funding Trust 1.000% Aug 22 16	1.6
Ridge Trust 0.971% Jan 6 16	1.6
Toronto-Dominion Bank 1.000% Jun 2 16	1.6
Toronto-Dominion Bank 0.961% Aug 2 16	1.6
National Bank of Canada 0.959% Mar 23 16	1.6
Bank of Montreal 1.290% Jan 11 16	1.5
Banner Trust 0.830% Apr 20 16	1.5
Canadian Imperial Bank of Commerce 0.941% Apr 4 16	1.5
Bay Street Funding Trust – Class A 0.751% Feb 4 16	1.5
Bank of Nova Scotia 1.106% Feb 22 16	1.5
Husky Energy Inc. 0.786% Jan 4 16	1.4
Top 25 Holdings	46.3

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, 2015

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 4, 2016.

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/reports 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 \$135 million as of December 31, 2015, from \$167 million at the end of 2014. The decrease was due to net redemptions.

As of December 31, 2015, the current yields were 0.4% for Series A units, 0.4% for Series D units and 0.5% for Series O units.

Over the past year, the Fund's Series A units gained 0.2%, compared with the 0.3% rise in 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 any other series, 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 some series 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 U.S. Federal Reserve's (the "Fed") planned unwinding of ultra-easy monetary policy was a focal point for markets during 2015, but it was not until December that the Fed judged U.S. economic momentum sufficient to justify a rise in the benchmark fed-funds interest rate. The 0.25% rise in the rate put the Fed at odds with most other central banks, which concentrated on providing more stimulus in the face of slowing global growth. Money markets had erroneously anticipated a Fed move several times during the period, with short-term yields moving up only to retreat. Money-market rates ended 2015 up between 0.25% and 0.55%, depending on the term.

The average term to maturity of the Fund was kept longer than average for most of the period as the portfolio manager believed correctly that the Fed would wait until year-end to raise rates. As the likelihood of a rate hike increased, the portfolio manager concentrated on boosting holdings of shorter-term maturities to coincide with a Fed move. Corporate holdings in the Fund continued to be light due to a shortage of corporate issuers in the money markets. Primary investments for the Fund continued to be asset-backed commercial paper for yield and bank paper for their liquidity in case of a need for redemptions.

Recent Developments

Having signalled an end to its aggressive monetary policy, the pace at which the Fed raises its benchmark interest rate is now a focal point for money markets as one rate hike in isolation is historically rare. Further rate hikes will be closely linked to the economy's short-term performance, and rates may even fall in the event of a slowdown in the economy.

The U.S. economy has been expanding since the last recession almost six years ago, but the amount of growth generated in this recovery has been disappointing. This leads the portfolio manager to believe that U.S. rate policy will be the source of much more market uncertainty than has been the case in previous economic recoveries.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	10.00	0.04	(0.02)	—	—	0.02	(0.02)	—	—	—	(0.02)	10.00
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
Series D												
Dec. 31, 2015	10.00	0.03	(0.02)	—	—	0.01	(0.01)	—	—	—	(0.01)	10.00
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
Series O												
Dec. 31, 2015	10.00	0.04	—	—	—	0.04	(0.04)	—	—	—	(0.04)	10.00
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

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, 2015	10.00	106 553	10 655	0.17	0.17	n/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	—
Series D							
Dec. 31, 2015	10.00	19 855	1 985	0.17	0.17	n/a	—
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	—
Series O							
Dec. 31, 2015	10.00	8 092	809	0.02	0.02	n/a	—
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	—

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 manager 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	up to 0.85%	29%	71%
Series D	up to 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.

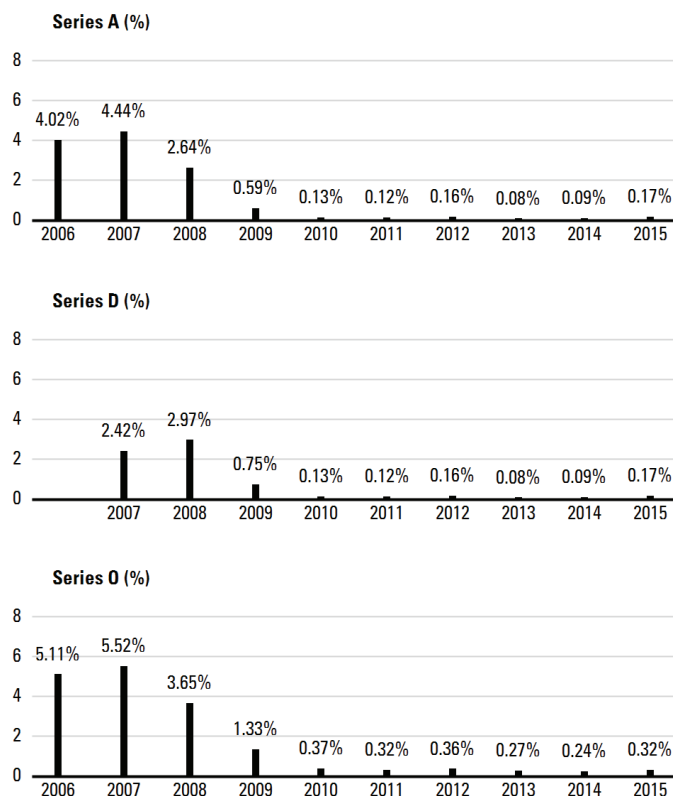


PAST PERFORMANCE (in USD)

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.



Series D units have been available for sale to unitholders since July 3, 2007.

Inception dates are not provided for series that have been in existence for more than 10 years.

SUMMARY OF INVESTMENT PORTFOLIO (in USD)

(after consideration of derivative products, if any)

As at December 31, 2015

Investment Mix

	% of Net Asset Value
Commercial Paper	68.2
Provincial Obligations	18.9
Bankers Acceptances and Bank Obligations	12.8
Cash/Other	0.1

Top 25 Holdings

	% of Net Asset Value
Province of British Columbia 0.301% Feb 17 16	10.4
SOUND Trust 0.859% Mar 23 16	5.0
Fusion Trust 0.610% Mar 9 16	4.6
Province of British Columbia 0.302% Feb 18 16	4.6
Prime Trust – Senior Notes 0.599% Apr 8 16	3.2
Province of Ontario 0.748% Jul 22 16	3.2
Fusion Trust 0.600% Mar 30 16	3.1
Merit Trust – Senior Notes 0.827% Jan 21 16	3.0
Banner Trust 0.827% Jan 21 16	3.0
National Bank of Canada 0.451% Feb 29 16	3.0
Caisse Centrale Desjardins 0.325% Jan 15 16	2.9
SURE Trust 0.675% Jan 4 16	2.7
Zeus Receivables Trust – Senior Notes 0.827% Jan 21 16	2.7
SURE Trust 0.519% Jan 27 16	2.7
Prime Trust – Senior Notes 0.579% Feb 17 16	2.4
Canadian Master Trust – Series A 0.699% Jan 11 16	2.3
SURE Trust 0.754% Jan 11 16	2.2
Zeus Receivables Trust – Senior Notes 0.586% Jan 8 16	2.0
Bank of Nova Scotia 0.338% Mar 15 16	1.9
National Bank of Canada 0.359% Jan 25 16	1.9
Prime Trust – Senior Notes 0.502% Jan 8 16	1.9
Banner Trust 0.890% Mar 30 16	1.9
Caisse Centrale Desjardins 0.319% Jan 22 16	1.8
SAFE Trust – Series 1996-1 0.677% Jan 4 16	1.8
OMERS Realty Corp. 0.501% Mar 4 16	1.8
Top 25 Holdings	76.0

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.



MONEY MARKET FUND

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

December 31, 2015

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 4, 2016.

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 (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 \$285 million as of December 31, 2015, from \$357 million at the end of 2014. The decrease was due to net redemptions.

As of December 31, 2015, the current yields were 0.4% for Series A units, 0.4% for Series F units and 0.4% for Series I units.

Over the past year, the Fund's Series A units gained 0.2%, compared with the 0.3% rise in 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 any other series, 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 some series 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 U.S. Federal Reserve's (the "Fed") planned unwinding of ultra-easy monetary policy was a focal point for markets during 2015, but it was not until December that the Fed judged U.S. economic momentum sufficient to justify a rise in the benchmark fed-funds interest rate. The 0.25% rise in the rate put the Fed at odds with most other central banks, which concentrated on providing more stimulus in the face of slowing global growth. Money markets had erroneously anticipated a Fed move several times during the period, with short-term yields moving up only to retreat. Money-market rates ended 2015 up between 0.25% and 0.55%, depending on the term.

The average term to maturity of the Fund was kept longer than average for most of the period as the portfolio manager believed correctly that the Fed would wait until year-end to raise rates. As the likelihood of a rate hike increased, the portfolio manager concentrated on boosting holdings of shorter-term maturities to coincide with a Fed move. Corporate holdings in the Fund continued to be light due to a shortage of corporate issuers in the money markets. Primary investments for the Fund continued to be asset-backed commercial paper for yield and bank paper for its liquidity in case of a need for redemptions.

Recent Developments

Having signalled an end to its aggressive monetary policy, the pace at which the Fed raises its benchmark interest rate is now a focal point for money markets as one rate hike in isolation is historically rare. Further rate hikes will be closely linked to the economy's short-term performance, and rates may even fall in the event of a slowdown in the economy.

The U.S. economy has been expanding since the last recession almost six years ago, but the amount of growth generated in this recovery has been disappointing. This leads the portfolio manager to believe that U.S. rate policy will be the source of much more market uncertainty than has been the case in previous economic recoveries.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	10.02	0.03	(0.01)	—	—	0.02	(0.02)	—	—	—	(0.02)	10.02
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
Series F												
Dec. 31, 2015	10.02	0.03	(0.01)	—	—	0.02	(0.02)	—	—	—	(0.02)	10.02
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
Series I												
Dec. 31, 2015	10.02	0.03	(0.01)	—	—	0.02	(0.02)	—	—	—	(0.02)	10.02
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

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, 2015	10.02	276 402	27 403	0.13	0.13	n/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	—
Series F							
Dec. 31, 2015	10.02	9 661	958	0.13	0.13	n/a	—
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	—
Series I							
Dec. 31, 2015	10.02	1 023	101	0.13	0.13	n/a	—
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	—

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 manager 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	up to 0.35%	71%	29%
Series F	up to 0.25%	—	100%
Series I	up to 0.15%	—	100%

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

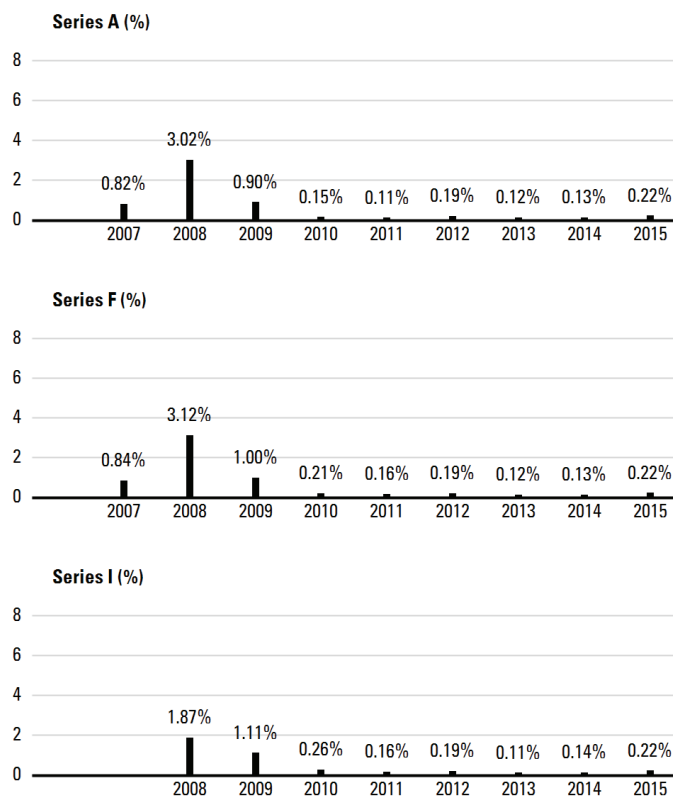


PAST PERFORMANCE (in USD)

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.



Series I units have been available for sale to unitholders since May 12, 2008, and Series A and Series F units since November 1, 2007.

Inception dates are not provided for series that have been in existence for more than 10 years.

SUMMARY OF INVESTMENT PORTFOLIO (in USD)

(after consideration of derivative products, if any)

As at December 31, 2015

Investment Mix

	% of Net Asset Value
Commercial Paper	81.1
Bankers Acceptances and Bank Obligations	14.1
Provincial Obligations	5.1
Cash/Other	(0.3)

Top 25 Holdings

	% of Net Asset Value
Farm Credit Canada 0.222% Jan 6 16	7.7
Farm Credit Canada 0.185% Jan 4 16	6.3
Clarity Trust 0.610% Feb 16 16	4.7
Fusion Trust 0.870% Mar 22 16	4.6
Canadian National Railway Co. 0.456% Jan 13 16	4.5
SAFE Trust – Series 1996-1 0.871% Mar 18 16	4.2
Merit Trust – Senior Notes 0.600% Mar 10 16	3.5
Prime Trust – Senior Notes 0.600% Mar 10 16	2.9
Clarity Trust 0.870% Mar 22 16	2.8
SURE Trust 0.500% Jan 22 16	2.8
Merit Trust – Senior Notes 0.841% Jan 25 16	2.7
Province of British Columbia 0.301% Feb 17 16	2.5
SURE Trust 0.701% May 17 16	2.5
Zeus Receivables Trust – Senior Notes 0.841% Jan 25 16	2.5
Banner Trust 0.841% Jan 25 16	2.3
Canadian Imperial Bank of Commerce 0.320% Jan 11 16	2.2
Canadian Imperial Bank of Commerce 0.529% Mar 22 16	2.1
Canadian Imperial Bank of Commerce 0.440% Mar 18 16	1.9
Province of Ontario 0.748% Jul 22 16	1.9
National Bank of Canada 0.359% Jan 25 16	1.8
Bank of Nova Scotia 0.338% Mar 15 16	1.8
Banner Trust 0.500% Jan 22 16	1.7
Canadian Imperial Bank of Commerce 0.419% Feb 19 16	1.6
Prime Trust – Senior Notes 0.601% Apr 15 16	1.4
Bank of Nova Scotia 0.389% Jan 21 16	1.4
Top 25 Holdings	74.3

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 CANADIAN SHORT-TERM
INCOME FUND**

December 31, 2015

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 4, 2016.

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/reports 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 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 fell to \$4.7 billion as of December 31, 2015, from \$5.2 billion at the end of 2014. The decrease was due mainly to net redemptions.

Over the past year, the Fund's Series A units gained 1.4%, which underperformed the 2.6% rise in the benchmark. The broad-based index rose 3.5%. 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 any other series, which may vary because of differences in management fees and expenses.

Short-term fixed-income yields fell for most of 2015, reflecting a weak global economy and a delay in the U.S. Federal Reserve (the "Fed") boosting its fed-funds benchmark interest rate until the very end of the year. The Canadian economy struggled, as falling energy prices translated into a loss of national income and overall economic growth. A number of forces conspired to drive Canada's energy industry into crisis: China's economy slowed; OPEC failed to curb oil supplies, leading to a glut; many emerging markets fell into recession; and Europe continued to struggle with anemic growth, compounded by an immigration crisis. To insulate the economy from the damaging effects of collapsing commodity prices, the Bank of Canada (the "BOC") cut its targeted overnight rate twice during the year. Nonetheless, Canada's economy contracted during the first half of 2015 before recovering in the summer. In the U.S., the economy expanded, although it fell short of expectations given the more than six years that the recovery has been in place.

The portfolio manager trimmed the Fund's exposure to corporate securities through the year, as government debt outperformed corporate fixed income due to the BOC's two rate cuts, and an overall deceleration in the global economy. The Fund's performance was negatively affected by below-benchmark exposure to government bonds, whose yields fell – and prices rose – more than those for corporate securities. The Fund's primary asset remained corporate bonds, followed by roughly equal amounts of federal and provincial debt.

Recent Developments

Having signalled an end to its aggressive monetary policy, the pace at which the Fed raises its benchmark interest rate is now a focal point for bond markets as one rate hike in isolation is historically rare. Further rate hikes will be closely linked to the economy's short-term performance, and rates may even fall in the event of a slowdown in the economy.

In the portfolio manager's view, there is little likelihood of any change in Canadian benchmark interest rates as the BOC is unlikely to do anything as long as commodity prices remain low. Further rate cuts are possible, but economic growth would have to slow even more dramatically for this to occur. One area of focus in 2016 will be inflation, which, with economic growth weak, will largely determine the direction of Canadian administered rates. U.S. bond yields may increase next year if the Fed continues to raise rates, but increases in Canada would likely be smaller.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	10.84	0.30	(0.13)	(0.02)	—	0.15	(0.18)	—	—	—	(0.18)	10.81
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
Advisor Series												
Dec. 31, 2015	10.90	0.30	(0.13)	(0.02)	—	0.15	(0.18)	—	—	—	(0.18)	10.86
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
Series D												
Dec. 31, 2015	10.87	0.30	(0.08)	(0.02)	—	0.20	(0.22)	—	—	—	(0.22)	10.84
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
Series F												
Dec. 31, 2015	10.93	0.30	(0.07)	(0.02)	—	0.21	(0.24)	—	—	—	(0.24)	10.90
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
Series O												
Dec. 31, 2015	10.91	0.30	—	(0.02)	—	0.28	(0.30)	—	—	—	(0.30)	10.88
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

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, 2015	10.81	958 343	88 668	1.16	1.16	30.67	—
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	—
Advisor Series							
Dec. 31, 2015	10.86	26 001	2 393	1.16	1.16	30.67	—
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	—
Series D							
Dec. 31, 2015	10.84	21 582	1 991	0.77	0.77	30.67	—
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	—
Series F							
Dec. 31, 2015	10.90	11 717	1 075	0.60	0.60	30.67	—
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	—
Series O							
Dec. 31, 2015	10.88	3 685 300	338 783	0.02	0.02	30.67	—
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	—

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 manager 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.

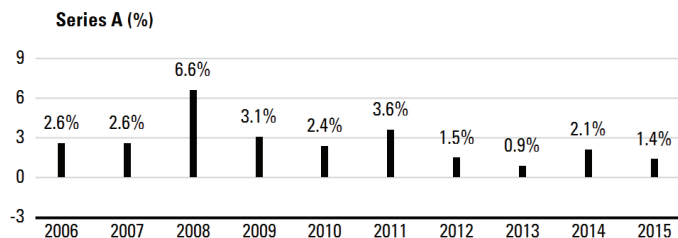
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

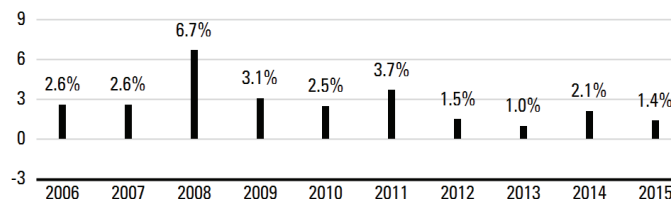
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional 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 (%)

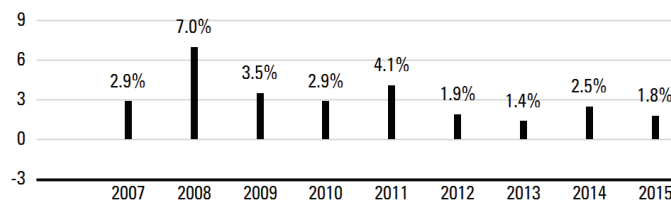
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



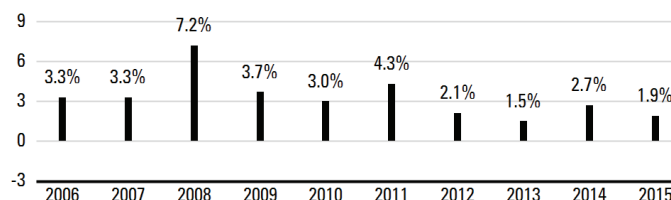
Advisor Series (%)



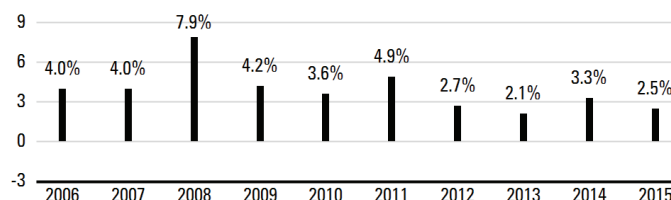
Series D (%)



Series F (%)



Series O (%)





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, 2015, 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	1.4	1.5	1.9	2.7	—
Benchmark	2.6	2.5	2.8	3.9	—
Broad-based index	3.5	3.6	4.8	5.0	—
Advisor Series	1.4	1.5	1.9	2.7	—
Benchmark	2.6	2.5	2.8	3.9	—
Broad-based index	3.5	3.6	4.8	5.0	—
Series D	1.8	1.9	2.3	—	3.3
Benchmark	2.6	2.5	2.8	—	4.0
Broad-based index	3.5	3.6	4.8	—	5.6
Series F	1.9	2.0	2.5	3.3	—
Benchmark	2.6	2.5	2.8	3.9	—
Broad-based index	3.5	3.6	4.8	5.0	—
Series O	2.5	2.6	3.1	3.9	—
Benchmark	2.6	2.5	2.8	3.9	—
Broad-based index	3.5	3.6	4.8	5.0	—

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.

Series D units have been available for sale to unitholders since July 3, 2007.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Corporate Bonds	57.8
Provincial/Municipal Bonds	24.4
Federal Bonds	15.2
Mortgage-Backed Securities	2.6

Top 25 Holdings

	% of Net Asset Value
Canada Housing Trust No. 1 3.350% Dec 15 20	3.7
Province of Ontario 2.100% Sep 8 18	3.4
Province of Quebec 4.500% Dec 1 17	2.5
Province of Ontario 1.900% Sep 8 17	2.4
Province of Ontario 4.000% Jun 2 21	2.2
Cash & Cash Equivalents	2.1
Bank of Montreal 3.210% Sep 13 18	2.0
Government of Canada 0.750% Sep 1 20	2.0
Province of Ontario 4.300% Mar 8 17	2.0
Canada Housing Trust No. 1 2.650% Mar 15 22	2.0
Bank of Montreal 2.240% Dec 11 17	1.7
Canada Housing Trust No. 1 1.700% Dec 15 17	1.7
Province of Quebec 3.500% Dec 1 22	1.7
Canada Housing Trust No. 1 2.350% Dec 15 18	1.6
HSBC Bank Canada 2.491% May 13 19	1.5
Province of New Brunswick 4.500% Jun 2 20	1.5
Bank of Nova Scotia 2.370% Jan 11 18	1.4
Government of Canada 1.250% Aug 1 17	1.3
Province of Alberta 1.600% Jun 15 18	1.3
Government of Canada 2.750% Jun 1 22	1.3
Province of Ontario 2.100% Sep 8 19	1.2
Wells Fargo Canada Corp. 2.774% Feb 9 17	1.1
National Bank of Canada 2.794% Aug 9 18	1.1
Toronto-Dominion Bank 2.447% Apr 2 19	1.1
Canada Housing Trust No. 1 1.950% Jun 15 19	1.1
Top 25 Holdings	44.9

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 BOND FUND

December 31, 2015

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 4, 2016.

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/reports 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 rose to \$953 million as of December 31, 2015, from \$874 million at the end of 2014. About \$58 million of the increase was due to net redemptions and \$21 million to investment returns.

Over the past year, the Fund’s Series A units gained 2.4%, which underperformed the 3.2% rise in the benchmark. The broad-based index rose 3.5%. 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 any other series, which may vary because of differences in management fees and expenses.

The Fund made monthly distributions of 2.25 cents per Series A unit in 2015. For the year, the Fund made total distributions of 27 cents per Series A unit, consisting of 23 cents per unit of interest, 2 cents per unit of capital gains, and 2 cents per unit of return of capital.

In 2015, the global economy was characterized by faster U.S. economic growth, contrasted with slower expansions in most of Europe, Japan and emerging markets. As a result, the U.S. Federal Reserve (the “Fed”) raised its benchmark interest rate in December for the first time in almost a decade, while central banks in the Eurozone and Japan extended the use of large-scale bond purchases in an effort to boost economic growth, and China took significant

steps to loosen monetary policy. Economic weakness extended to emerging markets dependent on commodity exports, including Russia and Brazil, while Canada’s economy, itself highly reliant on oil, stumbled as the year wore on. The Bank of Canada lowered interest rates twice to avert a more severe slowdown.

Bonds issued by governments in the U.S., Japan and Western Europe posted modest returns in 2015 as investors weighed the impact of stronger economic growth, which generally boosts fixed-income yields, against massive central-bank bond purchases, which tend to push yields down. Returns on non-government bonds declined for the first time since 2011. Concern mounted that issuers were using debt to finance transactions such as stock buybacks rather than investing in products and services that generate revenues to service debt. Canadian federal-government bonds outperformed U.S. treasuries as weak Canadian growth pulled down domestic yields.

Portfolio investments that contributed to the Fund’s performance included the Phillips, Hager & North Short Term Bond & Mortgage Fund, the RBC Emerging Markets Bond Fund, the RBC Bond Fund and the Phillips, Hager & North Total Return Bond Fund.

Recent Developments

The portfolio manager expects Canadian government bond yields to rise gradually over the next 12 months, given the desire of the Fed to emerge from seven years of policy rates stuck near zero. Bond prices will be volatile, in the view of the portfolio manager, as investors face heightened macroeconomic and geopolitical risks in the year ahead amid fragile growth in many regions.

The sell-off in non-government bonds presents opportunities for the Fund to start accumulating attractively priced assets. While non-government bonds could continue to underperform in the near term, the portfolio manager believes that their extra yield should adequately compensate investors over time. The portfolio manager plans to increase the Fund’s exposure to higher-risk corporate bonds during 2016.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada (“Royal Bank”) and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	10.03	0.34	(0.12)	0.06	(0.06)	0.22	(0.23)	—	(0.02)	(0.02)	(0.27)	10.01
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	—	0.36	(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
Advisor Series												
Dec. 31, 2015	10.05	0.34	(0.12)	0.06	(0.06)	0.22	(0.23)	—	(0.02)	(0.02)	(0.27)	10.02
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	—	0.41	(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
Series H												
Dec. 31, 2015	10.05	0.34	(0.10)	0.07	(0.06)	0.25	(0.23)	—	(0.02)	(0.02)	(0.27)	10.03
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 ³	9.80 [†]	0.15	(0.04)	(0.01)	(0.10)	—	(0.10)	—	—	(0.03)	(0.13)	9.77
Series D												
Dec. 31, 2015	10.18	0.35	(0.08)	0.07	(0.06)	0.28	(0.23)	—	(0.02)	(0.02)	(0.27)	10.20
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	—	0.45	(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
Series F												
Dec. 31, 2015	10.24	0.35	(0.06)	0.07	(0.06)	0.30	(0.23)	—	(0.02)	(0.02)	(0.27)	10.28
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	—	0.43	(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
Series I												
Dec. 31, 2015	10.26	0.35	(0.05)	0.07	(0.06)	0.31	(0.23)	—	(0.02)	(0.02)	(0.27)	10.31
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 ³	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	Total	
Series O												
Dec. 31, 2015	10.52	0.36	—	0.07	(0.06)	0.37	(0.23)	—	(0.02)	(0.02)	(0.27)	10.63
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	—	0.54	(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

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, 2015	10.01	829 483	82 898	1.20	1.20	3.71	—
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	—
Advisor Series							
Dec. 31, 2015	10.02	40 134	4 006	1.20	1.20	3.71	—
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	—
Series H							
Dec. 31, 2015	10.03	11 082	1 104	1.07	1.07	3.71	—
Dec. 31, 2014	10.05	8 035	799	1.07	1.07	11.92	—
Dec. 31, 2013 ⁴	9.77	1 961	201	1.11	1.11	20.87	—
Series D							
Dec. 31, 2015	10.20	12 280	1 204	0.81	0.81	3.71	—
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	—
Series F							
Dec. 31, 2015	10.28	46 590	4 533	0.65	0.65	3.71	—
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	—



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, 2015	10.31	13 325	1 293	0.53	0.53	3.71	—
Dec. 31, 2014	10.26	3 539	345	0.52	0.52	11.92	—
Dec. 31, 2013 ⁴	9.91	931	94	0.55	0.55	20.87	—
Series O							
Dec. 31, 2015	10.63	17	2	0.06	0.06	3.71	—
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	—

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 manager 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, 2015.

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

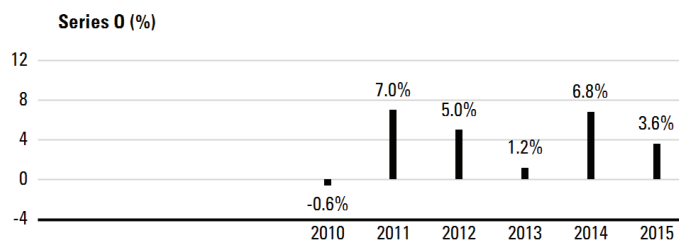
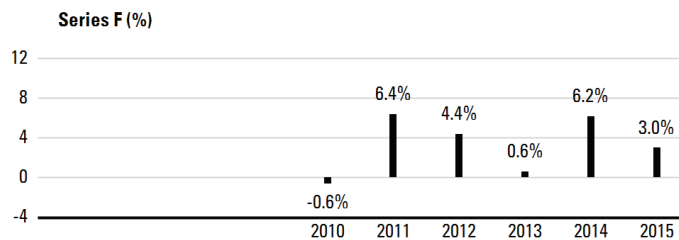
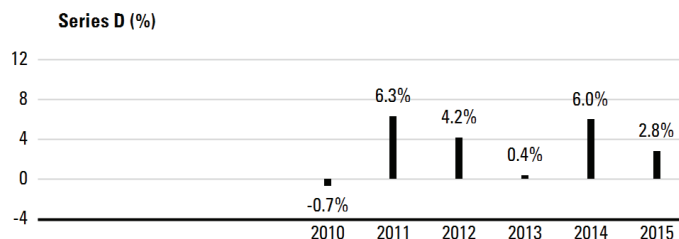
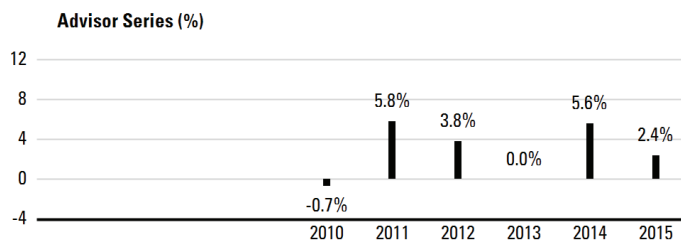
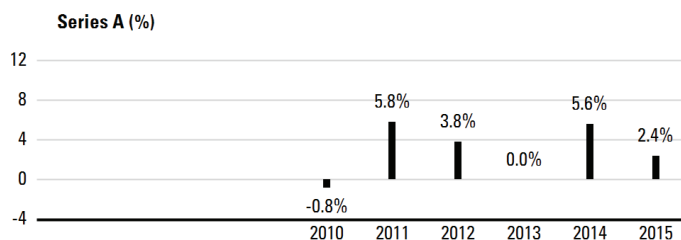


PAST PERFORMANCE

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, 2015, 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	2.4	2.7	3.5	—	3.2
Benchmark	3.2	3.2	4.0	—	3.7
Broad-based index	3.5	3.6	4.8	—	4.5
Advisor Series	2.4	2.7	3.5	—	3.2
Benchmark	3.2	3.2	4.0	—	3.7
Broad-based index	3.5	3.6	4.8	—	4.5
Series H	2.5	—	—	—	3.8
Benchmark	3.2	—	—	—	4.5
Broad-based index	3.5	—	—	—	5.6
Series D	2.8	3.1	3.9	—	3.6
Benchmark	3.2	3.2	4.0	—	3.7
Broad-based index	3.5	3.6	4.8	—	4.5
Series F	3.0	3.2	4.1	—	3.8
Benchmark	3.2	3.2	4.0	—	3.7
Broad-based index	3.5	3.6	4.8	—	4.5
Series I	3.1	—	—	—	4.4
Benchmark	3.2	—	—	—	4.5
Broad-based index	3.5	—	—	—	5.6
Series O	3.6	3.8	4.7	—	4.4
Benchmark	3.2	3.2	4.0	—	3.7
Broad-based index	3.5	3.6	4.8	—	4.5

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.

Series H and Series I units have been available for sale to unitholders since August 12, 2013, and Series A, Advisor Series, Series D, Series F and Series O units since October 12, 2010.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Income Funds	99.1
Cash/Other	0.9

Top 25 Holdings*

	% of Net Asset Value
Phillips, Hager & North Short Term Bond & Mortgage Fund	39.9
Phillips, Hager & North Total Return Bond Fund	20.0
RBC Bond Fund	20.0
RBC Global Corporate Bond Fund	9.9
RBC Emerging Markets Bond Fund	5.0
RBC High Yield Bond Fund	4.1
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.



FIXED-INCOME FUND

RBC BOND FUND

December 31, 2015

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 4, 2016.

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/reports 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 \$15.5 billion as of December 31, 2015, from \$13.2 billion at the end of 2014. Most of the increase was due to net inflows.

Over the past year, the Fund's Series A units gained 2.6%, which underperformed the 3.5% 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 any other series, which may vary because of differences in management fees and expenses.

The collapse in prices of energy and other commodities in 2015 had a negative impact on Canadian economic growth and led the Bank of Canada to lower interest rates twice during the year. Canadian yields declined in general, enabling domestic bonds to outperform their U.S. counterparts. In the U.S., economic conditions remained resilient and the U.S. Federal Reserve (the "Fed") began preparing the market for the end of the ultra-accommodative monetary policy that has been in effect for seven years. Meanwhile, the European Central Bank and the Bank of Japan took the opposite tack by continuing with aggressive asset-purchase programs to ward off disinflation.

Investors preferred bonds perceived as offering a degree of safety in an environment of uneven economic growth. As a result, government debt outperformed other areas of fixed income. The Fund's underweight exposure to Canadian bonds and holdings of U.S. bonds had a negative impact on performance.

Non-government bonds declined for the first time since 2011. Concern mounted that issuers were using debt to finance transactions such as stock buybacks rather than invest in products and services that generate revenues to service debt. Bonds of issuers exposed to the slowdown in emerging-market economies and falling commodity prices, particularly those that were energy-related, fell sharply. To compensate for the deteriorating credit outlook, investors increased the extra yield – or spread – required to hold non-government bonds. Poor Canadian economic growth and sales by international investors pushed down provincial bond prices. The Fund's exposure to high-yield and emerging-market debt had a negative impact on relative returns.

The Canadian dollar declined versus the U.S. dollar due to the Canadian economy's higher sensitivity to sluggish global economic growth, weaker demand for commodities and doubts that Canadian interest rates would rise anytime soon. Exposure in the portfolio to the U.S. dollar and emerging-market currencies contributed the most to the Fund's performance, cushioning losses from the allocations mentioned earlier.

Effective November 27, 2015, the RBC Private Canadian Bond Pool merged into the Fund and unitholders of the RBC Private Canadian Bond Pool received units of the Fund on a dollar-for-dollar, tax-deferred basis.

Recent Developments

The portfolio manager expects Canadian government-bond yields to rise gradually over the next 12 months, given the desire of the Fed to emerge from seven years of policy rates stuck near zero. Bond prices will be volatile, in the view of the portfolio manager, as investors face heightened macroeconomic and geopolitical risks in the year ahead amid fragile growth in many regions.

The sell-off in non-government bonds presents opportunities for the Fund to start accumulating attractively priced assets. While non-government bonds could continue to underperform in the near term, the portfolio manager believes that the extra yield offered by securities in the portfolio should adequately compensate investors. The portfolio manager recently increased the Fund's exposure to higher-risk corporate bonds.



Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	6.60	0.24	(0.08)	0.03	0.01	0.20	(0.14)	—	(0.01)	—	(0.15)	6.62
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
Advisor Series												
Dec. 31, 2015	6.74	0.24	(0.08)	0.03	0.01	0.20	(0.14)	—	(0.01)	—	(0.15)	6.76
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
Series H												
Dec. 31, 2015	6.72	0.24	(0.07)	0.03	0.01	0.21	(0.16)	—	(0.01)	—	(0.17)	6.74
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, 2015	6.64	0.24	(0.05)	0.03	0.01	0.23	(0.17)	—	(0.01)	—	(0.18)	6.66
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
Series F												
Dec. 31, 2015	6.81	0.24	(0.04)	0.03	0.01	0.24	(0.19)	—	(0.01)	—	(0.20)	6.83
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



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, 2015	6.79	0.23	(0.03)	0.03	0.01	0.24	(0.21)	—	(0.01)	—	(0.22)	6.80
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
Series O												
Dec. 31, 2015	6.89	0.25	—	0.03	0.01	0.29	(0.25)	—	(0.01)	—	(0.26)	6.90
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

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, 2015	6.62	1 535 208	231 839	1.22	1.22	22.38	—
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	—
Advisor Series							
Dec. 31, 2015	6.76	53 352	7 889	1.17	1.17	22.38	—
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	—
Series H							
Dec. 31, 2015	6.74	8 468	1 256	1.02	1.02	22.38	—
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, 2015	6.66	65 736	9 869	0.77	0.77	22.38	—
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	—



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, 2015	6.83	27 232	3 986	0.61	0.61	22.38	—
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	—
Series I							
Dec. 31, 2015	6.80	55 342	8 136	0.46	0.46	22.38	—
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	—
Series O							
Dec. 31, 2015	6.90	13 791 733	1 998 370	0.03	0.03	22.38	—
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	—

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 manager 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.

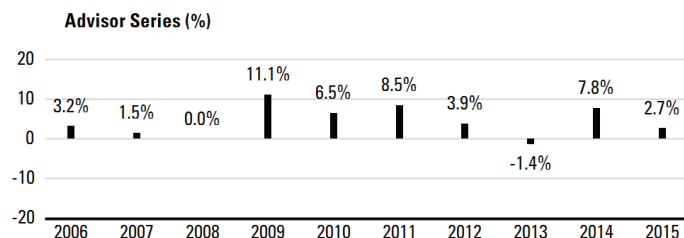
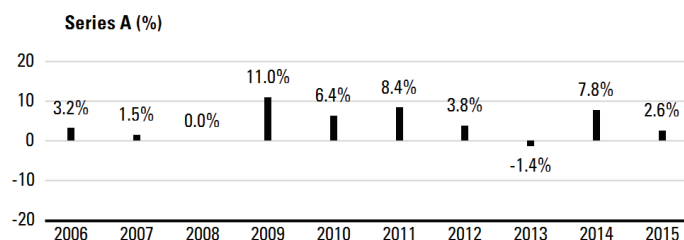


PAST PERFORMANCE

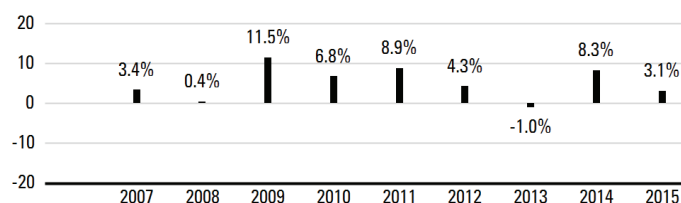
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional 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 (%)

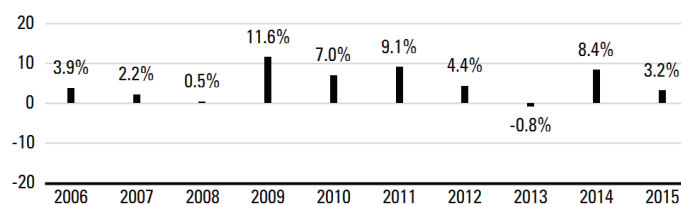
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



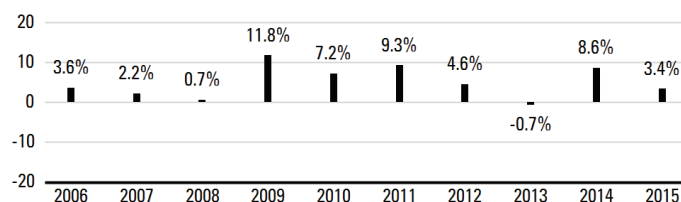
Series D (%)



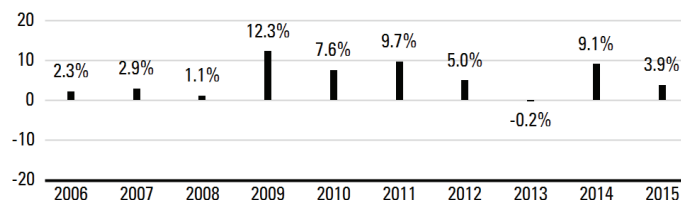
Series F (%)



Series I (%)



Series O (%)





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, 2015, 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	2.6	2.9	4.2	4.3	—
Benchmark	3.5	3.6	4.8	5.0	—
Advisor Series	2.7	3.0	4.2	4.3	—
Benchmark	3.5	3.6	4.8	5.0	—
Series H	2.8	—	—	—	3.1
Benchmark	3.5	—	—	—	3.4
Series D	3.1	3.4	4.6	—	5.3
Benchmark	3.5	3.6	4.8	—	5.6
Series F	3.2	3.5	4.8	4.9	—
Benchmark	3.5	3.6	4.8	5.0	—
Series I	3.4	3.7	5.0	—	5.3
Benchmark	3.5	3.6	4.8	—	5.1
Series O	3.9	4.2	5.4	—	5.7
Benchmark	3.5	3.6	4.8	—	5.1

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.

Series H units have been available for sale to unitholders since April 29, 2013, Series D units since July 3, 2007, Series O units since September 5, 2006, and Series I units since August 8, 2006.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Corporate Bonds	41.4
Provincial/Municipal Bonds	38.8
Foreign Bonds	6.4
Federal Bonds	6.4
Income Funds	3.9
Cash/Other	3.1

Top 25 Holdings

	% of Net Asset Value
Long Positions:	
Province of Ontario 3.450% Jun 2 45	3.4
Province of Ontario 3.500% Jun 2 43	2.5
Province of Ontario 2.900% Dec 2 46	2.3
Province of Ontario 4.600% Jun 2 39	2.2
Province of Ontario 4.650% Jun 2 41	2.0
Province of Ontario 2.850% Jun 2 23	2.0
Province of Ontario 2.600% Jun 2 25	1.8
Province of Ontario 3.500% Jun 2 24	1.8
RBC Private Corporate Bond Pool	1.8
Province of Quebec 3.000% Sep 1 23	1.6
Province of Ontario 4.200% Jun 2 20	1.3
Province of Quebec 3.750% Sep 1 24	1.3
Province of Quebec 5.000% Dec 1 41	1.2
Canada Housing Trust No. 1 2.350% Sep 15 23	1.2
BlueBay Emerging Markets Corporate Bond Fund	1.2
Province of Ontario 6.500% Mar 8 29	1.2
Province of Ontario 4.000% Jun 2 21	1.1
Canadian 10-Year Bond Future, March 2016	1.1
Toronto-Dominion Bank 2.447% Apr 2 19	1.1
Province of Ontario 4.700% Jun 2 37	1.0
Cash & Cash Equivalents	1.0
Province of Ontario 3.150% Jun 2 22	1.0
Province of Ontario 4.400% Jun 2 19	1.0
RBC Emerging Markets Foreign Exchange Fund	1.0
Total Long	37.1

Short Positions:

United States 10-Year Note Future, March 2016	(2.4)
Total Short	(2.4)

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.

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



FIXED-INCOME FUND

RBC ADVISOR CANADIAN BOND FUND

December 31, 2015

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 4, 2016.

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/reports 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 rose to \$50 million as of December 31, 2015, from \$47 million at the end of 2014. About \$2 million of the increase was due to net inflows and \$1 million to investment returns.

Over the past year, the Fund's Advisor Series units gained 2.6%, which underperformed the 3.5% 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 any other series, which may vary because of differences in management fees and expenses.

The collapse in prices of energy and other commodities in 2015 had a negative impact on Canadian economic growth and led the Bank of Canada (the "BOC") to lower interest rates twice during the year. Canadian government-bond yields declined, enabling domestic bonds to outperform their U.S. counterparts. In the U.S., economic conditions remained resilient and the U.S. Federal Reserve began preparing the market for the end of the ultra-accommodative monetary policy that had been in effect for seven years. Meanwhile, the European Central Bank and the Bank of Japan took the opposite tack by continuing with aggressive asset-purchase programs to ward off disinflation.

Investors preferred bonds perceived as offering a degree of safety in an environment of uneven economic growth. In this environment, concern mounted that corporate issuers were using debt to finance transactions such as stock buybacks rather than invest in products and services that generate revenues to service debt. International investors sold provincial bonds due to poor Canadian economic growth and their own domestic needs for cash. However, provincial bonds outperformed Government of Canada bonds because of the extra yield offered by Ontario and Quebec bonds. As a result, the Fund's overweight position in provincial fixed income was a positive for returns. The Fund's above-benchmark allocation to longer-term bonds was negative for relative performance.

Recent Developments

The Canadian economy is struggling to deal with commodity prices at levels not seen in at least 10 years, and it will take time for manufacturing and other non-commodity areas of the economy to benefit from a lower Canadian dollar.

The BOC continues to worry about the high levels of Canadian debt and the possible fallout from a decline in housing prices. The new, tighter mortgage rules should help rein in those markets where prices have escalated.

The portfolio manager expects Canadian government-bond yields to rise gradually over the next 12 months, but risk remains that the BOC could lower rates again if the economy continues to falter, oil prices don't stabilize or China's economy worsens. Demand for income makes corporate and provincial bonds attractive relative to Government of Canada bonds, and additional yield offered by these securities would help offset capital losses as yields rise. The portfolio manager plans to maintain overweight positions in both areas.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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	
Advisor Series												
Dec. 31, 2015	12.04	0.42	(0.11)	0.08	(0.09)	0.30	(0.30)	—	—	—	(0.30)	12.06
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
Series F												
Dec. 31, 2015	12.26	0.42	(0.08)	0.08	(0.09)	0.33	(0.34)	—	—	—	(0.34)	12.28
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
Series O												
Dec. 31, 2015	12.39	0.43	—	0.08	(0.09)	0.42	(0.42)	—	—	—	(0.42)	12.41
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

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, 2015	12.06	35 255	2 923	0.92	0.93	16.03	—
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	—
Series F							
Dec. 31, 2015	12.28	14 705	1 198	0.61	0.61	16.03	—
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	—
Series O							
Dec. 31, 2015	12.41	1	—	0.02	0.03	16.03	—
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	—

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 manager 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.

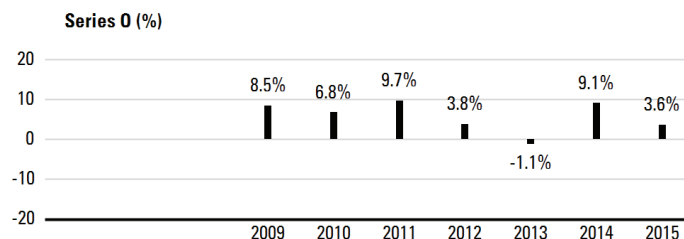
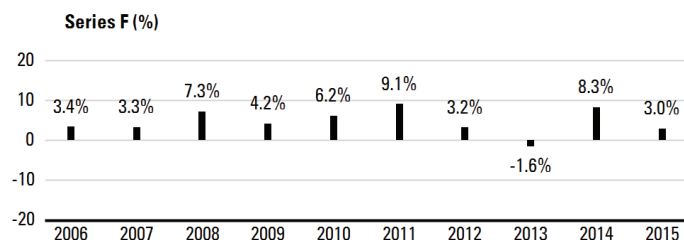
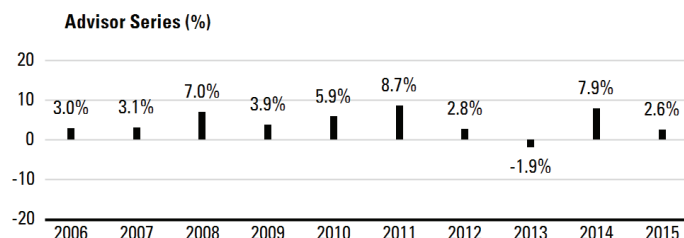


PAST PERFORMANCE

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, 2015, 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	2.6	2.8	4.0	4.3	—
Benchmark	3.5	3.6	4.8	5.0	—
Series F	3.0	3.1	4.3	4.6	—
Benchmark	3.5	3.6	4.8	5.0	—
Series O	3.6	3.8	5.0	—	6.5
Benchmark	3.5	3.6	4.8	—	5.0

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.

Series O units have been available for sale to unitholders since October 26, 2009.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Provincial/Municipal Bonds	40.3
Corporate Bonds	34.5
Federal Bonds	23.9
Cash/Other	1.3

Top 25 Holdings

	% of Net Asset Value
Province of Ontario 2.600% Jun 2 25	4.3
Canada Housing Trust No. 1 3.350% Dec 15 20	4.0
Canada Housing Trust No. 1 1.700% Dec 15 17	3.7
Canada Housing Trust No. 1 1.950% Jun 15 19	3.5
Province of Ontario 4.200% Jun 2 20	3.4
Province of Ontario 4.650% Jun 2 41	3.1
Government of Canada 3.500% Dec 1 45	3.0
Province of New Brunswick 5.650% Dec 27 28	2.6
Government of Canada 1.500% Jun 1 23	2.6
Canada Housing Trust No. 1 1.850% Dec 15 16	2.4
Province of Quebec 3.500% Dec 1 22	2.4
TCHC Issuer Trust 4.877% May 11 37	2.4
Province of Manitoba 4.650% Mar 5 40	2.2
Province of Quebec 4.500% Dec 1 17	2.2
Province of Quebec 9.500% Mar 30 23	2.1
Province of Quebec 5.000% Dec 1 41	1.8
Canada Housing Trust No. 1 2.350% Sep 15 23	1.7
Province of Ontario 6.500% Mar 8 29	1.7
Province of Nova Scotia 4.900% Jun 1 35	1.6
Province of Quebec 4.500% Dec 1 19	1.6
Province of Ontario 3.150% Jun 2 22	1.5
Royal Bank of Canada 2.580% Apr 13 17	1.4
Government of Canada 4.000% Jun 1 41	1.4
Province of Ontario 4.000% Jun 2 21	1.4
Province of Ontario 2.100% Sep 8 18	1.3
Top 25 Holdings	59.3

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 CANADIAN GOVERNMENT
BOND INDEX FUND**

December 31, 2015

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 4, 2016.

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/reports 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 \$222 million as of December 31, 2015, from \$234 million at the end of 2014. The decrease was due to net redemptions.

Over the past year, the Fund's Series A units gained 3.1%, which underperformed the 3.8% rise in the benchmark. The broad-based index rose 3.5%. 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 any other series, which may vary because of differences in management fees and expenses.

The collapse in prices of energy and other commodities in 2015 had a negative impact on Canadian economic growth and led the Bank of Canada (the "BOC") to lower interest rates twice during the year. Canadian government-bond yields declined, enabling domestic bonds to outperform their U.S. counterparts. In the U.S., economic conditions remained resilient and the U.S. Federal Reserve began preparing the market for the end of the ultra-accommodative monetary policy that has been in effect for seven years. Meanwhile, the European Central Bank and the Bank of Japan took the opposite tack by continuing with aggressive asset-purchase programs to ward off disinflation.

Investors preferred bonds perceived as offering a degree of safety in an environment of uneven economic growth. In this environment, concern mounted that corporate issuers were using debt to finance transactions such as stock buybacks rather than invest in products and services that generate revenues to service debt. International investors sold provincial bonds due to poor Canadian economic growth and their own domestic needs for cash. However, provincial bonds outperformed Government of Canada bonds because of the extra yield offered by Ontario and Quebec bonds.

In the one-year period ending December 31, 2015, bonds maturing in one to five years rose to 58% of the Fund's assets from 53%. For bonds maturing in five to 10 years, the number fell to 19% from 25%. For maturities exceeding 10 years, the percentage rose to 23% from 22%.

Recent Developments

The Canadian economy is struggling to deal with commodity prices at levels not seen in at least 10 years, and it will take time for manufacturing and other non-commodity areas of the economy to benefit from a lower Canadian dollar.

The BOC continues to worry about the high levels of Canadian debt and the possible fallout from a decline in housing prices. The new, tighter mortgage rules should help rein in those markets where prices have escalated.

The portfolio manager expects Canadian government-bond yields to rise gradually over the next 12 months, but risk remains that the BOC could lower rates again if the economy continues to falter, oil prices don't stabilize or China's economy worsens. Investor demand for income makes corporate and provincial bonds more attractive, and their additional yield would help offset capital losses as yields start to rise. Government of Canada bonds would be more attractive if the recovery starts to derail or global uncertainty resurfaces.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	12.00	0.29	(0.08)	0.06	0.10	0.37	(0.21)	—	—	—	(0.21)	12.16
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

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, 2015	12.16	221 627	18 223	0.67	0.67	11.61	—
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	—

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 manager 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.

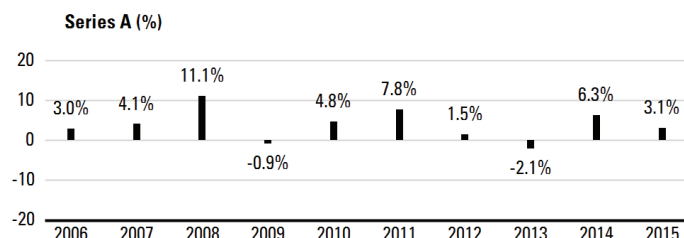


PAST PERFORMANCE

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, 2015, 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	3.1	2.4	3.3	3.8	—
Benchmark	3.8	3.6	4.7	4.9	—
Broad-based index	3.5	3.6	4.8	5.0	—

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.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Federal Bonds	97.3
Supranational Bonds	2.1
Cash/Other	0.6

Top 25 Holdings

	% of Net Asset Value
Canada Housing Trust No. 1 1.700% Dec 15 17	7.7
Canada Housing Trust No. 1 1.950% Jun 15 19	7.6
Canada Housing Trust No. 1 3.350% Dec 15 20	7.3
Government of Canada 4.000% Jun 1 41	6.6
Government of Canada 1.500% Sep 1 17	6.1
Government of Canada 1.500% Jun 1 23	5.7
Canada Housing Trust No. 1 4.100% Dec 15 18	5.6
Government of Canada 5.000% Jun 1 37	4.1
Government of Canada 3.500% Jun 1 20	3.9
Canada Housing Trust No. 1 1.850% Dec 15 16	3.8
Government of Canada 3.500% Dec 1 45	3.5
Canada Housing Trust No. 1 2.650% Mar 15 22	3.3
Government of Canada 1.250% Sep 1 18	3.3
Government of Canada 2.750% Jun 1 22	3.2
Government of Canada 5.750% Jun 1 29	3.1
Government of Canada 2.250% Jun 1 25	3.0
Government of Canada 0.750% Sep 1 20	2.9
Canada Housing Trust No. 1 2.050% Jun 15 17	2.8
Canada Housing Trust No. 1 2.350% Sep 15 23	2.7
Inter-American Development Bank CAD 4.400% Jan 26 26	2.1
Government of Canada 1.500% Mar 1 20	1.9
Government of Canada 5.750% Jun 1 33	1.4
Labrador-Island Link Funding Trust 3.760% Jun 1 33	1.3
Government of Canada 2.500% Jun 1 24	1.2
Canada Housing Trust No. 1 2.350% Dec 15 18	1.2
Top 25 Holdings	95.3

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 GLOBAL BOND FUND

December 31, 2015

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 4, 2016.

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/reports 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 fell to \$3.8 billion as of December 31, 2015, from \$3.9 billion at the end of 2014. The decrease was due to net redemptions.

Over the past year, the Fund's Series A units gained 1.1%, which underperformed the 1.9% 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 any other series, which may vary because of differences in management fees and expenses.

Bonds issued by governments in the U.S., Japan and Western Europe posted modest returns in 2015, as investors weighed the contrasting impacts of stronger economic growth, which generally boosts fixed-income yields, with massive bond purchases by the European Central Bank (the "ECB") and the Bank of Japan (the "BOJ"), which tend to push yields down. Prices of non-government bonds declined for the first time since 2011. Concern mounted that issuers were using debt to finance transactions such as stock buybacks rather than invest in products and services that generate revenues to service debt.

Global bonds performed strongly at the beginning of the year amid fears of a global economic slowdown coupled with heavy central-bank purchases. Yields on many short-maturity European bonds turned "negative" during the year – meaning investors actually paid to hold the bonds. Yields on longer-term securities were far more volatile, falling to historic lows at the beginning of the year before rebounding at midyear after global economic growth

strengthened more than expected. However, yields dropped again in the fourth quarter after uncertainty about the sustainability of economic growth and uncertainty regarding whether the U.S. Federal Reserve (the "Fed") would implement its first rate increase since before the 2008 financial crisis. As a result, yields on longer-maturity bonds finished the year lower than at the beginning of the period.

The performance of higher-risk bonds was generally poor. Bonds of issuers exposed to the slowdown in emerging-market economies and falling commodity prices, particularly those that were energy-related, were battered. Elsewhere in the non-government bond market, spreads were generally wider as investors started demanding extra yield to compensate for a deteriorating credit outlook. Exposure to high-yield and emerging-market debt had a negative impact on the Fund's returns.

The Canadian dollar declined versus the U.S. dollar due to the Canadian economy's higher sensitivity to sluggish global economic growth, weaker demand for commodities and doubts that Canadian interest rates would rise anytime soon. Exposure to the U.S. dollar and emerging-market currencies contributed the most to returns, as the Canadian dollar fell against most emerging-market currencies and significantly against the U.S. dollar.

Portfolio turnover was high because of net redemptions, and as the portfolio manager actively managed the Fund to take advantage of opportunities.

Recent Developments

The portfolio manager expects global bond yields to rise gradually over the next 12 months, given the desire of the Fed and the Bank of England to emerge from seven years of benchmark interest rates that have been stuck near zero. Bond prices will be volatile, in the view of the portfolio manager, as investors face heightened macroeconomic and geopolitical risks in the year ahead amid fragile growth in many regions.

Any increase in U.S. and U.K. yields will be limited, in the view of the portfolio manager, as continued bond purchases by the ECB and the BOJ soak up the supply of fixed-income securities in those regions and drive some investors into Treasuries and British bonds. Any rise in market volatility will, in the view of the portfolio manager, provide opportunities for the Fund to accumulate assets that offer more attractive yields.



Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	10.80	0.28	(0.19)	(0.10)	0.14	0.13	(0.09)	—	—	—	(0.09)	10.84
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
Advisor Series												
Dec. 31, 2015	11.06	0.28	(0.19)	(0.10)	0.15	0.14	(0.09)	—	—	—	(0.09)	11.09
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
Series H												
Dec. 31, 2015	11.09	0.28	(0.16)	(0.10)	0.15	0.17	(0.13)	—	—	—	(0.13)	11.12
Dec. 31, 2014 ³	11.08 [†]	0.11	(0.07)	0.13	0.12	0.29	(0.03)	—	(0.28)	—	(0.31)	11.09
Series D												
Dec. 31, 2015	10.93	0.28	(0.12)	(0.10)	0.14	0.20	(0.17)	—	—	—	(0.17)	10.96
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
Series F												
Dec. 31, 2015	11.34	0.29	(0.10)	(0.10)	0.15	0.24	(0.19)	—	—	—	(0.19)	11.37
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
Series I												
Dec. 31, 2015	11.33	0.29	(0.07)	(0.10)	0.15	0.27	(0.23)	—	—	—	(0.23)	11.36
Dec. 31, 2014 ⁴	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	Total	
Series O												
Dec. 31, 2015	11.11	0.28	—	(0.10)	0.15	0.33	(0.29)	—	—	—	(0.29)	11.15
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

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, 2015	10.84	121 289	11 191	1.78	1.78	105.88	—
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	—
Advisor Series							
Dec. 31, 2015	11.09	20 119	1 813	1.75	1.75	105.88	—
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	—
Series H							
Dec. 31, 2015	11.12	1 581	142	1.43	1.43	105.88	—
Dec. 31, 2014 ⁴	11.09	1 113	100	1.53	1.53	78.54	—
Series D							
Dec. 31, 2015	10.96	11 376	1 038	1.06	1.06	105.88	—
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	—
Series F							
Dec. 31, 2015	11.37	154 167	13 556	0.89	0.89	105.88	—
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	—



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, 2015	11.36	55 833	4 914	0.61	0.61	105.88	
Dec. 31, 2014 ⁵	11.33	36 620	3 233	0.62	0.62	78.54	—
Series O							
Dec. 31, 2015	11.15	3 415 968	306 417	0.03	0.03	105.88	—
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	—

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 manager 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.

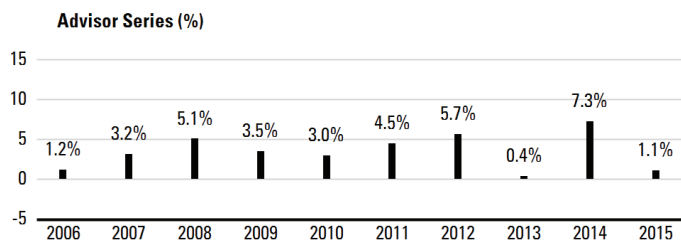
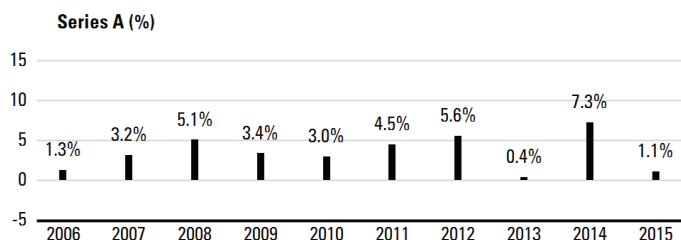


PAST PERFORMANCE

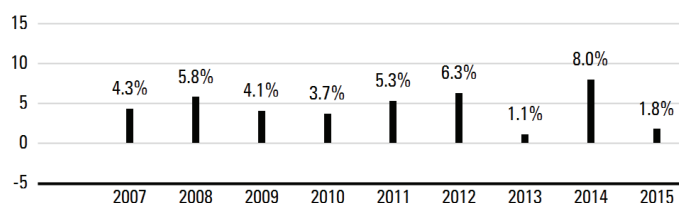
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional 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 (%)

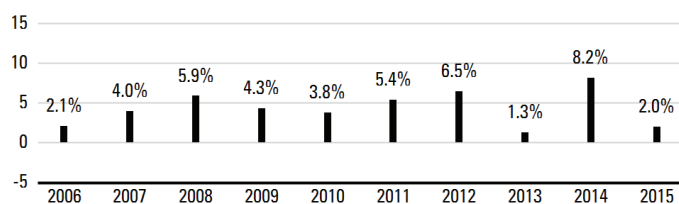
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



Series D (%)



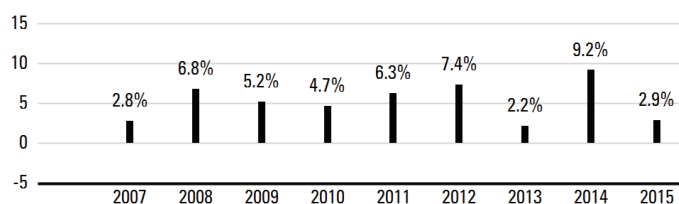
Series F (%)



Series I (%)



Series O (%)





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, 2015, 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	1.1	2.9	3.7	3.5	—
Benchmark	1.9	4.0	4.8	4.5	—
Advisor Series	1.1	2.9	3.8	—	3.7
Benchmark	1.9	4.0	4.8	—	4.7
Series H	1.5	—	—	—	3.1
Benchmark	1.9	—	—	—	3.6
Series D	1.8	3.6	4.5	—	4.8
Benchmark	1.9	4.0	4.8	—	5.0
Series F	2.0	3.8	4.7	4.3	—
Benchmark	1.9	4.0	4.8	4.5	—
Series I	2.3	—	—	—	4.5
Benchmark	1.9	—	—	—	4.8
Series O	2.9	4.7	5.6	—	5.7
Benchmark	1.9	4.0	4.8	—	4.9

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.

Series H units have been available for sale to unitholders since August 11, 2014, Series I units since April 21, 2014, Series O units since October 1, 2007, Series D units since July 3, 2007, and Advisor Series units since August 28, 2006.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
United States	20.8
Japan	16.1
Canada	10.2
Italy	8.5
Spain	6.4
Income Funds	6.0
United Kingdom	5.3
Germany	4.9
France	4.3
Ireland	2.8
Belgium	2.3
Mexico	2.1
Other Countries	8.8
Cash/Other	1.5

Top 25 Holdings

	% of Net Asset Value
BlueBay Emerging Markets Corporate Bond Fund	4.9
Japan Government Twenty Year JPY 1.300% Jun 20 35	4.8
Bundesrepublik Deutschland EUR 0.500% Feb 15 25	3.9
Cash & Cash Equivalents	3.8
Buoni Poliennali Del Tesoro EUR 0.300% Oct 15 18	3.5
Japan Government Twenty Year JPY 1.200% Mar 20 35	3.3
United States Treasury 3.250% Dec 31 16	3.2
Development Bank of Japan JPY 1.750% Mar 17 17	3.1
United States Treasury 1.000% May 15 18	3.1
Spain Government EUR 2.750% Apr 30 19	2.7
France O.A.T. EUR 4.750% Apr 25 35	2.7
United States Treasury 1.000% Sep 30 19	2.6
Belgium Government EUR 2.600% Jun 22 24	2.1
Province of Ontario USD 2.000% Jan 30 19	2.1
United States Treasury 2.000% Feb 15 25	1.9
Province of Ontario USD 2.000% Sep 27 18	1.8
Denmark Government DKK 3.000% Nov 15 21	1.7
Japan Government Thirty Year JPY 1.500% Dec 20 44	1.7
Buoni Poliennali Del Tesoro EUR 2.500% May 1 19	1.6
Spain Government EUR 1.150% Jul 30 20	1.6
United States Treasury 0.750% Jun 30 17	1.6
United States Treasury 2.500% Feb 15 45	1.6
United States Treasury 3.500% Feb 15 39	1.6
United Kingdom Gilt GBP 2.000% Sep 7 25	1.5
United Kingdom Gilt GBP 3.500% Jan 22 45	1.5
Top 25 Holdings	63.9

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.

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



FIXED-INCOME FUND

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

December 31, 2015

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 4, 2016.

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/reports 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 rose to \$127 million as of December 31, 2015, from \$120 million at the end of 2014. The increase was due to net inflows.

Over the past year, the Fund's Series A units lost 1.1%, which underperformed the 0.7% 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 any other series, which may vary because of differences in management fees and expenses.

Bonds of higher credit quality provided the best relative returns for the Fund, and commodity companies performed worst due to sharp declines in prices for oil, metals and other natural resources. Outside of commodities, corporate profitability was supported by steady U.S. economic growth and continued low inflation. As in 2014, many companies took on low-interest debt to finance corporate acquisitions and stock repurchases. Such transactions can increase risk, and the portfolio manager was careful to avoid companies with excessive leverage.

Treasury yields increased in 2015, especially on shorter-term securities, as investors anticipated that the U.S. Federal Reserve would raise its benchmark interest rate. The 0.25% increase came in mid-December. The extra yield required by investors to hold investment-grade corporate bonds relative to Treasuries climbed during the year, making valuations more attractive in some areas of corporate fixed income.

The Fund benefited primarily from security selection, with a continued focus on companies with balance sheets that were stable or improving. The Fund also limited exposure to companies relying heavily on overseas revenues due mainly to the strengthening U.S. dollar, preferring companies with a domestic focus. A stronger U.S. dollar can hurt U.S. companies because it increases the cost of U.S. exports and reduces the value of revenues earned overseas when they are brought home.

In addition, industry allocations including underweight positions in energy and metals/mining, and overweight positions in domestic banks and health care, aided performance over the year. For most of the period, the Fund favoured large financial companies, which the portfolio manager believes are less likely to substantially increase their debt due to regulatory reforms.

Recent Developments

In the opinion of the portfolio manager, investment-grade bonds continue to offer the potential for attractive returns given the extra income they produce versus government securities.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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

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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	10.42	0.41	(0.15)	(0.01)	(0.37)	(0.12)	(0.28)	—	(0.53)	—	(0.81)	9.50
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, 2015	10.42	0.41	(0.15)	(0.01)	(0.37)	(0.12)	(0.28)	—	(0.53)	—	(0.81)	9.50
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, 2015	10.35	0.40	(0.13)	(0.01)	(0.37)	(0.11)	(0.30)	—	(0.52)	—	(0.82)	9.44
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, 2015	10.42	0.41	(0.11)	(0.01)	(0.37)	(0.08)	(0.32)	—	(0.53)	—	(0.85)	9.50
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, 2015	10.42	0.41	(0.09)	(0.01)	(0.37)	(0.06)	(0.34)	—	(0.53)	—	(0.87)	9.50
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, 2015	10.45	0.41	(0.08)	(0.01)	(0.37)	(0.05)	(0.36)	—	(0.53)	—	(0.89)	9.53
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, 2015	10.38	0.41	—	(0.01)	(0.37)	0.03	(0.43)	—	(0.53)	—	(0.96)	9.46
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, 2015	9.50	21 665	2 280	1.45	1.45	53.05	—
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, 2015	9.50	757	80	1.43	1.43	53.05	—
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, 2015	9.44	5 404	573	1.30	1.30	53.05	—
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, 2015	9.50	834	88	1.04	1.04	53.05	—
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, 2015	9.50	3 334	351	0.89	0.89	53.05	—
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, 2015	9.53	2 045	215	0.72	0.72	53.05	—
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, 2015	9.46	92 992	9 833	0.02	0.02	53.05	—
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.



FINANCIAL HIGHLIGHTS (in USD) (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio manager 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.

Series A (%)



Advisor Series (%)



Series H (%)



Series D (%)

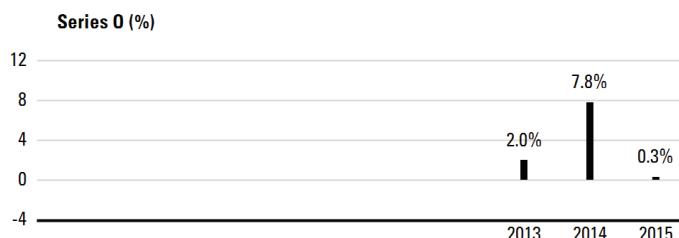
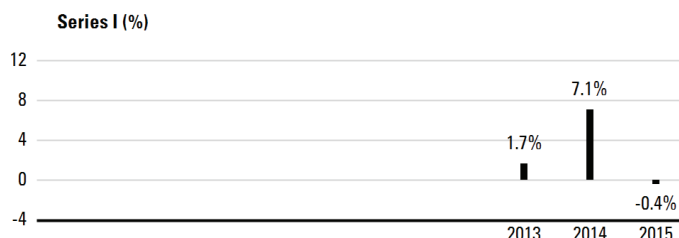


Series F (%)





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, 2015, 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	-1.1	—	—	—	2.7
Benchmark	-0.7	—	—	—	3.6
Advisor Series	-1.1	—	—	—	2.8
Benchmark	-0.7	—	—	—	3.6
Series H	-0.9	—	—	—	3.0
Benchmark	-0.7	—	—	—	3.6
Series D	-0.7	—	—	—	3.2
Benchmark	-0.7	—	—	—	3.6
Series F	-0.5	—	—	—	3.3
Benchmark	-0.7	—	—	—	3.6
Series I	-0.4	—	—	—	3.5
Benchmark	-0.7	—	—	—	3.6
Series O	0.3	—	—	—	4.2
Benchmark	-0.7	—	—	—	3.6

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.

Series A, Advisor Series, Series H, Series D, Series F, Series I and Series O units have been available for sale to unitholders since August 12, 2013.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
United States	88.1
Other Countries	9.4
Cash/Other	2.5

Top 25 Holdings

	% of Net Asset Value
Verizon Communications Inc. 6.550% Sep 15 43	2.1
Cash & Cash Equivalents	1.4
General Motors Financial Co. Inc. 4.375% Sep 25 21	1.2
Ford Motor Credit Co. LLC 5.750% Feb 1 21	1.2
Morgan Stanley 5.500% Jul 28 21	1.1
The Goldman Sachs Group Inc. 3.625% Jan 22 23	1.1
DIRECTV Holdings LLC 5.000% Mar 1 21	1.1
Bank of America Corp. 3.875% Aug 1 25	1.1
Pentair Finance S.A. USD 2.900% Sep 15 18	1.0
Bank of America Corp. 4.200% Aug 26 24	1.0
McKesson Corp. 4.750% Mar 1 21	1.0
JPMorgan Chase & Co. 6.000% Jan 15 18	1.0
Zimmer Biomet Holdings, Inc. 4.450% Aug 15 45	1.0
Actavis Inc. 3.250% Oct 1 22	0.9
Appalachian Power Co. 7.000% Apr 1 38	0.9
LyondellBasell Industries N.V. USD 6.000% Nov 15 21	0.9
Medtronic Inc. 3.150% Mar 15 22	0.9
The Goldman Sachs Group Inc. 3.750% May 22 25	0.9
Time Warner Inc. 4.875% Mar 15 20	0.9
AXA S.A. USD 8.600% Dec 15 30	0.9
MidAmerican Energy Holdings Co. 6.125% Apr 1 36	0.8
Bank of America 5.300% Mar 15 17	0.8
Hewlett Packard Enterprise Co. 3.600% Oct 15 20	0.8
Rabobank Nederland N.V. USD 4.375% Aug 4 25	0.8
Synchrony Financial 3.750% Aug 15 21	0.8
Top 25 Holdings	25.6

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 GLOBAL CORPORATE BOND FUND

December 31, 2015

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 4, 2016.

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/reports 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 \$5.3 billion as of December 31, 2015, from \$3.4 billion at the end of 2014. The increase was due to net inflows.

Over the past year, the Fund's Series A units lost 0.7%, which underperformed the 0.4% rise in the benchmark. The broad-based index declined 0.1%. 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 any other series, which may vary because of differences in management fees and expenses.

Global corporate bonds produced mixed results in 2015, as returns for investment-grade bonds were largely offset by the weak performance of high-yield corporate securities. Early in the year, corporate bonds were broadly higher as the introduction of extraordinary monetary policy by the European Central Bank, a surprise Bank of Canada rate cut and lacklustre global economic growth and inflation pushed global yields lower. As the year progressed, however, global corporate bond returns generally suffered. Factors including a decline in commodity prices, fragile global economic growth and a related drop in demand for non-government securities all conspired against corporate bonds. High-yield bonds were hurt the most.

The Fund's holdings of blue-chip corporate bonds in the U.S., Europe and Asia-Pacific added value relative to the benchmark. Holdings in corporate high-yield bond investments also helped results as security selection offset a relatively high allocation to this area. The Fund's investments in emerging-market debt, and to a lesser extent Canadian corporate bonds, held back returns.

The Fund's exposure to the U.S. dollar had a positive impact on returns in 2015.

Recent Developments

The risks of investing in corporate bonds have increased, due mainly to uncertainty around uneven global economic growth, weak commodity prices and the direction of monetary policy at the U.S. Federal Reserve (the "Fed"). High-yield bonds have been hit hard due to a general decline in corporate balance sheets and the rate of profit growth, low commodity prices and difficulty of effecting trades without causing big changes in bond prices, known as "liquidity."

Global interest rates continue to be historically low, and the portfolio manager expects global bond yields to remain within recent ranges in the near term. However, yields could move higher as the Fed begins to raise rates, leading to the possibility of losses for bond portfolios. The fall in prices for oil and other commodities will especially hurt the Fund's high-yield and emerging-market bonds, and the portfolio manager has taken steps to limit the impact in these areas.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	9.69	0.43	(0.17)	(0.67)	0.28	(0.13)	(0.24)	—	—	—	(0.24)	9.39
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
Advisor Series												
Dec. 31, 2015	9.82	0.44	(0.17)	(0.68)	0.28	(0.13)	(0.24)	—	—	—	(0.24)	9.52
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
Series H												
Dec. 31, 2015	9.90	0.44	(0.16)	(0.68)	0.28	(0.12)	(0.25)	—	—	—	(0.25)	9.60
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, 2015	10.41	0.46	(0.11)	(0.71)	0.30	(0.06)	(0.32)	—	—	—	(0.32)	10.09
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
Series F												
Dec. 31, 2015	9.87	0.43	(0.09)	(0.67)	0.28	(0.05)	(0.32)	—	—	—	(0.32)	9.57
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
Series I												
Dec. 31, 2015	10.03	0.44	(0.07)	(0.68)	0.28	(0.03)	(0.34)	—	—	—	(0.34)	9.72
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	Total	
Series O												
Dec. 31, 2015	9.82	0.43	—	(0.67)	0.28	0.04	(0.41)	—	—	—	(0.41)	9.52
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

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, 2015	9.39	174 798	18 607	1.74	1.74	23.91	—
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	—
Advisor Series							
Dec. 31, 2015	9.52	101 967	10 709	1.72	1.72	23.91	—
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	—
Series H							
Dec. 31, 2015	9.60	7 282	759	1.65	1.65	23.91	—
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, 2015	10.09	65 076	6 447	1.05	1.05	23.91	—
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	—
Series F							
Dec. 31, 2015	9.57	70 148	7 330	0.90	0.90	23.91	—
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	—



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, 2015	9.72	13 584	1 398	0.73	0.73	23.91	—
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, 2015	9.52	4 871 827	511 679	0.03	0.03	23.91	—
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	—

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 manager 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.

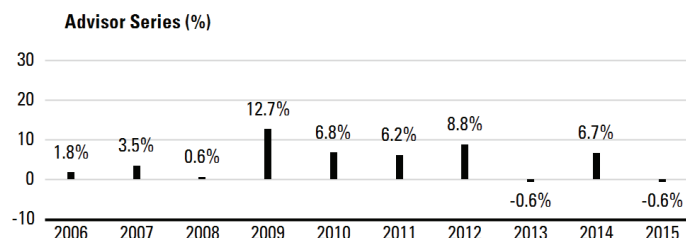
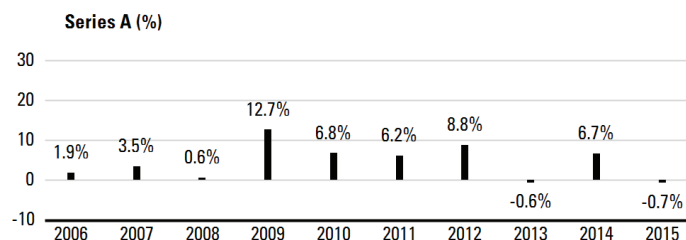


PAST PERFORMANCE

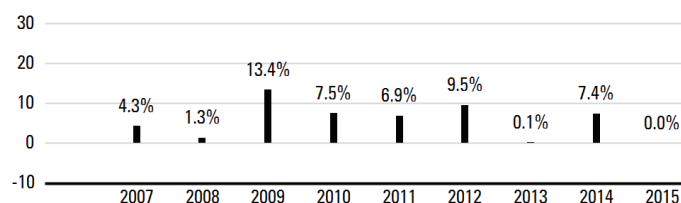
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional 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 (%)

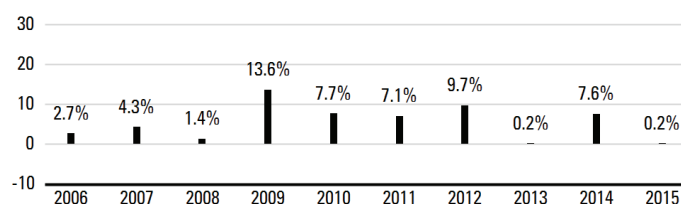
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



Series D (%)



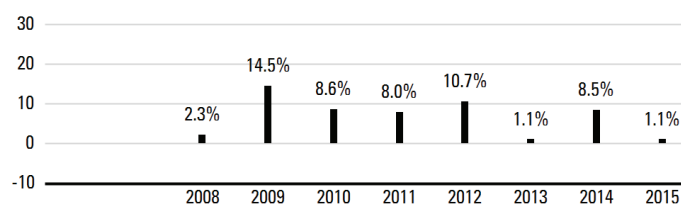
Series F (%)



Series I (%)



Series O (%)





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, 2015, 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	-0.7	1.7	4.0	4.5	—
Benchmark	0.4	3.0	5.4	5.3	—
Broad-based index	-0.1	2.4	5.3	5.3	—
Advisor Series	-0.6	1.8	4.0	4.5	—
Benchmark	0.4	3.0	5.4	5.3	—
Broad-based index	-0.1	2.4	5.3	5.3	—
Series H	-0.6	—	—	—	3.0
Benchmark	0.4	—	—	—	4.6
Broad-based index	-0.1	—	—	—	4.4
Series D	0.0	2.4	4.7	—	5.8
Benchmark	0.4	3.0	5.4	—	5.9
Broad-based index	-0.1	2.4	5.3	—	5.9
Series F	0.2	2.6	4.9	5.4	—
Benchmark	0.4	3.0	5.4	5.3	—
Broad-based index	-0.1	2.4	5.3	5.3	—
Series I	0.4	—	—	—	4.0
Benchmark	0.4	—	—	—	4.6
Broad-based index	-0.1	—	—	—	4.4
Series O	1.1	3.5	5.8	—	6.7
Benchmark	0.4	3.0	5.4	—	5.8
Broad-based index	-0.1	2.4	5.3	—	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.

Series H and Series I units have been available for sale to unitholders since August 12, 2013, Series O units since January 1, 2008, and Series D units since July 3, 2007.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
United States	49.3
Canada	19.5
United Kingdom	6.9
Income Funds	6.0
Germany	3.1
France	3.1
Netherlands	1.9
Spain	1.0
Other Countries	8.8
Cash/Other	0.4

Top 25 Holdings

	% of Net Asset Value
BlueBay Emerging Markets Corporate Bond Fund	2.6
RBC Emerging Markets Bond Fund	2.4
Cash & Cash Equivalents	1.8
RBC Emerging Markets Foreign Exchange Fund	1.0
Wal-Mart Stores Inc. EUR 4.875% Sep 21 29	0.7
Barclays Bank Plc. EUR 6.000% Jan 14 21	0.7
The Goldman Sachs Group Inc. GBP 5.500% Oct 12 21	0.6
Bank of America Corp. EUR 1.875% Jan 10 19	0.6
JPMorgan Chase & Co. 1.625% May 15 18	0.5
Wells Fargo & Co. 4.600% Apr 1 21	0.4
ING Bank N.V. EUR 3.250% Apr 3 19	0.4
Shell International Finance BV USD 6.375% Dec 15 38	0.4
GE Capital Corp. 5.875% Jan 14 38	0.4
Toronto-Dominion Bank USD 2.250% Nov 5 19	0.4
ConocoPhillips Holding Co. 6.950% Apr 15 29	0.4
Bank of Nova Scotia USD 2.050% Jun 5 19	0.4
Vodafone Group Plc. EUR 5.375% Jun 6 22	0.4
BMW Finance N.V. EUR 3.250% Jan 14 19	0.4
Morgan Stanley 5.500% Jul 28 21	0.4
Kimberly-Clark Corp. 6.625% Aug 1 37	0.4
Daimler AG EUR 2.125% Jun 27 18	0.4
Bank of Montreal USD 2.375% Jan 25 19	0.4
JPMorgan Chase & Co. 6.400% May 15 38	0.4
Telefonica Emisiones S.A.U. EUR 5.811% Sep 5 17	0.4
Lloyds TSB Bank Plc. GBP 6.500% Sep 17 40	0.4
Top 25 Holdings	17.3

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.

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



FIXED-INCOME FUND

RBC HIGH YIELD BOND FUND

December 31, 2015

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 4, 2016.

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/reports 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 \$1.7 billion as of December 31, 2015, from \$1.3 billion at the end of 2014. The increase was due to net inflows.

Over the past year, the Fund's Series A units lost 1.4%, which underperformed the 3.5% 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 any other series, which may vary because of differences in management fees and expenses.

Lower-rated corporate bonds underperformed Canadian investment-grade fixed-income securities in 2015, as yields on Canadian-government debt fell sharply, pushing up prices, while yields on high-yield fixed income rose. This market environment came in response to a weak economic outlook in Canada and a persistent decline in the price of oil and other commodities. In addition to economic concerns, the high-yield market was undermined by volatile equity markets, which reflected uncertainty over both the economic outlook and the timing of plans by the U.S. Federal Reserve (the "Fed") to raise its benchmark interest rate.

Falling commodity prices led to sharp declines in prices of bonds issued by energy producers, with the extra yield required by investors to hold the bonds, known as the "spread," rising sharply by the middle of the year. While the weakness in high-yield bonds was felt most acutely in the Energy and Materials sectors, telecommunications companies that issued debt to fund large

acquisitions also found themselves paying more for financing, pushing prices lower and yields higher. Shifting investor sentiment resulted in outflows from riskier assets, also putting pressure on bond prices. By year-end, credit spreads in the high-yield index were well above their long-term average.

The Fund increased its allocation to investment-grade bonds and cash during the course of 2015 in response to concern that we are entering the credit cycle's latter stages, a period when financial leverage increases and defaults may begin to rise. The Fund's mandate encourages the portfolio manager to cushion the impact of declines in the high-yield market, and these steps were successful. However, the Fund's exposure to the Energy sector, and to lower-rated bonds in general, hurt performance relative to the investment-grade market.

Recent Developments

Global interest rates remain low, and prospects for economic growth continue to be modest. In December, the Fed raised rates for the first time since 2006. The portfolio manager expects any additional hikes to be well telegraphed, and in this context high-yield bonds continue to be attractively valued compared with other fixed-income assets.

The stress in the commodity sectors is likely to continue and corporate defaults may continue to increase. Apart from these sectors, however, the portfolio manager doesn't foresee any significant increase in defaults in the near term. While the portfolio manager believes that the credit cycle is aging, it is also true that opportunities to buy attractively valued high-yield bonds are more widespread than in the recent past. The portfolio manager intends to continue increasing the credit quality of the portfolio, while also looking to add attractively valued bonds as they become available.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	10.48	0.63	(0.15)	(0.78)	0.10	(0.20)	(0.46)	—	—	—	(0.46)	9.89
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
Advisor Series												
Dec. 31, 2015	10.57	0.63	(0.16)	(0.79)	0.10	(0.22)	(0.46)	—	—	—	(0.46)	9.97
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
Series H												
Dec. 31, 2015	10.66	0.63	(0.14)	(0.79)	0.10	(0.20)	(0.49)	—	—	—	(0.49)	10.05
Dec. 31, 2014	10.69	0.64	(0.14)	(0.42)	0.25	0.33	(0.40)	—	—	—	(0.40)	10.66
Dec. 31, 2013 ³	10.81 [†]	0.40	(0.10)	(0.17)	0.11	0.24	(0.29)	—	—	—	(0.29)	10.65
Series D												
Dec. 31, 2015	10.58	0.63	(0.11)	(0.78)	0.10	(0.16)	(0.51)	—	—	—	(0.51)	9.97
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
Series F												
Dec. 31, 2015	10.60	0.63	(0.09)	(0.78)	0.10	(0.14)	(0.53)	—	—	—	(0.53)	10.00
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
Series I												
Dec. 31, 2015	10.73	0.64	(0.08)	(0.79)	0.11	(0.12)	(0.55)	—	—	—	(0.55)	10.12
Dec. 31, 2014	10.75	0.64	(0.08)	(0.42)	0.25	0.39	(0.46)	—	—	—	(0.46)	10.73
Dec. 31, 2013 ³	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	Total	
Series O												
Dec. 31, 2015	10.66	0.63	—	(0.78)	0.10	(0.05)	(0.62)	—	—	—	(0.62)	10.05
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

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, 2015	9.89	128 894	13 038	1.43	1.43	49.04	—
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	—
Advisor Series							
Dec. 31, 2015	9.97	63 854	6 404	1.47	1.47	49.04	—
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	—
Series H							
Dec. 31, 2015	10.05	10 019	997	1.28	1.28	49.04	—
Dec. 31, 2014	10.66	10 568	991	1.32	1.32	43.67	—
Dec. 31, 2013 ⁴	10.69	1 971	184	1.32	1.32	57.06	—
Series D							
Dec. 31, 2015	9.97	50 172	5 030	1.02	1.02	49.04	—
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	—
Series F							
Dec. 31, 2015	10.00	62 664	6 269	0.89	0.89	49.04	—
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	—



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, 2015	10.12	10 245	1 012	0.73	0.73	49.04	—
Dec. 31, 2014	10.73	8 760	816	0.74	0.74	43.67	—
Dec. 31, 2013 ⁴	10.75	2 807	261	0.70	0.70	57.06	—
Series O							
Dec. 31, 2015	10.05	1 346 816	134 021	0.02	0.02	49.04	—
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	—

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 manager 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 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.

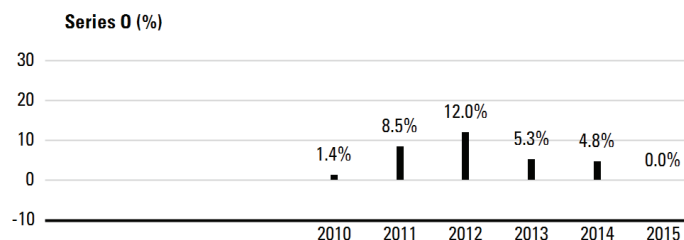
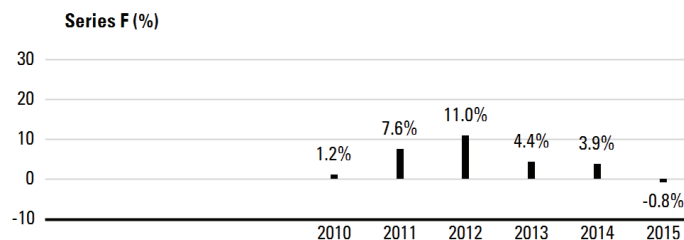
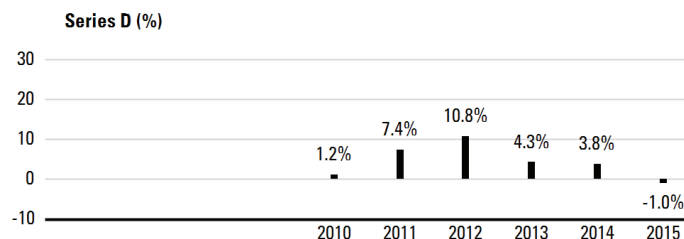
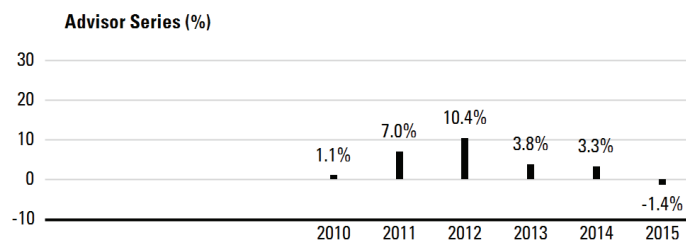
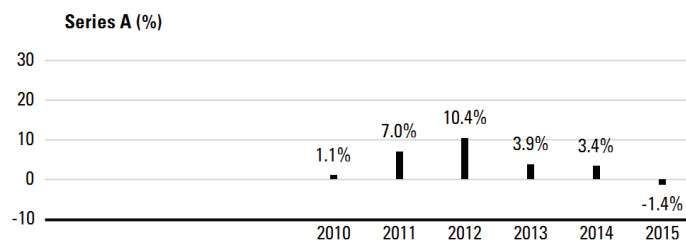


PAST PERFORMANCE

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, 2015, 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	-1.4	1.9	4.6	—	4.6
Benchmark	3.5	3.6	4.8	—	4.5
Advisor Series	-1.4	1.9	4.6	—	4.6
Benchmark	3.5	3.6	4.8	—	4.5
Series H	-1.2	—	—	—	1.3
Benchmark	3.5	—	—	—	3.4
Series D	-1.0	2.3	5.0	—	5.0
Benchmark	3.5	3.6	4.8	—	4.5
Series F	-0.8	2.5	5.1	—	5.2
Benchmark	3.5	3.6	4.8	—	4.5
Series I	-0.7	—	—	—	1.9
Benchmark	3.5	—	—	—	3.4
Series O	0.0	3.4	6.1	—	6.1
Benchmark	3.5	3.6	4.8	—	4.5

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.

Series H and Series I units have been available for sale to unitholders since April 29, 2013, and Series A, Advisor Series, Series D, Series F and Series O units since October 12, 2010.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
United States	68.8
Canada	14.4
Luxembourg	2.3
Other Countries	3.6
Cash/Other	10.9

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	11.0
Videotron Ltd. 5.750% Jan 15 26	1.9
T-Mobile USA Inc. 6.625% Apr 1 23	1.7
CCO Safari II LLC 4.908% Jul 23 25	1.7
Barclays Capital High Yield Bond SPDR Fund	1.6
DISH DBS Corp. 7.875% Sep 1 19	1.6
Toll Brothers Finance Corp. 5.875% Feb 15 22	1.5
CCOH Safari LLC 5.750% Feb 15 26	1.4
HJ Heinz Co. 4.875% Feb 15 25	1.4
Smithfield Foods Inc. 6.625% Aug 15 22	1.4
NCR Corp. 5.000% Jul 15 22	1.3
The Goodyear Tire & Rubber Co. 5.125% Nov 15 23	1.3
Numericable Group S.A. USD 6.000% May 15 22	1.3
United Rentals North America Inc. 4.625% Jul 15 23	1.3
Owens-Brockway Glass Container Inc. 5.000% Jan 15 22	1.2
Access Midstream Partners LP 4.875% May 15 23	1.2
The AES Corp. 5.500% Mar 15 24	1.2
D.R. Horton Inc. 5.750% Aug 15 23	1.2
Micron Technology Inc. 5.875% Feb 15 22	1.1
Ball Corp. 5.250% Jul 1 25	1.1
Avis Budget Car Rental LLC 5.250% Mar 15 25	1.1
Ingles Markets Inc. 5.750% Jun 15 23	1.1
Great-West Life & Annuity Insurance Co. 7.153% May 16 46	1.1
Calpine Corp. 6.000% Jan 15 22	1.1
Lamar Media Corp. 5.375% Jan 15 24	1.0
Top 25 Holdings	42.8

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

RBC \$U.S. HIGH YIELD BOND FUND

December 31, 2015

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 4, 2016.

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/reports 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 \$81 million as of December 31, 2015, from \$61 million at the end of 2014. The increase was due to net inflows.

Over the past year, the Fund's Series A units lost 3.5%, which underperformed the 2.9% 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 any other series, which may vary because of differences in management fees and expenses.

High-yield bonds ended 2015 with losses after a promising start to the year. The higher-rated segment of the market, bonds rated BB by S&P, for example, significantly outperformed the lower-rated segments, such as bonds rated CCC. Concerns over slowing global growth, uncertainty over the timing of rate hikes by the U.S. Federal Reserve (the "Fed"), volatile equity markets and a plunge in oil prices resulted in price declines for many higher-yielding bonds. The weakness was felt most acutely by companies in the Energy and Materials sectors, but later spread to Telecommunication Services, as the higher-cost financings required for large acquisitions in the sector lowered prices of existing bonds. Bond returns were also held back by investors' decreased appetite for riskier assets, and the price drops were exacerbated in the very lowest-rated parts of the market by a lack of liquidity, or difficulty in completing trades.

The Fund benefited from its bias for higher-rated bonds and an allocation to cash. The Fund has been conservatively positioned in the Energy sector, also with an emphasis on higher-rated companies. That said, the Fund's exposure to the highly stressed Energy sector hurt performance, as energy companies, many of which issue high-yield bonds, continue to significantly underperform the broader high-yield market.

Recent Developments

Global interest rates remain low, and prospects for economic growth continue to be modest. In December, the Fed raised rates for the first time since 2006. The portfolio manager expects any additional hikes to be well telegraphed, and in this context high-yield bonds continue to be attractively valued compared with other fixed-income assets.

The stress in the commodity sectors is likely to continue and corporate defaults may continue to increase. Apart from these sectors, however, the portfolio manager doesn't foresee any significant increase in defaults in the near term. While the portfolio manager believes that the credit cycle is aging, it is also true that opportunities to buy attractively valued high-yield bonds are more widespread than in the recent past. The portfolio manager intends to continue increasing the credit quality of the portfolio, while also looking to add attractively valued bonds as they become available.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	9.83	0.56	(0.14)	(0.13)	(0.71)	(0.42)	(0.43)	—	(0.20)	—	(0.63)	8.86
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, 2015	9.86	0.56	(0.14)	(0.13)	(0.72)	(0.43)	(0.42)	(0.01)	(0.20)	—	(0.63)	8.89
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, 2015	9.75	0.55	(0.11)	(0.13)	(0.71)	(0.40)	(0.45)	—	(0.20)	—	(0.65)	8.80
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, 2015	9.81	0.56	(0.10)	(0.13)	(0.71)	(0.38)	(0.46)	—	(0.20)	—	(0.66)	8.85
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, 2015	9.90	0.56	(0.09)	(0.13)	(0.71)	(0.37)	(0.48)	—	(0.20)	—	(0.68)	8.93
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, 2015	9.75	0.53	(0.07)	(0.12)	(0.68)	(0.34)	(0.49)	—	(0.20)	—	(0.69)	8.79
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, 2015	9.82	0.55	—	(0.13)	(0.71)	(0.29)	(0.56)	—	(0.20)	—	(0.76)	8.86
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, 2015	8.86	3 741	422	1.41	1.41	27.13	—
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, 2015	8.89	517	58	1.47	1.48	27.13	—
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, 2015	8.80	1	—	1.21	1.21	27.13	—
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, 2015	8.85	674	76	1.03	1.03	27.13	—
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, 2015	8.93	1 576	177	0.89	0.89	27.13	—
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, 2015	8.79	183	21	0.68	0.68	27.13	—
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, 2015	8.86	74 326	8 394	0.02	0.03	27.13	—
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.



FINANCIAL HIGHLIGHTS (in USD) (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio manager 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.

Series A (%)



Advisor Series (%)



Series H (%)



Series D (%)

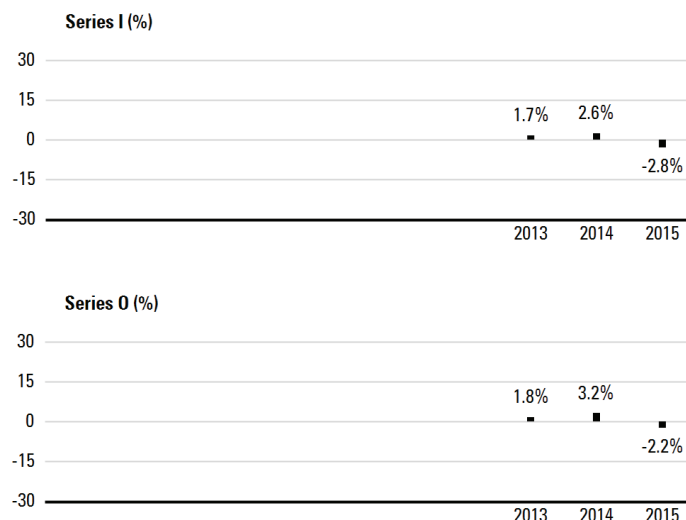


Series F (%)





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, 2015, 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	-3.5	—	—	—	-0.1
Benchmark	-2.9	—	—	—	0.6
Advisor Series	-3.6	—	—	—	-0.2
Benchmark	-2.9	—	—	—	0.6
Series H	-3.2	—	—	—	0.2
Benchmark	-2.9	—	—	—	0.6
Series D	-3.1	—	—	—	0.3
Benchmark	-2.9	—	—	—	0.6
Series F	-3.0	—	—	—	0.4
Benchmark	-2.9	—	—	—	0.6
Series I	-2.8	—	—	—	0.6
Benchmark	-2.9	—	—	—	0.6
Series O	-2.2	—	—	—	1.3
Benchmark	-2.9	—	—	—	0.6

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.

Series A, Advisor Series, Series H, Series D, Series F, Series I and Series O units have been available for sale to unitholders since October 21, 2013.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
United States	81.8
Canada	5.5
Other Countries	4.3
Cash/Other	8.4

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	5.6
D.R. Horton Inc. 5.750% Aug 15 23	1.7
Smithfield Foods Inc. 6.625% Aug 15 22	1.6
The Goodyear Tire & Rubber Co. 5.125% Nov 15 23	1.6
Barclays Capital High Yield Bond SPDR Fund	1.5
LIN Television Corp. 6.375% Jan 15 21	1.4
Ally Financial Inc. 8.000% Mar 15 20	1.3
International Game Technology 7.500% Jun 15 19	1.3
Toll Brothers Finance Corp. 5.875% Feb 15 22	1.3
Crown Castle International Corp. 4.875% Apr 15 22	1.3
Lear Corp. 5.375% Mar 15 24	1.3
Equinix Inc. 5.375% Jan 1 22	1.3
Cedar Fair LP 5.250% Mar 15 21	1.3
Ball Corp. 5.250% Jul 1 25	1.3
AMC Entertainment Inc. 5.875% Feb 15 22	1.3
Air Canada USD 6.750% Oct 1 19	1.3
Avis Budget Car Rental LLC 5.500% Apr 1 23	1.3
Sinclair Television Group Inc. 5.375% Apr 1 21	1.3
CCOH Safari LLC 5.750% Feb 15 26	1.3
Ingles Markets Inc. 5.750% Jun 15 23	1.3
Berry Plastics Corp. 5.500% May 15 22	1.2
Owens-Brockway Glass Container Inc. 5.000% Jan 15 22	1.2
Alcoa Inc. 5.400% Apr 15 21	1.2
Numericable Group S.A. USD 6.000% May 15 22	1.2
Lamar Media Corp. 5.000% May 1 23	1.1
Top 25 Holdings	37.5

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.



FIXED-INCOME FUND

RBC GLOBAL HIGH YIELD BOND FUND

December 31, 2015

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 4, 2016.

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/reports 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 rose to \$2.7 billion as of December 31, 2015, from \$2.1 billion at the end of 2014. The increase was due to net inflows.

Over the past year, the Fund's Series A units lost 1.0%, which underperformed the 0.7% decline in the benchmark. The Bank of America Merrill Lynch U.S. High Yield BB-B Index (hedged to CAD) declined 2.7% and the JPMorgan Emerging Markets Bond Index Global Diversified (hedged to CAD) rose 1.3%. 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 any other series, which may vary because of differences in management fees and expenses.

Fixed-income performance in emerging markets and U.S. high yield, the Fund's two areas of investment, was dominated in 2015 by the impact of slowing Chinese economic growth and falling commodity prices. Emerging-market bonds denominated in U.S. dollars eked out gains as their relatively high coupons offset a fall in prices, while U.S. high-yield bonds had their worst year since the financial crisis of 2008. After a strong start to 2015, both emerging-market and U.S. high-yield bonds gave back most or all of their gains as the year progressed.

The Chinese economy topped emerging-market concerns during 2015 for two reasons. The first was the slowing Chinese economy, which had a negative impact on domestic growth and consumption. The second was the effect that China's slowing economy had on other emerging markets, many of which depended on Chinese purchases of oil and metals and whose national budgets deteriorated as a result of declines in government revenues.

As the year came to a close, volatility in the U.S. high-yield bond market was especially high due to a general decline in balance-sheet health and profits among energy and mining companies, mutual-fund redemptions and lower liquidity – where it becomes more difficult to trade securities without big price changes. Also, mounting speculation that the U.S. Federal Reserve would begin a round of policy-rate increases for the first time since 2006 led to concern that the economy would react negatively to a potential rise in rates after they have been so low for so long.

The Fund's higher-than-benchmark weighting in U.S. high-yield bonds weighed on returns, although strong security selection and a preference for higher-quality companies partially offset the effect. The emerging-market bond allocation outperformed, although this performance was muted by lower-than-benchmark weightings in riskier countries such as Ukraine, Argentina, Belize and Belarus, which delivered high double-digit returns. Also negative for returns was above-benchmark exposure to Mexico. The portfolio manager favours Mexico because of its commitment to economic reform, close links to the U.S. economy and growth prospects. However, Mexico's bond market is widely traded and fell significantly as investors took an overall negative view of emerging markets. Allocations to Qatar, Iceland and Slovenia contributed to returns, as did investments in state-owned oil companies in Kazakhstan and a below-benchmark investment in Sri Lanka.

The Fund's exposure to the U.S. dollar had a positive impact on returns in 2015.

Recent Developments

The risks of holding U.S. high-yield bonds have increased due to uncertainty in the global economic outlook, weak commodity prices and the likelihood of higher U.S. interest rates. The Fund remains conservatively positioned in the Energy and Materials sectors, where holdings are concentrated in less risky areas. In 2016, the portfolio manager will look to add to the Fund's holdings in these two sectors, and to acquire riskier assets in general, as opportunities arise.

Governments of many emerging markets are acknowledging that the era of very high commodity prices is over. However, the speed of the response by policymakers to changed circumstances has been disappointing, most notably in Brazil. The portfolio manager continues to favour countries emphasizing structural reform, such as Mexico, over those simply hoping for a rebound in growth. Mexico is poised to benefit from stronger growth in the U.S. and China.



The portfolio manager has reduced exposure to Latin America in favour of European countries such as Romania and Hungary, where easier monetary policy by the European Central Bank is expected to boost growth and make financing easier for governments to obtain. These shifts have reduced the Fund's exposure to changes in commodity prices.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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	Year/Period
Series A												
Dec. 31, 2015	10.36	0.63	(0.18)	(0.86)	0.24	(0.17)	(0.42)	—	—	—	(0.42)	9.84
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
Advisor Series												
Dec. 31, 2015	10.29	0.63	(0.18)	(0.86)	0.24	(0.17)	(0.42)	—	—	—	(0.42)	9.78
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
Series H												
Dec. 31, 2015	10.52	0.62	(0.17)	(0.85)	0.24	(0.16)	(0.44)	—	—	—	(0.44)	10.00
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, 2015	10.51	0.64	(0.11)	(0.87)	0.24	(0.10)	(0.51)	—	—	—	(0.51)	9.98
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
Series F												
Dec. 31, 2015	10.63	0.65	(0.10)	(0.88)	0.25	(0.08)	(0.52)	—	—	—	(0.52)	10.10
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
Series I												
Dec. 31, 2015	10.90	0.65	(0.08)	(0.89)	0.25	(0.07)	(0.56)	—	—	—	(0.56)	10.35
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	Total	
Series O												
Dec. 31, 2015	10.59	0.64	—	(0.87)	0.24	0.01	(0.62)	—	—	—	(0.62)	10.05
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

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, 2015	9.84	161 111	16 372	1.78	1.78	41.93	—
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	—
Advisor Series							
Dec. 31, 2015	9.78	184 338	18 852	1.74	1.74	41.93	—
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	—
Series H							
Dec. 31, 2015	10.00	5 963	597	1.63	1.63	41.93	—
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, 2015	9.98	30 946	3 101	1.05	1.05	41.93	—
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	—
Series F							
Dec. 31, 2015	10.10	92 447	9 158	0.91	0.91	41.93	—
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	—



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, 2015	10.35	8 097	782	0.74	0.74	41.93	—
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, 2015	10.05	2 181 362	216 983	0.03	0.03	41.93	—
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	—

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 manager 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.

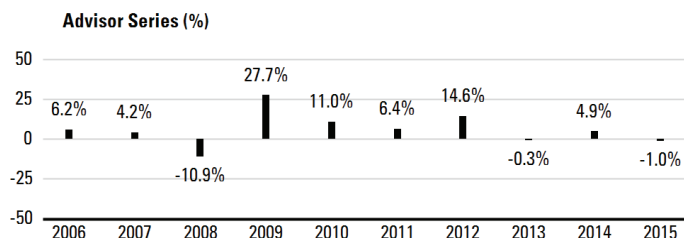
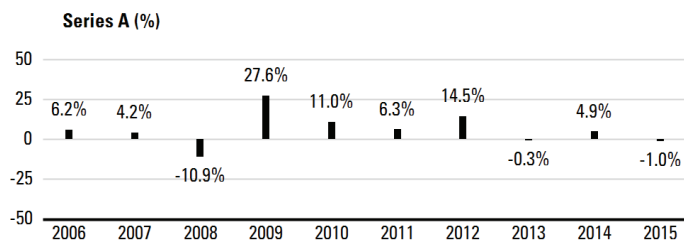


PAST PERFORMANCE

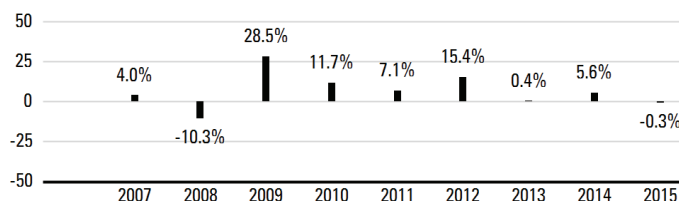
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional 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 (%)

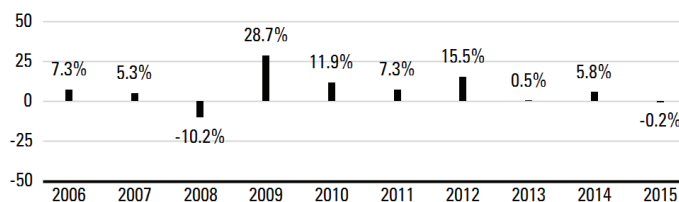
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



Series D (%)



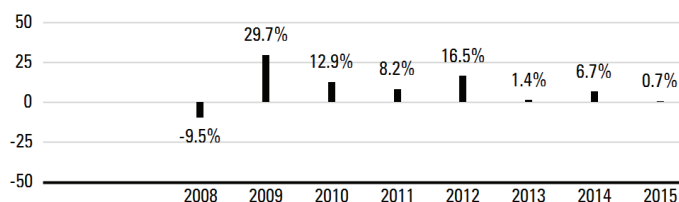
Series F (%)



Series I (%)



Series O (%)





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, 2015, 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	-1.0	1.1	4.7	5.8	–
Benchmark	-0.7	2.1	5.7	6.3	–
Broad-based index 1	-2.7	2.8	5.6	6.0	–
Broad-based index 2	1.3	1.4	5.8	6.5	–
Advisor Series	-1.0	1.2	4.8	5.8	–
Benchmark	-0.7	2.1	5.7	6.3	–
Broad-based index 1	-2.7	2.8	5.6	6.0	–
Broad-based index 2	1.3	1.4	5.8	6.5	–
Series H	-0.9	–	–	–	2.7
Benchmark	-0.7	–	–	–	4.3
Broad-based index 1	-2.7	–	–	–	2.6
Broad-based index 2	1.3	–	–	–	5.9
Series D	-0.3	1.9	5.5	–	6.8
Benchmark	-0.7	2.1	5.7	–	6.5
Broad-based index 1	-2.7	2.8	5.6	–	6.2
Broad-based index 2	1.3	1.4	5.8	–	6.8
Series F	-0.2	2.0	5.7	6.8	–
Benchmark	-0.7	2.1	5.7	6.3	–
Broad-based index 1	-2.7	2.8	5.6	6.0	–
Broad-based index 2	1.3	1.4	5.8	6.5	–
Series I	0.0	–	–	–	3.6
Benchmark	-0.7	–	–	–	4.3
Broad-based index 1	-2.7	–	–	–	2.6
Broad-based index 2	1.3	–	–	–	6.0
Series O	0.7	2.9	6.6	–	7.8
Benchmark	-0.7	2.1	5.7	–	6.4
Broad-based index 1	-2.7	2.8	5.6	–	6.3
Broad-based index 2	1.3	1.4	5.8	–	6.4

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.

Series H and Series I units have been available for sale to unitholders since August 12, 2013, Series O units since January 1, 2008, and Series D units since July 3, 2007.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
United States	42.7
Canada	4.8
Income Funds	4.7
Mexico	2.7
Russia	2.0
Hungary	2.0
Philippines	1.9
Luxembourg	1.9
Indonesia	1.8
Panama	1.7
Turkey	1.7
China	1.4
Brazil	1.3
Kazakhstan	1.2
Peru	1.2
Croatia	1.2
Colombia	1.1
Chile	1.0
Other Countries	20.5
Cash/Other	3.2

Top 25 Holdings

	% of Net Asset Value
BlueBay Emerging Markets Corporate Bond Fund	4.7
Cash & Cash Equivalents	2.8
Croatia Government USD 6.750% Nov 5 19	1.3
Hungary Government USD 6.250% Jan 29 20	1.2
Republic of Philippines USD 7.750% Jan 14 31	1.1
United States Treasury 2.500% May 15 24	1.0
Republic of Panama USD 7.125% Jan 29 26	1.0
Government of Poland USD 5.125% Apr 21 21	0.9
Corp Nacional del Cobre de Chile USD 3.875% Nov 3 21	0.9
Russian Foreign Bond – Eurobond USD 4.875% Sep 16 23	0.8
Sinochem Overseas Capital Co. Ltd. USD 4.500% Nov 12 20	0.8
Republic of Serbia USD 5.875% Dec 3 18	0.8
CCOH Safari LLC 5.750% Feb 15 26	0.8
T-Mobile USA Inc. 6.625% Apr 1 23	0.8
Slovenia Government USD 5.500% Oct 26 22	0.8
Toll Brothers Finance Corp. 5.875% Feb 15 22	0.8
Smithfield Foods Inc. 6.625% Aug 15 22	0.8
Republic of Philippines USD 8.375% Jun 17 19	0.8
Hungary Government USD 5.375% Mar 25 24	0.7
Lennar Corp. 4.750% May 30 25	0.7
Owens-Brockway Glass Container Inc. 5.000% Jan 15 22	0.7
Russian Foreign Bond – Eurobond USD 5.000% Apr 29 20	0.7
Republic of Vietnam USD 4.800% Nov 19 24	0.7
Pemex Project Funding Master Trust USD 6.625% Jun 15 35	0.7
Ball Corp. 5.250% Jul 1 25	0.7
Top 25 Holdings	27.0

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.

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



FIXED-INCOME FUND

**RBC MONTHLY INCOME
HIGH YIELD BOND FUND**

*renamed RBC Strategic Income Bond Fund
effective January 25, 2016*

December 31, 2015

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 4, 2016.

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/reports 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 \$50 million as of December 31, 2015, from \$24 million at the end of 2014. The increase was due mainly to net inflows.

Over the past year, the Fund’s Series A units gained 4.7%, which outperformed the 3.5% 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 any other series, which may vary because of differences in management fees and expenses.

In January 2015, monthly distributions by the Fund were increased to 3.00 cents per Series A unit. For the year, the Fund made total distributions of approximately 53 cents per Series A unit, consisting of 37 cents per unit of interest and 16 cents per unit of capital gains. The annual payout included an additional year-end distribution.

In 2015, the global economy was characterized by faster U.S. economic growth, contrasted with slower expansions in most of Europe, Japan and emerging markets. As a result, the U.S. Federal Reserve (the “Fed”) raised its benchmark interest rate in December for the first time in almost a decade, while central banks in the Eurozone and Japan extended the use of large-scale bond purchases in an effort to boost economic growth, and China took significant steps to loosen monetary policy. Economic weakness extended to emerging markets dependent on commodity exports, including Russia and Brazil, while Canada’s economy, itself highly reliant on oil, stumbled as the year wore on. The Bank of Canada lowered interest rates twice to avert a more severe slowdown.

Bonds issued by governments in the U.S., Japan and Western Europe posted modest returns in 2015 as investors weighed the impact of stronger economic growth, which generally boosts fixed-income yields, against massive central-bank bond purchases, which tend to push yields down. Returns on non-government bonds declined for the first time since 2011. Concern mounted that issuers were using debt to finance transactions such as stock buybacks rather than investing in products and services that generate revenues to service debt. Canadian federal-government bonds outperformed U.S. treasuries as weak Canadian growth pulled down domestic yields.

Portfolio investments that contributed to the Fund’s performance included the RBC Emerging Markets Bond Fund, the BlueBay Emerging Markets Corporate Bond Fund, the BlueBay Global Convertible Bond Fund (Canada) and the RBC Global Corporate Bond Fund.

Recent Developments

The portfolio manager expects Canadian government bond yields to rise gradually over the next 12 months, given the desire of the Fed to emerge from seven years of policy rates stuck near zero. Bond prices will be volatile, in the view of the portfolio manager, as investors face heightened macroeconomic and geopolitical risks in the year ahead amid fragile growth in many regions.

The sell-off in non-government bonds presents opportunities for the Fund to start accumulating attractively priced assets. While non-government bonds could continue to underperform in the near term, the portfolio manager believes that their extra yield should adequately compensate investors over time. The portfolio manager plans to increase the Fund’s exposure to higher-risk corporate bonds during 2016.

Effective January 25, 2016, the name of the Fund was changed to RBC Strategic Income Bond Fund.



Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	10.33	0.54	(0.18)	0.23	(0.23)	0.36	(0.37)	—	(0.16)	—	(0.53)	10.29
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, 2015	10.35	0.53	(0.19)	0.22	(0.23)	0.33	(0.37)	—	(0.16)	—	(0.53)	10.30
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, 2015	10.33	0.50	(0.16)	0.21	(0.22)	0.33	(0.37)	—	(0.16)	—	(0.53)	10.32
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, 2015	10.45	0.54	(0.11)	0.23	(0.24)	0.42	(0.38)	—	(0.16)	—	(0.54)	10.48
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, 2015	10.48	0.51	(0.09)	0.22	(0.22)	0.42	(0.38)	—	(0.17)	—	(0.55)	10.52
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, 2015	10.38	0.53	(0.08)	0.22	(0.23)	0.44	(0.39)	—	(0.16)	—	(0.55)	10.43
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, 2015	10.49	0.56	—	0.24	(0.24)	0.56	(0.39)	—	(0.17)	—	(0.56)	10.61
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, 2015	10.29	29 226	2 841	1.81	1.81	6.55	0.01
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, 2015	10.30	4 755	462	1.85	1.86	6.55	0.01
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, 2015	10.32	773	75	1.56	1.57	6.55	0.01
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, 2015	10.48	10 642	1 016	1.12	1.13	6.55	0.01
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, 2015	10.52	2 902	276	0.96	0.97	6.55	0.01
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, 2015	10.43	1 467	141	0.84	0.85	6.55	0.01
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, 2015	10.61	1	—	0.12	0.12	6.55	0.01
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.

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 manager 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.

Series A (%)



Advisor Series (%)



Series H (%)



Series D (%)

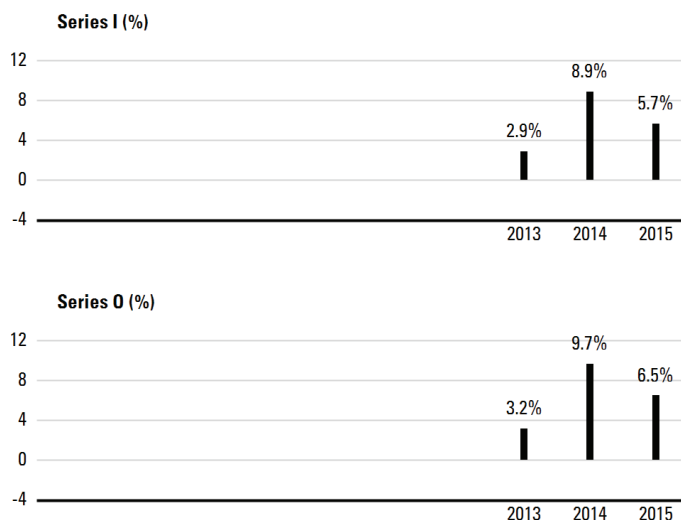


Series F (%)





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, 2015, 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	4.7	—	—	—	6.3
Benchmark	3.5	—	—	—	5.6
Advisor Series	4.7	—	—	—	6.3
Benchmark	3.5	—	—	—	5.6
Series H	5.0	—	—	—	6.6
Benchmark	3.5	—	—	—	5.6
Series D	5.4	—	—	—	7.0
Benchmark	3.5	—	—	—	5.6
Series F	5.6	—	—	—	7.2
Benchmark	3.5	—	—	—	5.6
Series I	5.7	—	—	—	7.4
Benchmark	3.5	—	—	—	5.6
Series O	6.5	—	—	—	8.2
Benchmark	3.5	—	—	—	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.

Series A, Advisor Series, Series H, Series D, Series F, Series I and Series O units have been available for sale to unitholders since August 12, 2013.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Income Funds	98.9
Cash/Other	1.1

Top 25 Holdings*

	% of Net Asset Value
RBC Global Corporate Bond Fund	25.8
BlueBay Emerging Markets Corporate Bond Fund	16.3
RBC Emerging Markets Bond Fund	16.3
RBC High Yield Bond Fund	15.1
RBC Global High Yield Bond Fund	15.0
BlueBay Global Convertible Bond Fund (Canada)	10.3
Cash & Cash Equivalents	1.2
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.



FIXED-INCOME FUND

**RBC EMERGING MARKETS
FOREIGN EXCHANGE FUND**

December 31, 2015

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 4, 2016.

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/reports 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's net asset value rose to \$257 million as of December 31, 2015, from \$170 million at the end of 2014. Most of the increase was due to net inflows.

Over the past year, the Fund's Series O units gained 9.7%, which underperformed the 10.0% rise in the benchmark. The broad-based index rose 3.5%. The Fund's return is after the deduction of 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 any other series, which may vary because of differences in management fees and expenses.

The main factor affecting currency markets during the year was a continued rise in the U.S. dollar amid relatively strong U.S. economic growth and renewed expectations of higher U.S. interest rates. While U.S. dollar strength is typically negative for emerging-market currencies, two factors helped buffer the impact on the portfolio. A drop in emerging-market currencies versus the U.S. dollar led to higher emerging-market yields, which in turn helped to compensate for the currency weakness. Broad weakness in the Canadian dollar against emerging-market currencies was also a positive, as the Fund's performance is measured in Canadian dollars.

Most of the Fund's underperformance was due to exposure to high-yielding currencies, such as the Brazilian real, and currencies of other commodity-producing countries.

Recent Developments

The portfolio manager expects emerging-market currencies to outperform the Canadian dollar over the next year, helped by relatively high interest rates in developing economies and a perception that rising U.S. interest rates likely won't destabilize global growth. The portfolio manager will tend to favour regions with stable economic-growth outlooks, respect for fiscal discipline and reduced political uncertainty.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.



The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015 ³	10.00 [†]	0.20	(0.08)	—	0.14	0.26	(0.35)	—	—	—	(0.35)	9.73	
Advisor Series													
Dec. 31, 2015 ³	10.00 [†]	0.20	(0.08)	—	0.14	0.26	(0.35)	—	—	—	(0.35)	9.73	
Series D													
Dec. 31, 2015 ³	10.00 [†]	0.21	(0.05)	—	0.14	0.30	(0.37)	—	—	—	(0.37)	9.73	
Series F													
Dec. 31, 2015 ³	10.00 [†]	0.20	(0.04)	—	0.14	0.30	(0.38)	—	—	—	(0.38)	9.74	
Series O													
Dec. 31, 2015	10.04	0.56	—	—	0.38	0.94	(0.49)	—	—	—	(0.49)	10.51	
Dec. 31, 2014 ⁴	9.95 [†]	0.12	—	0.16	(1.05)	(0.77)	(0.05)	—	—	—	(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 July 27, 2015.

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 November 17, 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, 2015⁴	9.73	2 315	238	1.75	1.75	n/a	—
Advisor Series							
Dec. 31, 2015⁴	9.73	168	17	1.75	1.75	n/a	—
Series D							
Dec. 31, 2015⁴	9.73	111	11	1.19	1.19	n/a	—
Series F							
Dec. 31, 2015⁴	9.74	2 794	287	0.91	0.91	n/a	—
Series O							
Dec. 31, 2015	10.51	251 912	23 964	0.02	0.02	n/a	—
Dec. 31, 2014⁵	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 July 27, 2015.

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 November 17, 2014.

Management Fees

RBC GAM is the manager, trustee and portfolio manager 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.



Series O (%)



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, 2015, compared with the following benchmarks:

JPMorgan Emerging Local Markets Index Plus (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	—	—	—	—	0.8
Benchmark	—	—	—	—	3.6
Broad-based index	—	—	—	—	-0.7
Advisor Series	—	—	—	—	0.8
Benchmark	—	—	—	—	3.6
Broad-based index	—	—	—	—	-0.7
Series D	—	—	—	—	1.0
Benchmark	—	—	—	—	3.6
Broad-based index	—	—	—	—	-0.7
Series F	—	—	—	—	1.2
Benchmark	—	—	—	—	3.6
Broad-based index	—	—	—	—	-0.7
Series O	9.7	—	—	—	7.5
Benchmark	10.0	—	—	—	8.1
Broad-based index	3.5	—	—	—	3.8

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 indexes.

Series A, Advisor Series, Series D and Series F units have been available for sale to unitholders since July 27, 2015, and Series O units since November 17, 2014.

Inception dates are not provided for series that have been in existence for more than 10 years.

INDEX DESCRIPTIONS

JPMorgan Emerging Local Markets Index Plus (CAD) The index tracks the local-currency-denominated total returns of money markets in emerging markets.

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, 2015

Investment Mix

	% of Net Asset Value
Commercial Paper	58.2
Bankers Acceptances and Bank Obligations	39.7
Cash/Other	2.1

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, 2015

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 4, 2016.

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/reports 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 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 \$596 million as of December 31, 2015, from \$437 million at the end of 2014. The increase was due to \$90 million of investment returns and \$70 million of net inflows.

Over the past year, the Fund's Series A units gained 17.4%, which underperformed the 20.5% 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 any other series, which may vary because of differences in management fees and expenses.

The Chinese economy topped emerging-market concerns during 2015, for two reasons. The first was the slowing Chinese economy, which had a negative impact on domestic growth and consumption. The second was the effect that China's slowing economy had on other emerging markets, many of which depended on Chinese purchases of oil and metals and whose national budgets deteriorated as a result of declines in government revenues.

These concerns worsened when China took steps in August to let its currency float more freely against the U.S. dollar. Investors feared that China was attempting to sharply devalue its currency to restore export competitiveness, thereby encouraging other emerging markets to devalue their currencies. As a result, emerging-market bonds fell

sharply in August and September before recovering somewhat in October. The return of Iranian oil to international markets following a lifting of sanctions, combined with higher-than-expected supply from U.S. shale producers, weighed on oil prices.

The combined effects of slowing Chinese growth and falling commodity prices increased the extra yield required by investors to hold emerging-market fixed-income securities. The portfolio manager's decision to reduce exposure to oil-sensitive emerging markets such as Colombia had a generally positive impact on the Fund's relative performance.

Lower-than-benchmark weightings in a handful of bond markets perceived as carrying higher risks held back performance. Bonds of Belarus, Belize, Argentina and Ukraine delivered double-digit returns. Also negative for returns was above-benchmark exposure to Mexico. The portfolio manager favours Mexico because of its commitment to economic reform, close links to the U.S. economy and growth prospects. However, Mexico's bond market is widely traded and fell significantly as investors took an overall negative view of emerging markets.

Exposure to bonds denominated in local currencies rather than U.S. dollars over the year was a drag on performance, as some currencies traded at their lowest levels in decades. Such positions represented just over 5% of the Fund. Lower-than-benchmark positions in some African countries, El Salvador and Costa Rica helped performance, as did a higher-than-benchmark investment in Kazakhstan state-owned companies and positions in Iceland and Qatar.

Recent Developments

Governments of many emerging markets are acknowledging that the era of very high commodity prices is over. However, the speed of the response by policymakers to changed circumstances has been disappointing, most notably in Brazil. That said, the Brazilian currency has fallen sharply against the U.S. dollar and has become attractive given local-currency interest rates exceeding 10%. Consequently, the portfolio manager has reduced exposure to Brazilian bonds denominated in U.S. dollars and initiated a position in the local currency. The portfolio manager continues to favour countries emphasizing structural reform, such as Mexico, over those simply hoping for a rebound in growth. Mexico is poised to benefit from stronger growth in the U.S. and China.

Given expectations of further rate hikes by the U.S. Federal Reserve, the portfolio manager has positioned the portfolio in such a way that it should not suffer unduly from a general increase in the level of interest rates.



The slowing growth backdrop in emerging markets has yet to bottom. Consequently the portfolio manager continues to maintain a quality bias. The portfolio manager has reduced exposure to Latin America in favour of European countries such as Romania and Hungary, where easier monetary policy by the European Central Bank is expected to boost growth and make financing easier for governments to obtain. These shifts have reduced the Fund's exposure to changes in commodity prices.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	10.86	0.68	(0.21)	0.61	0.72	1.80	(0.44)	—	(0.42)	—	(0.86)	11.88
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
Advisor Series												
Dec. 31, 2015	10.85	0.68	(0.21)	0.61	0.72	1.80	(0.44)	—	(0.42)	—	(0.86)	11.86
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
Series H												
Dec. 31, 2015	10.92	0.64	(0.23)	0.58	0.68	1.67	(0.48)	—	(0.42)	—	(0.90)	11.94
Dec. 31, 2014 ³	10.71 [†]	0.22	(0.07)	0.14	0.27	0.56	(0.13)	—	(0.21)	—	(0.34)	10.92
Series D												
Dec. 31, 2015	10.99	0.68	(0.13)	0.62	0.73	1.90	(0.53)	—	(0.42)	—	(0.95)	12.01
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
Series F												
Dec. 31, 2015	10.83	0.68	(0.11)	0.61	0.72	1.90	(0.54)	—	(0.42)	—	(0.96)	11.85
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
Series I												
Dec. 31, 2015	10.95	0.68	(0.10)	0.61	0.72	1.91	(0.57)	—	(0.42)	—	(0.99)	11.96
Dec. 31, 2014 ³	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	Total	
Series O												
Dec. 31, 2015	10.86	0.68	(0.01)	0.61	0.72	2.00	(0.65)	—	(0.42)	—	(1.07)	11.86
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

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.

[†] 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, 2015	11.88	46 273	3 895	1.77	1.77	45.98	—
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	—
Advisor Series							
Dec. 31, 2015	11.86	35 427	2 987	1.78	1.78	45.98	—
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	—
Series H							
Dec. 31, 2015	11.94	201	17	1.52	1.52	45.98	—
Dec. 31, 2014 ⁴	10.92	1	—	1.52	1.52	65.47	—
Series D							
Dec. 31, 2015	12.01	15 633	1 302	1.11	1.11	45.98	—
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	—
Series F							
Dec. 31, 2015	11.85	95 492	8 061	0.94	0.94	45.98	—
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	—



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, 2015	11.96	4 414	369	0.80	0.80	45.98	—
Dec. 31, 2014 ⁴	10.95	1 843	168	0.79	0.79	65.47	—
Series O							
Dec. 31, 2015	11.86	398 918	33 642	0.11	0.11	45.98	—
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	—

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 manager 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.

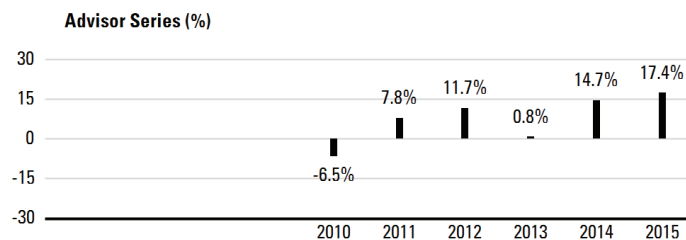
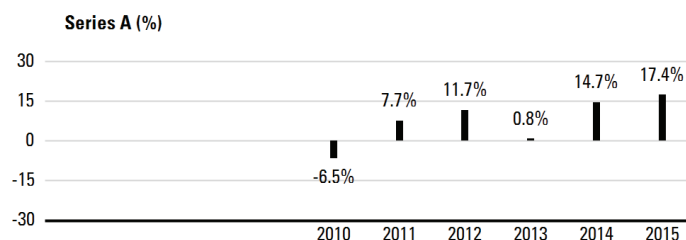


PAST PERFORMANCE

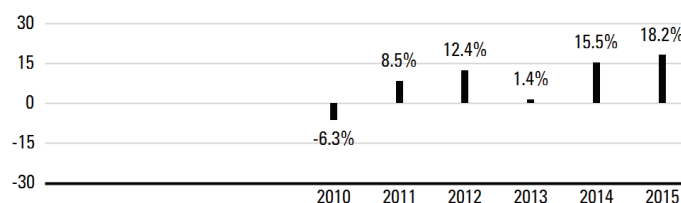
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional 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 (%)

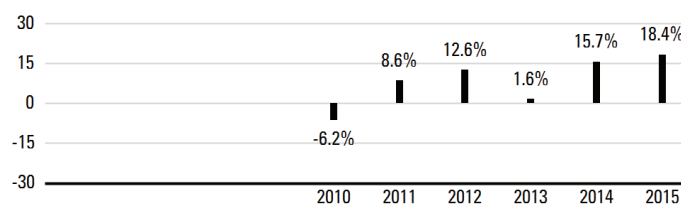
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



Series D (%)



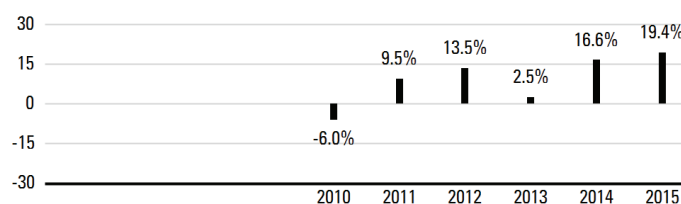
Series F (%)



Series I (%)



Series O (%)





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, 2015, 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	17.4	10.7	10.3	—	8.2
Benchmark	20.5	12.8	12.5	—	10.2
Advisor Series	17.4	10.7	10.3	—	8.2
Benchmark	20.5	12.8	12.5	—	10.2
Series H	17.9	—	—	—	16.7
Benchmark	20.5	—	—	—	18.7
Series D	18.2	11.5	11.1	—	9.0
Benchmark	20.5	12.8	12.5	—	10.2
Series F	18.4	11.6	11.2	—	9.1
Benchmark	20.5	12.8	12.5	—	10.2
Series I	18.6	—	—	—	17.4
Benchmark	20.5	—	—	—	18.7
Series O	19.4	12.6	12.1	—	10.0
Benchmark	20.5	12.8	12.5	—	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.

Series H and Series I units have been available for sale to unitholders since August 11, 2014, and Series A, Advisor Series, Series D, Series F and Series O units since August 23, 2010.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Mexico	6.1
Hungary	4.7
Russia	4.2
Philippines	4.1
Turkey	4.0
Panama	3.9
Indonesia	3.7
United States	3.5
China	3.0
Brazil	2.9
Croatia	2.9
Chile	2.7
Peru	2.6
Colombia	2.5
Dominican Republic	2.5
Kazakhstan	2.4
Poland	2.1
Serbia	1.8
Romania	1.8
Azerbaijan	1.8
Slovenia	1.8
Uruguay	1.8
South Africa	1.7
India	1.6
Argentina	1.6
United Arab Emirates	1.5
Vietnam	1.5
Iceland	1.4
Venezuela	1.4
Other Countries	19.2
Cash/Other	3.3



SUMMARY OF INVESTMENT PORTFOLIO (cont.)

(after consideration of derivative products, if any)

As at December 31, 2015

Top 25 Holdings

	% of Net Asset Value
United States Treasury 2.500% May 15 24	3.6
Croatia Government USD 6.750% Nov 5 19	2.9
Hungary Government USD 6.250% Jan 29 20	2.7
Corp Nacional del Cobre de Chile USD 3.875% Nov 3 21	2.3
Republic of Panama USD 7.125% Jan 29 26	2.3
Republic of Philippines USD 7.750% Jan 14 31	2.2
Government of Poland USD 5.125% Apr 21 21	2.2
Cash & Cash Equivalents	2.1
Republic of Serbia USD 5.875% Dec 3 18	1.9
Hungary Government USD 5.375% Mar 25 24	1.8
Republic of Philippines USD 8.375% Jun 17 19	1.8
Sinochem Overseas Capital Co. Ltd. USD 4.500% Nov 12 20	1.8
Slovenia Government USD 5.500% Oct 26 22	1.8
Russian Foreign Bond – Eurobond USD 5.000% Apr 29 20	1.6
Russian Foreign Bond – Eurobond USD 4.875% Sep 16 23	1.6
Republic of Turkey USD 5.625% Mar 30 21	1.6
Republic of Vietnam USD 4.800% Nov 19 24	1.6
Pemex Project Funding Master Trust USD 6.625% Jun 15 35	1.5
Export Credit Bank of Turkey USD 5.875% Apr 24 19	1.4
Republic of Brazil USD 4.250% Jan 7 25	1.4
Iceland Government USD 5.875% May 11 22	1.4
Perusahaan Listrik Negara PT USD 5.500% Nov 22 21	1.3
Dominican Republic USD 7.450% Apr 30 44	1.3
Republic of Panama USD 6.700% Jan 26 36	1.3
Peruvian Government USD 7.350% Jul 21 25	1.3
Top 25 Holdings	46.7

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 GLOBAL MONTHLY INCOME BOND FUND

December 31, 2015

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 4, 2016.

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/reports 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 sub-advisor 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 \$1.3 billion as of December 31, 2015, from \$1.2 billion at the end of 2014. The increase was due to net inflows.

Over the past year, the Fund's Series A units lost 2.7%, which underperformed the 3.5% 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 any other series, which may vary because of differences in management fees and expenses.

The Fund made monthly distributions of 3.35 cents per Series A unit in 2015. For the year, the Fund made total distributions of approximately 40 cents per Series A unit, consisting of 33 cents per unit of interest and 7 cents per unit of return of capital.

Equity markets started 2015 strong before weakening in the middle of the year on mounting macroeconomic concerns. Uncertainty over when and whether the U.S. Federal Reserve would raise interest rates (it did in December), weakening Chinese economic growth and falling oil prices combined to undermine investor confidence. The

Fund's performance reflected the weakness in markets. The main exposures of the Fund were in high-yield bonds, convertible bonds and emerging-market government debt. Both asset allocation and security selection aided relative returns.

In the Fund's high-yield allocation, an underweight stance in energy helped relative returns as the profitability of energy issuers was hurt by a significant decline in the price of oil. An overweight stance in media and telecommunications, which are less exposed to weaker economic growth, also proved beneficial to relative performance. Meanwhile, underweight positions in banking and real estate weighed on relative returns.

The allocation to convertibles benefited from the underweight exposure to oil companies. By region, exposure to North America and Europe was helpful for performance, while additional contributions came from exposure to industrials, pharmaceuticals, and retail and leisure. In the allocation to emerging-market government debt, fixed-income securities denominated in U.S. dollars and other hard currencies aided returns, including an underweight allocation to bonds in Asia and the Middle East. However, holdings in Latin America and Africa were negative for returns. Over the course of 2015, the sub-advisor eliminated exposure to emerging-market corporate bonds and increased exposure to emerging-market bonds denominated in local currencies.

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 emerging-market debt markets are poised for a recovery in 2016. Over the past five years, three-quarters of global growth has come from emerging markets and the outlook is generally strong after a difficult 2015.

The Fund benefited from low exposure to energy-related high-yield bonds in 2015. The sub-advisor expects defaults in energy-sensitive areas of the market to increase in 2016, and therefore expects to maintain lower overall exposure to the Energy sector.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	9.89	0.48	(0.20)	(0.45)	(0.10)	(0.27)	(0.33)	—	—	(0.07)	(0.40)	9.23
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, 2015	9.89	0.48	(0.20)	(0.45)	(0.10)	(0.27)	(0.33)	—	—	(0.07)	(0.40)	9.23
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, 2015	9.91	0.48	(0.19)	(0.45)	(0.10)	(0.26)	(0.33)	—	—	(0.07)	(0.40)	9.27
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, 2015	10.14	0.49	(0.13)	(0.46)	(0.11)	(0.21)	(0.33)	—	—	(0.07)	(0.40)	9.55
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, 2015	10.20	0.50	(0.12)	(0.47)	(0.11)	(0.20)	(0.33)	—	—	(0.07)	(0.40)	9.61
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, 2015	10.22	0.50	(0.11)	(0.47)	(0.11)	(0.19)	(0.33)	—	—	(0.07)	(0.40)	9.65
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	Total	
		Series 0										
Dec. 31, 2015	10.35	0.50	(0.02)	(0.47)	(0.11)	(0.10)	(0.47)	—	—	—	(0.47)	9.80
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, 2015	9.23	48 861	5 294	2.04	2.04	204.73	0.01
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, 2015	9.23	45 365	4 913	2.05	2.05	204.73	0.01
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, 2015	9.27	3 493	377	1.91	1.91	204.73	0.01
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, 2015	9.55	9 750	1 021	1.33	1.33	204.73	0.01
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, 2015	9.61	80 104	8 331	1.22	1.22	204.73	0.01
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	—



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, 2015	9.65	10 743	1 113	1.12	1.12	204.73	0.01
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	—
Series O							
Dec. 31, 2015	9.80	1 079 818	110 227	0.22	0.22	204.73	0.01
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 manager 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 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.

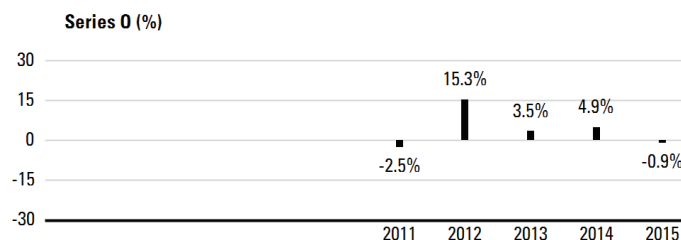
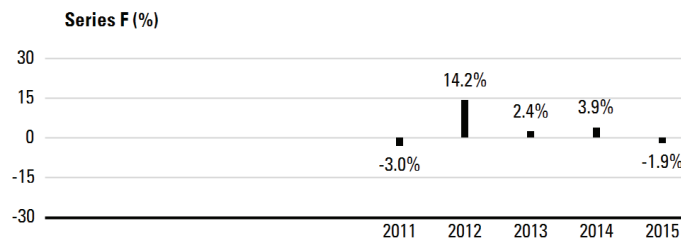
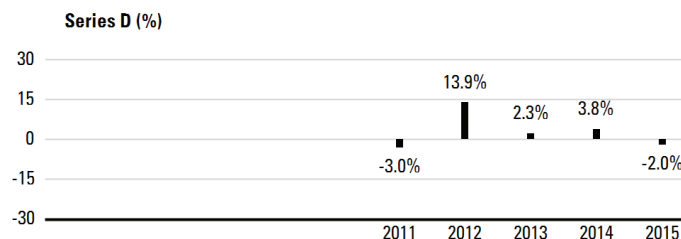
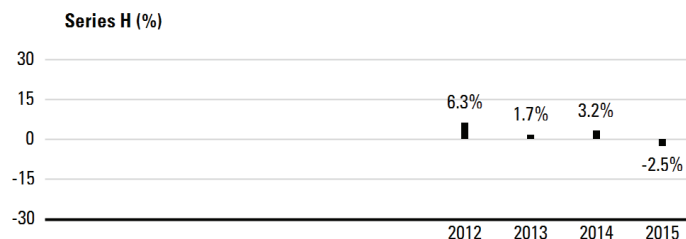
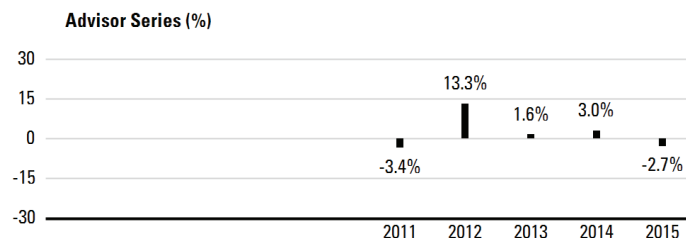
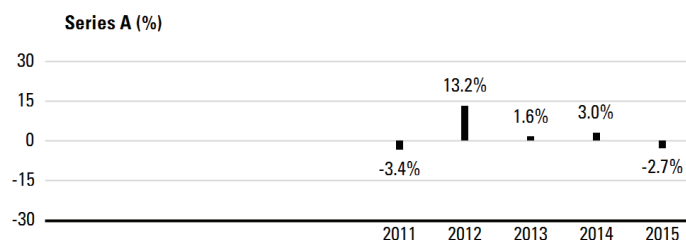


PAST PERFORMANCE

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, 2015, 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	-2.7	0.6	—	—	2.5
Benchmark	3.5	3.6	—	—	4.5
Advisor Series	-2.7	0.6	—	—	2.5
Benchmark	3.5	3.6	—	—	4.5
Series H	-2.5	0.7	—	—	2.4
Benchmark	3.5	3.6	—	—	3.4
Series D	-2.0	1.3	—	—	3.2
Benchmark	3.5	3.6	—	—	4.5
Series F	-1.9	1.5	—	—	3.3
Benchmark	3.5	3.6	—	—	4.5
Series I	-1.8	1.6	—	—	3.2
Benchmark	3.5	3.6	—	—	3.4
Series O	-0.9	2.5	—	—	4.3
Benchmark	3.5	3.6	—	—	4.5

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.

Series H and Series I units have been available for sale to unitholders since July 9, 2012, and Series A, Advisor Series, Series D, Series F and Series O units since July 11, 2011.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
United States	26.9
Brazil	7.1
Loans	4.0
Indonesia	3.6
Mexico	3.3
South Africa	2.9
United Kingdom	2.5
Turkey	2.4
Colombia	2.4
Netherlands	2.2
France	2.1
Malaysia	2.0
Japan	1.9
Poland	1.8
Luxembourg	1.6
Thailand	1.5
Canada	1.4
China	1.3
Hong Kong	1.3
Germany	1.1
Romania	0.6
Other Countries	18.1
Cash/Other	8.0



SUMMARY OF INVESTMENT PORTFOLIO (cont.)

(after consideration of derivative products, if any)

As at December 31, 2015

Top 25 Holdings

	% of Net Asset Value
Long Positions:	
Cash & Cash Equivalents	8.2
Nota Do Tesouro Nacional BRL 10.000% Jan 1 17	4.6
Republic of South Africa ZAR 10.500% Dec 21 26	1.8
Colombian TES COP 10.000% Jul 24 24	1.5
Indonesia Treasury IDR 8.375% Mar 15 24	1.4
Government of Poland PLN 3.250% Jul 25 25	1.1
HD Supply Inc. 7.500% Jul 15 20	0.9
Wind Acquisition Finance S.A. EUR 4.000% Jul 15 20	0.9
Thailand Government THB 3.625% Jun 16 23	0.9
Republic of Turkey TRY 8.000% Mar 12 25	0.9
Republic of Turkey TRY 9.000% Jul 24 24	0.8
Indonesia Treasury IDR 7.875% Apr 15 19	0.8
Brazil Notas do Tesouro Nacional Serie F BRL 10.000% Jan 1 21	0.7
Audatex North America Inc. 6.125% Nov 1 23	0.7
Alliance Data Systems Corp. 5.375% Aug 1 22	0.6
Zayo Group LLC 6.000% Apr 1 23	0.6
Brazil Notas do Tesouro Nacional Serie F BRL 10.000% Jan 1 23	0.6
Great Canadian Gaming Corp. 6.625% Jul 25 22	0.6
Blackboard Inc. 7.750% Nov 15 19	0.6
LBC Tank Terminals Holding Netherlands BV USD 6.875% May 15 23	0.6
Hungary Government USD 5.750% Nov 22 23	0.6
Mexican Bonos MXN 7.500% Jun 3 27	0.5
VRX Escrow Corp. EUR 4.500% May 15 23	0.5
Petroleos de Venezuela S.A. USD 6.000% Nov 15 26	0.5
Total Long	30.9
Short Positions:	
United States 10-Year Note Future, March 2016	(1.8)
Total Short	(1.8)

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 EMERGING MARKETS CORPORATE BOND FUND

December 31, 2015

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 4, 2016.

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/reports 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 sub-advisor 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 fell to \$505 million as of December 31, 2015, from \$520 million at the end of 2014. The decrease was due to a combination of net redemptions and investment losses.

Over the past year, the Fund's Series A units lost 3.1%, which underperformed the 1.2% 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 any other series, which may vary because of differences in management fees and expenses.

Emerging markets faced a number of headwinds as 2015 began. These included slowing global growth and declining commodity prices, oil in particular, and persistent weakness in emerging-market currencies against the U.S. dollar. Another headwind was central banks moving in different directions, with the U.S. Federal Reserve on the path to interest-rate hikes, while the European Central Bank, Bank of Japan and People's Bank of China all signalled further policy easing. Emerging market risks included the possibility that China's economy would slow significantly and Brazil's deteriorating economy was compounded by an increasingly paralyzed political environment.

As a result, the sub-advisor entered the year cautious on emerging-market corporate bonds, and this translated into a defensive positioning, as well as favouring sectors and countries less tied to economic growth. However, performance was better than expected as investor demand for income in a low-yield environment and an uptick in buybacks and other steps led to strong returns in a number of key markets. Emerging-market corporate debt was one of the top-performing markets in 2015.

The Fund's underweight position in Russian banks, in particular, had a negative impact on relative returns, as did underweight positions in countries such as Ukraine and Kazakhstan. Elsewhere, 2015 proved a challenging year for stock selection. The Fund's holdings in Pacific Rubiales in Colombia and Odebrecht in Brazil underperformed. Holdings in a distressed Mexican homebuilder fell during the second half of year.

The Fund was underweight in the commodity-sensitive metals and mining area for much of the year and this added to relative returns. In the oil and gas industry, the sub-advisor chose exposure to higher-quality companies perceived to have a degree of government support.

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 maintained a defensive stance for much of 2015 and retains a preference for defensive sectors such as Utilities, Information Technology and Telecommunication Services, as well as the media industry and individual companies in transport and infrastructure that offer stable cash flow against an uncertain backdrop.

Two of the Fund's top individual stocks have been in Mexico, which has benefited from a strong reform agenda and close ties to the improving U.S. economy, as well as an investment-grade security in China that offers the potential for attractive returns. The sub-advisor's preference is to be invested in the higher-quality investment-grade companies with ratings no lower than BB.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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	
		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	End of Year/Period
Series A												
Dec. 31, 2015	9.35	0.50	(0.19)	(0.45)	(0.15)	(0.29)	(0.33)	—	(0.53)	—	(0.86)	8.20
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, 2015	9.34	0.50	(0.19)	(0.44)	(0.15)	(0.28)	(0.33)	—	(0.53)	—	(0.86)	8.18
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, 2015	9.36	0.50	(0.19)	(0.45)	(0.15)	(0.29)	(0.34)	—	(0.53)	—	(0.87)	8.21
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, 2015	9.38	0.50	(0.13)	(0.45)	(0.15)	(0.23)	(0.40)	—	(0.53)	—	(0.93)	8.23
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, 2015	9.41	0.50	(0.12)	(0.45)	(0.15)	(0.22)	(0.42)	—	(0.53)	—	(0.95)	8.25
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, 2015	9.34	0.50	(0.10)	(0.45)	(0.15)	(0.20)	(0.43)	—	(0.52)	—	(0.95)	8.19
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



FINANCIAL HIGHLIGHTS (in USD) (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 O												
Dec. 31, 2015	9.41	0.50	(0.02)	(0.45)	(0.15)	(0.12)	(0.51)	—	(0.53)	—	(1.04)	8.25
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.

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, 2015	8.20	2 477	302	2.09	2.09	179.16	—
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, 2015	8.18	1 579	193	2.08	2.08	179.16	—
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, 2015	8.21	204	25	2.02	2.02	179.16	—
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, 2015	8.23	1 848	225	1.38	1.38	179.16	—
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, 2015	8.25	5 800	703	1.24	1.24	179.16	—
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, 2015	8.19	388	47	1.11	1.11	179.16	—
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	—



FINANCIAL HIGHLIGHTS (in USD) (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, 2015	8.25	493 018	59 740	0.23	0.23	179.16	—
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.

Management Fees

RBC GAM is the manager, trustee and portfolio manager 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.

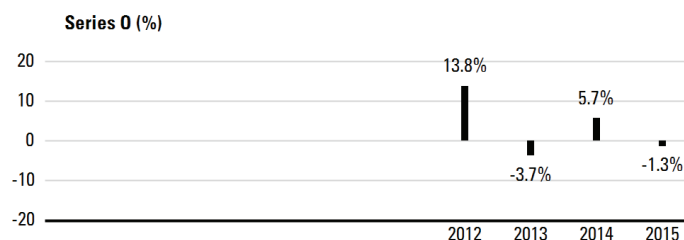
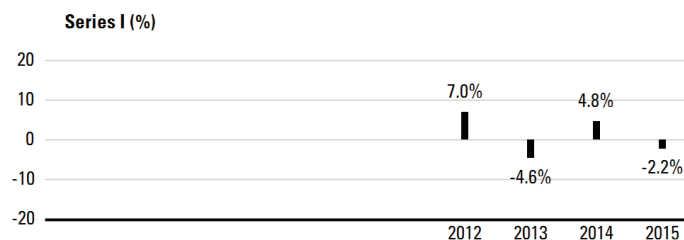
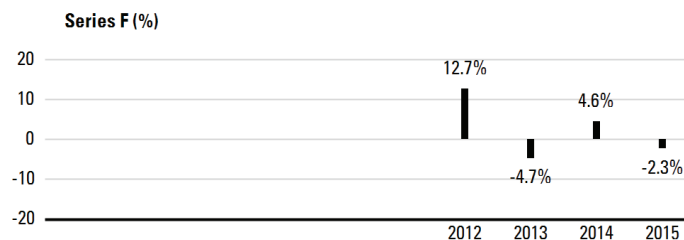
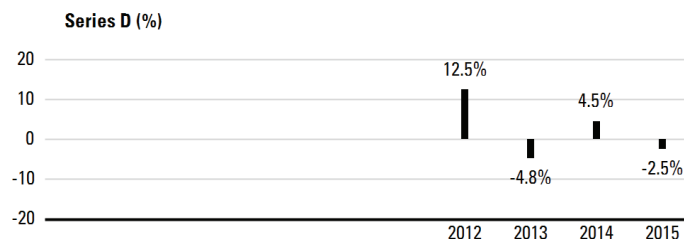
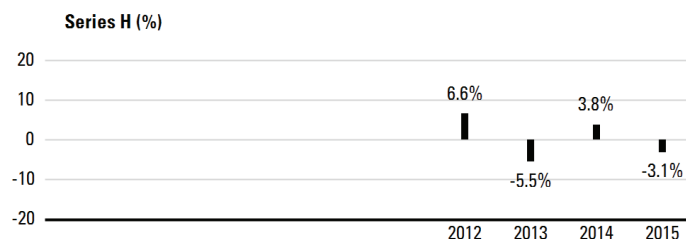
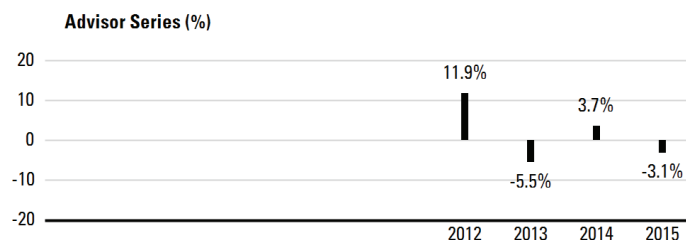
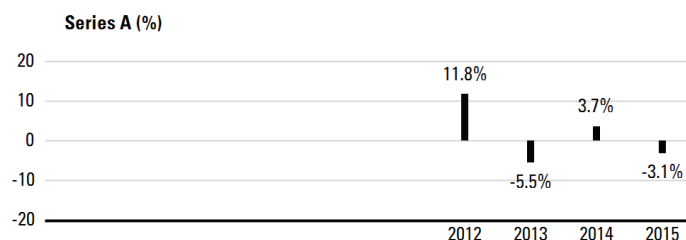


PAST PERFORMANCE (in USD)

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, 2015, 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	-3.1	-1.7	—	—	1.5
Benchmark	1.2	1.7	—	—	4.6
Advisor Series	-3.1	-1.7	—	—	1.6
Benchmark	1.2	1.7	—	—	4.6
Series H	-3.1	-1.7	—	—	0.4
Benchmark	1.2	1.7	—	—	3.1
Series D	-2.5	-1.0	—	—	2.3
Benchmark	1.2	1.7	—	—	4.6
Series F	-2.3	-0.9	—	—	2.4
Benchmark	1.2	1.7	—	—	4.6
Series I	-2.2	-0.8	—	—	1.3
Benchmark	1.2	1.7	—	—	3.1
Series O	-1.3	0.1	—	—	3.5
Benchmark	1.2	1.7	—	—	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.

Series H and Series I units have been available for sale to unitholders since July 9, 2012, and Series A, Advisor Series, Series D, Series F and Series O units since January 30, 2012.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Mexico	10.5
China	10.2
Russia	8.2
United States	8.0
Chile	5.7
Brazil	5.0
India	4.3
South Korea	3.0
Hong Kong	2.7
Colombia	2.5
Israel	2.5
Indonesia	2.3
Turkey	2.2
Morocco	2.1
Singapore	2.0
United Arab Emirates	2.0
Peru	2.0
Other Countries	14.0
Cash/Other	10.8



SUMMARY OF INVESTMENT PORTFOLIO (in USD) (cont.)

(after consideration of derivative products, if any)

As at December 31, 2015

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	9.6
United States Treasury 2.875% Aug 15 45	4.2
United States Treasury 1.625% Nov 30 20	3.0
Puma International Financing S.A. USD 6.750% Feb 1 21	2.0
Israel Electric Corp Ltd. USD 5.000% Nov 12 24	1.6
Sable International Finance Ltd. USD 8.750% Feb 1 20	1.5
Listrindo Capital BV USD 6.950% Feb 21 19	1.5
Empresa de Energia de Bogota S.A. USD 6.125% Nov 10 21	1.4
BBVA Bancomer S.A. USD 6.750% Sep 30 22	1.4
DP World Ltd. USD 6.850% Jul 2 37	1.4
VTR Finance BV USD 6.875% Jan 15 24	1.4
China Construction Bank Corp. USD 3.875% May 13 25	1.3
Fermaca Enterprises S. de R.L. de C.V. USD 6.375% Mar 30 38	1.3
AES Gener S.A. USD 8.375% Dec 18 73	1.2
Woori Bank USD 5.000% Jun 10 45	1.2
Gazprom PAO USD 9.250% Apr 23 19	1.2
Mexico Generadora de Energia S. de R.L. USD 5.500% Dec 6 32	1.2
FPC Finance Ltd. USD 6.000% Jun 28 19	1.2
NTPC Ltd. USD 5.625% Jul 14 21	1.2
Sberbank of Russia USD 5.500% Feb 26 24	1.1
Cemex Finance LLC 9.375% Oct 12 22	1.1
Qtel International Finance Ltd. USD 3.875% Jan 31 28	1.1
OCP S.A. USD 6.875% Apr 25 44	1.1
Korea National Oil Corp. USD 3.250% Oct 1 25	1.0
Türkiye İs Bankası USD 5.000% Apr 30 20	1.0
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.



FIXED-INCOME FUND

**BLUEBAY GLOBAL CONVERTIBLE
BOND FUND (CANADA)**

December 31, 2015

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 4, 2016.

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/reports 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 rose to \$1.4 billion as of December 31, 2015, from \$1.1 billion at the end of 2014. The increase was due mostly to net inflows.

Over the past year, the Fund's Series A units gained 2.9%, which underperformed the 4.2% 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 any other series, which may vary because of differences in management fees and expenses.

All regions and sectors contributed to the Fund's performance, with exposure to North America and Europe the strongest geographical contributors, and industrials, pharmaceuticals, retail and leisure the best areas. The oil-price weakness in 2015 weighed on the profitability of many companies in the exploration and oil-services sectors. The Fund's underweight exposure to this part of the market aided returns.

Graphics-software developer Nvidia was the top-performing holding in the Fund. The share price rose steadily through 2015 as the company continued to benefit from a shift in the gaming market from personal computers to mobile. The price of convertible bonds issued by Anacor rose significantly after the company announced promising late-stage trial results for its dermatitis treatment. The therapy is projected to have a sizable market and eventual commercialization could significantly boost the company's top-line growth. A further strong contribution came from China-based online travel agent Ctrip.com International after the company agreed to a stock merger

with Qunar, one of its major rivals. The transaction creates the leading platform in a number of booking segments in China. Steinhoff International, the South African furniture retailer, was the leading performer in retail after a year of strong operating 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 premium yields required to hold corporate debt imply default rates that are considerably higher than what the sub-advisor would expect based on analyses of individual companies. This bodes well for the fixed-income element of the convertible bonds held in the portfolio. Equity valuations continue to be supported by earnings that have exceeded expectations, equity buybacks and credit-fuelled takeover activity. Given this backdrop, the sub-advisor believes that convertible bonds offer attractive valuations and remain well positioned to benefit over the medium term.

The sub-advisor believes that the continuing economic momentum in Europe and the U.S. should provide support for the global economy.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	11.66	0.14	(0.25)	(0.09)	0.46	0.26	(0.02)	—	—	—	(0.02)	11.98	
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, 2015	11.66	0.14	(0.26)	(0.09)	0.46	0.25	(0.02)	—	—	—	(0.02)	11.98	
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, 2015	11.36	0.14	(0.26)	(0.09)	0.46	0.25	—	—	—	(0.57)	(0.57)	11.13	
Dec. 31, 2014 ⁴	11.50 [†]	0.21	(0.24)	0.21	0.27	0.45	—	—	—	(0.43)	(0.43)	11.36	
Series T5													
Dec. 31, 2015	11.36	0.14	(0.25)	(0.09)	0.43	0.23	—	—	—	(0.57)	(0.57)	11.12	
Dec. 31, 2014 ⁴	11.50 [†]	0.12	(0.17)	0.12	0.16	0.23	—	—	—	(0.43)	(0.43)	11.36	
Series H													
Dec. 31, 2015	11.70	0.15	(0.22)	(0.09)	0.46	0.30	(0.02)	—	—	—	(0.02)	12.05	
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, 2015	11.72	0.14	(0.17)	(0.09)	0.46	0.34	(0.04)	—	—	—	(0.04)	12.11	
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, 2015	11.75	0.14	(0.16)	(0.09)	0.46	0.35	(0.04)	—	—	—	(0.04)	12.15	
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, 2015	11.49	0.13	(0.14)	(0.09)	0.43	0.33	—	—	—	(0.58)	(0.58)	11.36	
Dec. 31, 2014 ⁴	11.56 [†]	0.12	(0.10)	0.12	0.16	0.30	(0.03)	—	—	(0.40)	(0.43)	11.49	



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, 2015	11.77	0.15	(0.12)	(0.09)	0.46	0.40	(0.05)	—	—	—	(0.05)	12.20
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
Series O												
Dec. 31, 2015	11.80	0.15	(0.03)	(0.10)	0.47	0.49	(0.08)	—	—	—	(0.08)	12.30
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, 2015	11.98	75 067	6 264	2.09	2.09	108.75	0.06
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, 2015	11.98	179 667	14 999	2.10	2.10	108.75	0.06
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, 2015	11.13	2 609	235	2.09	2.09	108.75	0.06
Dec. 31, 2014 ⁵	11.36	1 028	91	2.09	2.09	126.60	0.02
Series T5							
Dec. 31, 2015	11.12	1 069	96	2.15	2.15	108.75	0.06
Dec. 31, 2014 ⁵	11.36	708	62	2.16	2.16	126.60	0.02
Series H							
Dec. 31, 2015	12.05	13 836	1 148	1.82	1.82	108.75	0.06
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, 2015	12.11	6 412	529	1.41	1.41	108.75	0.06
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	—



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, 2015	12.15	345 899	28 460	1.28	1.28	108.75	0.06
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, 2015	11.36	6 573	579	1.22	1.22	108.75	0.06
Dec. 31, 2014 ⁵	11.49	1 277	111	1.24	1.24	126.60	0.02
Series I							
Dec. 31, 2015	12.20	79 878	6 548	1.00	1.00	108.75	0.06
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	—
Series O							
Dec. 31, 2015	12.30	651 563	52 987	0.22	0.22	108.75	0.06
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 manager 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 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.

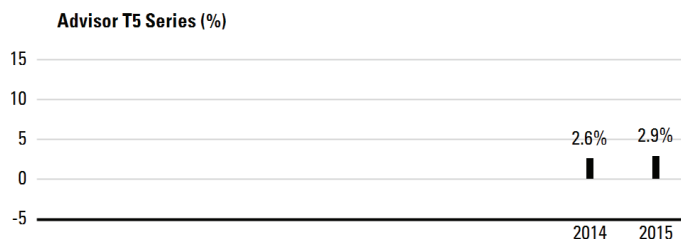
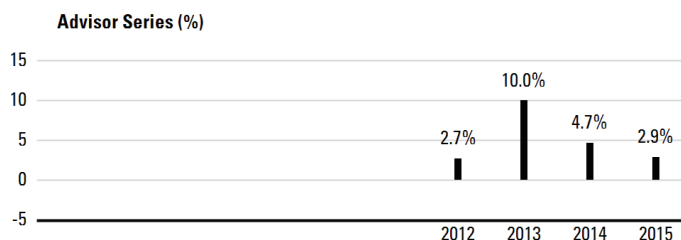
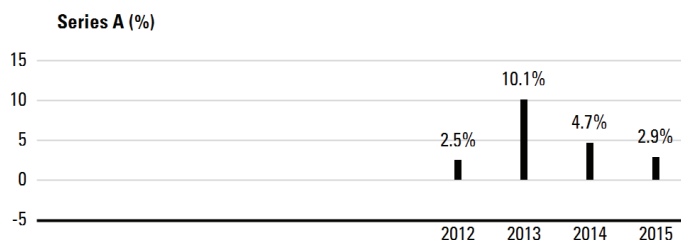


PAST PERFORMANCE

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.



Series T5 (%)



Series H (%)



Series D (%)



Series F (%)

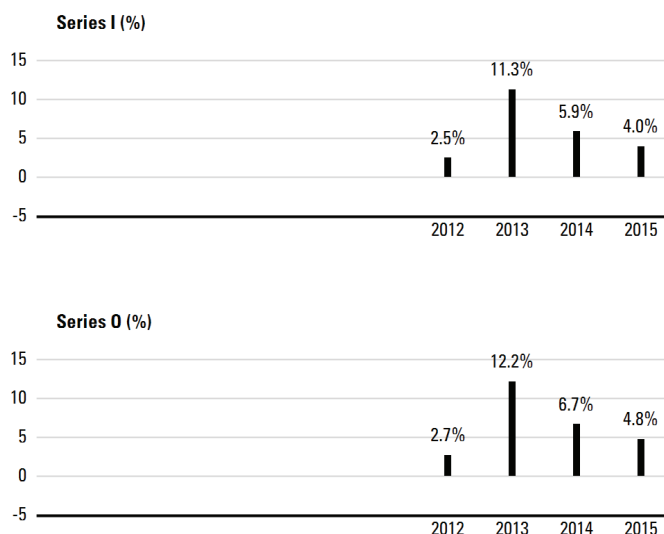


Series FT5 (%)





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, 2015, 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	2.9	5.9	—	—	6.5
Benchmark	4.2	7.8	—	—	8.2
Advisor Series	2.9	5.8	—	—	6.5
Benchmark	4.2	7.8	—	—	8.2
Advisor T5 Series	2.9	—	—	—	3.3
Benchmark	4.2	—	—	—	3.5
Series T5	2.8	—	—	—	3.2
Benchmark	4.2	—	—	—	3.5
Series H	3.2	6.2	—	—	6.8
Benchmark	4.2	7.8	—	—	8.2
Series D	3.6	6.6	—	—	7.3
Benchmark	4.2	7.8	—	—	8.2
Series F	3.8	6.7	—	—	7.4
Benchmark	4.2	7.8	—	—	8.2
Series FT5	3.8	—	—	—	4.1
Benchmark	4.2	—	—	—	3.5
Series I	4.0	7.0	—	—	7.7
Benchmark	4.2	7.8	—	—	8.2
Series O	4.8	7.9	—	—	8.5
Benchmark	4.2	7.8	—	—	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.

Advisor T5 Series, Series T5 and Series FT5 units have been available for sale to unitholders since April 21, 2014, and Series A, Advisor Series, Series H, Series D, Series F, Series I and Series O units since November 26, 2012.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
United States	33.8
Japan	13.1
Hong Kong	7.3
China	5.4
Netherlands	3.7
United Kingdom	3.7
Mexico	3.2
Norway	2.8
Taiwan	2.6
Malaysia	2.6
United Arab Emirates	2.3
Germany	2.2
Singapore	1.7
Australia	1.5
France	1.5
Other Countries	5.2
Cash/Other	7.4

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	8.3
China Overseas Finance Investment Cayman V Ltd., Convertible USD 0.000% Jan 5 23	2.3
Aabar Investments PJSC, Convertible EUR 0.500% Mar 27 20	2.0
Citrix Systems Inc., Convertible 0.500% Apr 15 19	2.0
America Movil S.A.B. de C.V., Convertible EUR 0.000% May 28 20	1.9
Salesforce.com Inc., Convertible 0.250% Apr 1 18	1.8
Cahaya Capital Ltd., Convertible USD 0.000% Sep 18 21	1.8
Microchip Technology Inc., Convertible 1.625% Feb 15 25	1.6
SanDisk Corp., Convertible 1.500% Aug 15 17	1.5
The Priceline Group Inc., Convertible 1.000% Mar 15 18	1.5
Tesla Motors Inc., Convertible 1.250% Jan 3 21	1.5
United Microelectronics Corp., Convertible USD 0.000% May 18 20	1.5
Yahoo! Inc., Convertible 0.000% Dec 1 18	1.4
CapitaLand Ltd., Convertible SGD 2.800% Jun 8 25	1.4
China Overseas Finance Investment Cayman IV Ltd., Convertible USD 0.000% Feb 4 21	1.3
Cemex S.A.B. de C.V., Convertible USD 3.750% Mar 15 18	1.3
LinkedIn Corp., Convertible 0.500% Nov 1 19	1.3
Marine Harvest ASA, Convertible EUR 0.875% May 6 19	1.2
TOTAL S.A., Convertible USD 0.500% Dec 2 22	1.2
NXP Semiconductors N.V., Convertible USD 1.000% Dec 1 19	1.2
Siemens Financieringsmaatschappij N.V., Convertible USD 1.050% Aug 16 17	1.2
Cardtronics Inc., Convertible 1.000% Dec 1 20	1.0
Asia View Ltd., Convertible USD 1.500% Aug 8 19	0.9
Akamai Technologies Inc., Convertible 0.000% Feb 15 19	0.9
Kawasaki Kisen Kaisha Ltd., Convertible JPY 0.000% Sep 26 18	0.9
Top 25 Holdings	42.9

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

**BLUEBAY \$U.S. GLOBAL CONVERTIBLE
BOND FUND (CANADA)**

December 31, 2015

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 4, 2016.

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/reports 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 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 was launched on April 20, 2015, and its net asset value was \$32 million as of December 31, 2015. Investment performance is not provided for a fund that has been available for less than one year.

Recent Developments

The sub-advisor believes that the continuing economic momentum in Europe and the U.S. should provide support for the global economy. Monetary stimulus by central banks in both Europe and Japan may add further support to stock and bond prices globally and compensate for the end of central-bank bond purchases in the U.S. Equity and convertible-bond markets rose after the U.S. Federal Reserve raised its benchmark interest rate in December 2015. Now that short-term uncertainty over interest rates has been removed, the sub-advisor believes that the outlook for convertible bonds will improve over the coming months.

The premium yields required to hold corporate debt imply default rates that are considerably higher than what the sub-advisor would expect based on analyses of individual companies. This bodes well for the fixed-income element of the convertible bonds held in the portfolio. Equity valuations continue to be supported by earnings that have exceeded expectations, equity buybacks and credit-fuelled takeover activity. Given this backdrop, the sub-advisor believes that convertible bonds offer attractive valuations and remain well positioned to benefit over the medium term.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and



Inter-Fund Trading

(d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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	Year/Period
Series A												
Dec. 31, 2015³	10.00[†]	0.01	(0.14)	0.21	(0.27)	(0.19)	—	—	—	—	—	9.75
Advisor Series												
Dec. 31, 2015³	10.00[†]	0.01	(0.14)	0.19	(0.25)	(0.19)	—	—	—	—	—	9.75
Advisor T5 Series												
Dec. 31, 2015³	10.00[†]	0.01	(0.14)	0.19	(0.25)	(0.19)	(0.38)	—	—	—	(0.38)	9.38
Series T5												
Dec. 31, 2015³	10.00[†]	0.01	(0.15)	0.23	(0.30)	(0.21)	(0.38)	—	—	—	(0.38)	9.38
Series H												
Dec. 31, 2015³	10.00[†]	0.01	(0.13)	0.19	(0.24)	(0.17)	—	—	—	—	—	9.77
Series D												
Dec. 31, 2015³	10.00[†]	0.01	(0.09)	0.17	(0.23)	(0.14)	(0.01)	—	—	—	(0.01)	9.79
Series F												
Dec. 31, 2015³	10.00[†]	0.01	(0.09)	0.19	(0.25)	(0.14)	(0.01)	—	—	—	(0.01)	9.80
Series FT5												
Dec. 31, 2015³	10.00[†]	0.01	(0.10)	0.19	(0.24)	(0.14)	(0.38)	—	—	—	(0.38)	9.43
Series I												
Dec. 31, 2015³	10.00[†]	0.01	(0.07)	0.18	(0.23)	(0.11)	(0.02)	—	—	—	(0.02)	9.81
Series O												
Dec. 31, 2015³	10.00[†]	0.01	(0.02)	0.22	(0.29)	(0.08)	(0.04)	—	—	—	(0.04)	9.84

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 March 19, 2015.

[†] 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, 2015⁴	9.75	644	66	2.02	2.03	39.32	0.03
Advisor Series							
Dec. 31, 2015⁴	9.75	728	75	2.03	2.04	39.32	0.03
Advisor T5 Series							
Dec. 31, 2015⁴	9.38	1	—	2.00	2.01	39.32	0.03
Series T5							
Dec. 31, 2015⁴	9.38	1	—	2.00	2.01	39.32	0.03
Series H							
Dec. 31, 2015⁴	9.77	871	89	1.90	1.91	39.32	0.03
Series D							
Dec. 31, 2015⁴	9.79	22	2	1.37	1.38	39.32	0.03
Series F							
Dec. 31, 2015⁴	9.80	2 983	304	1.26	1.27	39.32	0.03
Series FT5							
Dec. 31, 2015⁴	9.43	26	3	1.21	1.22	39.32	0.03
Series I							
Dec. 31, 2015⁴	9.81	5 751	586	0.95	0.96	39.32	0.03
Series O							
Dec. 31, 2015⁴	9.84	21 236	2 157	0.22	0.23	39.32	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 March 19, 2015.

Management Fees

RBC GAM is the manager, trustee and portfolio manager 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 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)

Investment performance in respect of a fund that has been available for less than one year is not provided. Series A, Advisor Series, Advisor T5 Series, Series T5, Series H, Series D, Series F, Series FT5, Series I and Series O units of this Fund were launched on April 20, 2015.

SUMMARY OF INVESTMENT PORTFOLIO (in USD)

(after consideration of derivative products, if any)
As at December 31, 2015

Investment Mix

	% of Net Asset Value
United States	29.2
Japan	13.2
Hong Kong	6.4
Taiwan	6.3
China	6.3
Singapore	3.7
Mexico	3.0
United Kingdom	2.6
United Arab Emirates	2.5
Norway	2.4
Malaysia	2.0
Germany	1.9
Netherlands	1.6
France	1.3
Philippines	1.3
Australia	1.3
Other Countries	2.7
Cash/Other	12.3

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	11.1
CapitaLand Ltd., Convertible SGD 2.800% Jun 8 25	2.6
Salesforce.com Inc., Convertible 0.250% Apr 1 18	2.6
Tesla Motors Inc., Convertible 1.250% Jan 3 21	2.1
The Priceline Group Inc., Convertible 1.000% Mar 15 18	2.1
China Overseas Finance Investment Cayman V Ltd., Convertible USD 0.000% Jan 5 23	1.9
Citrix Systems Inc., Convertible 0.500% Apr 15 19	1.9
America Movil S.A.B. de C.V., Convertible EUR 0.000% May 28 20	1.7
United Microelectronics Corp., Convertible USD 0.000% May 18 20	1.7
Siliconware Precision Industries Co., Convertible USD 0.000% Oct 31 19	1.6
Siemens Financieringsmaatschappij N.V., Convertible USD 1.050% Aug 16 17	1.6
Terumo Corp., Convertible JPY 0.000% Dec 6 21	1.5
China Overseas Finance Investment Cayman IV Ltd., Convertible USD 0.000% Feb 4 21	1.5
ServiceNow Inc., Convertible 0.000% Nov 1 18	1.4
Cahaya Capital Ltd., Convertible USD 0.000% Sep 18 21	1.4
AYC Finance Ltd., Convertible USD 0.500% May 2 19	1.3
Marine Harvest ASA, Convertible EUR 0.875% May 6 19	1.3
Cemex S.A.B. de C.V., Convertible USD 3.750% Mar 15 18	1.3
TPK Holding Co. Ltd., Convertible USD 0.000% Apr 8 20	1.3
Yahoo! Inc., Convertible 0.000% Dec 1 18	1.3
SanDisk Corp., Convertible 1.500% Aug 15 17	1.3
Aabar Investments PJSC, Convertible EUR 0.500% Mar 27 20	1.3
TOTAL S.A., Convertible USD 0.500% Dec 2 22	1.2
LinkedIn Corp., Convertible 0.500% Nov 1 19	1.2
Cardtronics Inc., Convertible 1.000% Dec 1 20	1.2
Top 25 Holdings	49.4

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.



MANAGED PAYOUT SOLUTION

RBC MANAGED PAYOUT SOLUTION

December 31, 2015

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 4, 2016.

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 relatively high, regular monthly distributions that are comparatively tax efficient with a potential for modest capital appreciation by investing primarily in units of other funds managed by RBC GAM or an affiliate of RBC GAM (called “underlying funds”).

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 fell to \$4.0 billion as of December 31, 2015, from \$4.3 billion at the end of 2014. The decrease was due mainly to net redemptions.

Over the past year, the Fund’s Series A units lost 0.6%, which underperformed the 1.5% 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 any other series, which may vary because of differences in management fees and expenses.

In January 2015, monthly distributions by the Fund were increased to 3.95 cents per Series A unit. For the year, the Fund made total distributions of approximately 47 cents per Series A unit, consisting of 21 cents per unit of capital gains, 11 cents per unit of return of capital, 8 cents per unit of interest and 7 cents per unit of dividends.

In 2015, the global economy was characterized by faster U.S. economic growth, contrasted with slower expansions in most of Europe, Japan and emerging markets. As a result, the U.S. Federal Reserve (the “Fed”) raised its benchmark interest rate in December for the first time in almost a decade, while central banks in the Eurozone and Japan extended the use of large-scale bond purchases in an effort to boost economic growth, and China took significant steps to loosen monetary policy. Economic weakness extended to emerging markets dependent on commodity exports, including Russia and Brazil, while Canada’s economy, itself highly reliant on oil, stumbled as the year wore on. The Bank of Canada lowered interest rates twice to avert a more severe slowdown.

The Fund’s overweight position in equities and underweight position in fixed income were positive for performance. Bonds issued by governments in the U.S., Japan and Western Europe posted modest returns in 2015 as investors weighed the impact of stronger economic growth, which generally boosts fixed-income yields, against massive central-bank bond purchases, which tend to push yields down. Returns on non-government bonds declined for the first time since 2011. Concern mounted that issuers were using debt to finance transactions such as stock buybacks rather than investing in products and services that generate revenues to service debt. Canadian federal-government bonds outperformed U.S. treasuries as weak Canadian growth pulled down domestic yields. Fixed-income investments that had a positive impact on performance were the RBC Bond Fund, the RBC Canadian Short-Term Income Fund and the RBC Global Corporate Bond Fund.

Global equity markets were driven by concerns including the timing of the first rate rise by the Fed, extraordinarily loose monetary policies and political conflict in Europe, as well as China coming to terms with slowing growth and its transition to a service economy. In addition, broad strength in the U.S. dollar, continued commodity-price weakness and a resurgence of Middle East geopolitical concerns that triggered a wave of migration into Europe resulted in higher equity-market volatility. Against this backdrop, market returns were somewhat muted. The RBC QUBE U.S. Equity Fund and the Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund had a positive impact on returns. The equity portion of the RBC Monthly Income Fund and the Phillips, Hager & North Canadian Income Fund negatively affected performance.



Recent Developments

While the portfolio manager recognizes both the erosion in fundamentals and increase in risks since early 2015, the portfolio manager continues to believe 2016 will see mild but sustained growth in GDP globally, the beginning of a recovery in inflation and enough strength in corporate profits to support modest returns from equities. Key indications of this progress – or lack thereof – will come from credit spreads, earnings, stock-market breadth and leading economic indicators as 2016 unfolds. The portfolio manager will continue to closely monitor these signals. For now, the Fund remains underweight bonds and overweight stocks.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada (“Royal Bank”) and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	9.49	0.31	(0.15)	0.23	(0.45)	(0.06)	(0.08)	(0.07)	(0.21)	(0.11)	(0.47)	8.97
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
Advisor Series												
Dec. 31, 2015	9.49	0.31	(0.15)	0.23	(0.45)	(0.06)	(0.08)	(0.07)	(0.21)	(0.11)	(0.47)	8.97
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
Series F												
Dec. 31, 2015	10.06	0.33	(0.07)	0.25	(0.48)	0.03	(0.08)	(0.08)	(0.22)	(0.12)	(0.50)	9.59
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

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, 2015	8.97	3 896 066	434 539	1.63	1.63	16.69	0.05
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
Advisor Series							
Dec. 31, 2015	8.97	34 598	3 858	1.61	1.61	16.69	0.05
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
Series F							
Dec. 31, 2015	9.59	40 805	4 254	0.73	0.73	16.69	0.05
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

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.

Management Fees

RBC GAM is the manager, trustee and portfolio manager 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.

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, 2015.

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

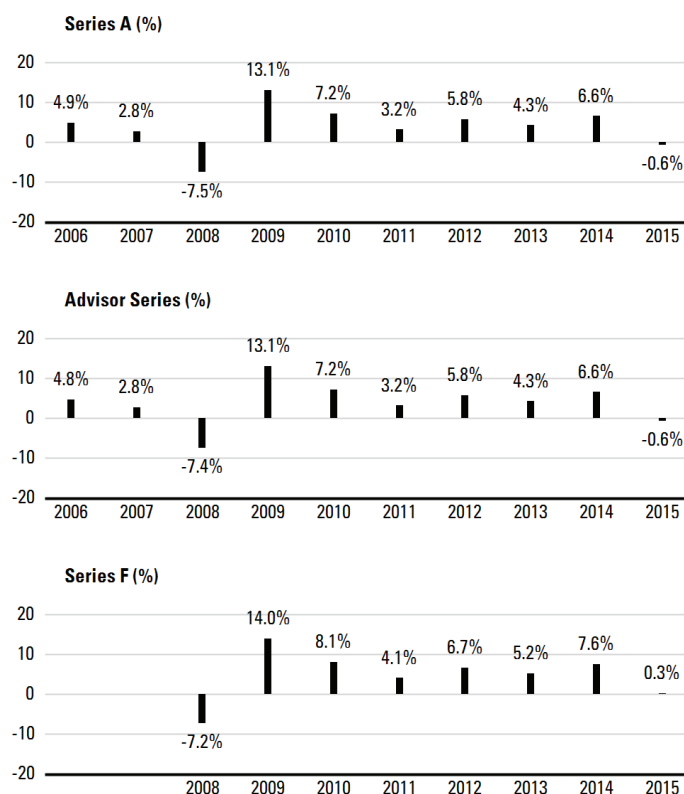


PAST PERFORMANCE

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, 2015, compared with the following benchmarks:

The new blended benchmark (the "New benchmark") is composed of:

- 50% FTSE TMX Canada Universe Bond Index
- 20% S&P/TSX Capped Composite Total Return Index
- 18% FTSE TMX Canada Short Term Bond Index
- 5% S&P 500 Total Return Index (CAD)
- 2.5% Bank of America Merrill Lynch U.S. High Yield BB-B Index (hedged to CAD)
- 2.5% JPMorgan Emerging Markets Bond Index Global Diversified (hedged to CAD)
- 2% FTSE TMX Canada 30 Day TBill Index

The old benchmark (the "Old benchmark") is the FTSE TMX Canada Universe Bond Index.

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	-0.6	3.4	3.8	3.8	—
New benchmark	1.5	4.7	4.7	5.1	—
Old benchmark	3.5	3.6	4.8	5.0	—
Advisor Series	-0.6	3.4	3.8	3.8	—
New benchmark	1.5	4.7	4.7	5.1	—
Old benchmark	3.5	3.6	4.8	5.0	—
Series F	0.3	4.3	4.7	—	5.0
New benchmark	1.5	4.7	4.7	—	5.0
Old benchmark	3.5	3.6	4.8	—	5.3

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 index.

Series F units have been available for sale to unitholders since July 2, 2008.

Inception dates are not provided for series that have been in existence for more than 10 years.

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 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.

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.

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.



PAST PERFORMANCE (cont.)

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.

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, 2015

Investment Mix

	% of Net Asset Value
Income Funds	83.9
Canadian Equity Funds	7.9
United States Equity Funds	7.4
Cash/Other	0.8

Top 25 Holdings*

	% of Net Asset Value
RBC Bond Fund	20.2
RBC Global Corporate Bond Fund	18.6
RBC Canadian Short-Term Income Fund	16.9
RBC Monthly Income Fund	15.1
Phillips, Hager & North Canadian Income Fund	8.5
RBC Canadian Dividend Fund	7.9
RBC Global High Yield Bond Fund	4.6
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	3.7
RBC QUBE U.S. Equity Fund	3.7
The S&P 500 Mini Index Future, March 2016	0.6
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.

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, 2015

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 4, 2016.

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/reports 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 funds managed by RBC GAM or an affiliate of RBC GAM (called “underlying funds”).

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 fell to \$2.4 billion as of December 31, 2015, from \$2.6 billion at the end of 2014. Most of the decrease was due to net redemptions.

Over the past year, the Fund’s Series A units lost 0.8%, which underperformed the 1.3% 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 any other series, which may vary because of differences in management fees and expenses.

The Fund made monthly distributions of 4.55 cents per Series A unit in 2015. For the year, the Fund made total distributions of approximately 55 cents per Series A unit, consisting of 25 cents per unit of capital gains, 16 cents per unit of return of capital, 9 cents per unit of dividends and 5 cents per unit of income.

In 2015, the global economy was characterized by faster U.S. economic growth, contrasted with slower expansions in most of Europe, Japan and emerging markets. As a result, the U.S. Federal Reserve (the “Fed”) raised its benchmark interest rate in December for the first time in almost a decade, while central banks in the Eurozone and Japan extended the use of large-scale bond purchases in an effort to boost economic growth, and China took significant steps to loosen monetary policy. Economic weakness extended to emerging markets dependent on commodity exports, including Russia and Brazil, while Canada’s economy, itself highly reliant on oil, stumbled as the year wore on. The Bank of Canada lowered interest rates twice to avert a more severe slowdown.

The Fund’s overweight position in equities and underweight position in fixed income were positive for performance. Bonds issued by governments in the U.S., Japan and Western Europe posted modest returns in 2015 as investors weighed the impact of stronger economic growth, which generally boosts fixed-income yields, against massive central-bank bond purchases, which tend to push yields down. Returns on non-government bonds declined for the first time since 2011. Concern mounted that issuers were using debt to finance transactions such as stock buybacks rather than investing in products and services that generate revenues to service debt. Canadian federal-government bonds outperformed U.S. treasuries as weak Canadian growth pulled down domestic yields. Fixed-income investments that had a positive impact on performance were the RBC Bond Fund, the RBC Canadian Short-Term Income Fund and the RBC Global High Yield Bond Fund.

Global equity markets were driven by concerns including the timing of the first rate rise by the Fed, extraordinarily loose monetary policies and political conflict in Europe, as well as China coming to terms with slowing growth and its transition to a service economy. In addition, broad strength in the U.S. dollar, continued commodity-price weakness and a resurgence of Middle East geopolitical concerns that triggered a wave of migration into Europe resulted in higher equity-market volatility. Against this backdrop, market returns were somewhat muted. The RBC QUBE U.S. Equity Fund and the Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund had a positive impact on returns. The RBC Canadian Dividend Fund and the RBC Canadian Equity Income Fund negatively affected performance.



Recent Developments

While the portfolio manager recognizes both the erosion in fundamentals and increase in risks since early 2015, the portfolio manager continues to believe 2016 will see mild but sustained growth in GDP globally, the beginning of a recovery in inflation and enough strength in corporate profits to support modest returns from equities. Key indications of this progress – or lack thereof – will come from credit spreads, earnings, stock-market breadth and leading economic indicators as 2016 unfolds. The portfolio manager will continue to closely monitor these signals. For now, the Fund remains underweight bonds and overweight stocks.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada (“Royal Bank”) and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	9.08	0.31	(0.16)	0.26	(0.47)	(0.06)	(0.05)	(0.09)	(0.25)	(0.16)	(0.55)	8.47
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
Advisor Series												
Dec. 31, 2015	9.08	0.31	(0.16)	0.26	(0.47)	(0.06)	(0.05)	(0.09)	(0.25)	(0.16)	(0.55)	8.46
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
Series F												
Dec. 31, 2015	9.73	0.33	(0.07)	0.28	(0.51)	0.03	(0.05)	(0.10)	(0.26)	(0.17)	(0.58)	9.17
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

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, 2015	8.47	2 368 445	279 628	1.83	1.83	25.56	0.05
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
Advisor Series							
Dec. 31, 2015	8.46	23 728	2 804	1.85	1.85	25.56	0.05
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
Series F							
Dec. 31, 2015	9.17	19 881	2 167	0.78	0.78	25.56	0.05
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

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.

Management Fees

RBC GAM is the manager, trustee and portfolio manager 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.

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, 2015.

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

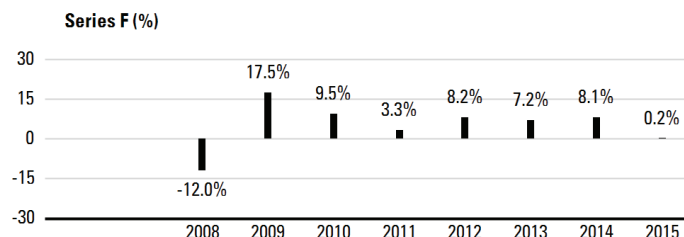
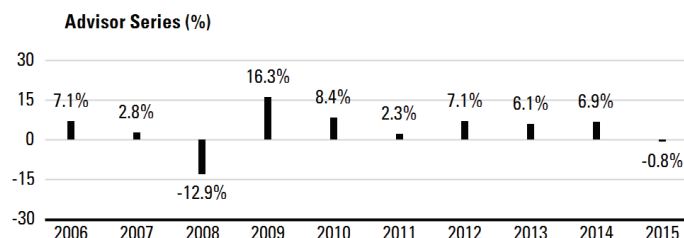
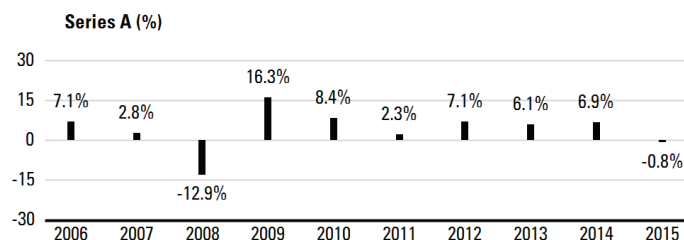


PAST PERFORMANCE

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, 2015, compared with the following benchmarks:

The new blended benchmark (the "New benchmark") is composed of:

- 35% FTSE TMX Canada Universe Bond Index
- 25% S&P/TSX Capped Composite Total Return Index
- 13% FTSE TMX Canada Short Term Bond Index
- 10% S&P 500 Total Return Index (CAD)
- 7.5% Bank of America Merrill Lynch U.S. High Yield BB-B Index (hedged to CAD)
- 7.5% JPMorgan Emerging Markets Bond Index Global Diversified (hedged to CAD)
- 2% FTSE TMX Canada 30 Day TBill Index

The old benchmark (the "Old benchmark") is the FTSE TMX Canada Universe Bond Index.

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	-0.8	4.0	4.3	4.1	—
New benchmark	1.3	5.8	5.6	5.5	—
Old benchmark	3.5	3.6	4.8	5.0	—
Advisor Series	-0.8	4.0	4.3	4.1	—
New benchmark	1.3	5.8	5.6	5.5	—
Old benchmark	3.5	3.6	4.8	5.0	—
Series F	0.2	5.1	5.4	—	5.3
New benchmark	1.3	5.8	5.6	—	5.6
Old benchmark	3.5	3.6	4.8	—	5.3

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 index.

Series F units have been available for sale to unitholders since July 2, 2008.

Inception dates are not provided for series that have been in existence for more than 10 years.

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 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.

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.

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.



PAST PERFORMANCE (cont.)

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.

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, 2015

Investment Mix

	% of Net Asset Value
Income Funds	62.6
Canadian Equity Funds	23.5
United States Equity Funds	13.2
Cash/Other	0.7

Top 25 Holdings*

	% of Net Asset Value
RBC Bond Fund	22.5
RBC Canadian Dividend Fund	17.6
RBC Global High Yield Bond Fund	13.4
RBC Canadian Short-Term Income Fund	11.7
RBC Global Corporate Bond Fund	9.0
RBC QUBE U.S. Equity Fund	6.6
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	6.6
RBC Canadian Equity Income Fund	5.9
Phillips, Hager & North Canadian Income Fund	5.9
The S&P 500 Mini Index Future, March 2016	0.7
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 PLUS**

December 31, 2015

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 4, 2016.

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/reports 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 distributions, including dividends, realized capital gains, other income and a return of capital, without significant erosion of the net asset value of the Fund and providing for the potential of modest capital growth. The Fund invests primarily in units of other funds managed by RBC GAM or an affiliate of RBC GAM (called “underlying funds”). 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 45% for fixed income and 55% for equities. The actual allocation to each asset class will not be more than 15% above or below its target weighting.

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 \$2.1 billion as of December 31, 2015, from \$2.2 billion at the end of 2014. Most of the decrease was due to net redemptions.

Over the past year, the Fund’s Series A units gained 0.1%, which underperformed the 0.5% rise in the benchmark. The broad-based index rose 3.5%. 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 any other series, which may vary because of differences in management fees and expenses.

The Fund made monthly distributions of 4.35 cents per Series A unit in 2015. For the year, the Fund made total distributions of \$1.06 per Series A unit, consisting of 85 cents of capital gains, 11 cents per unit of interest and 10 cents from dividends. The annual payout included an additional year-end distribution.

In 2015, the global economy was characterized by faster U.S. economic growth, contrasted with slower expansions in most of Europe, Japan and emerging markets. As a result, the U.S. Federal Reserve (the “Fed”) raised its benchmark interest rate in December for the first time in almost a decade, while central banks in the

Eurozone and Japan extended the use of large-scale bond purchases in an effort to boost economic growth, and China took significant steps to loosen monetary policy. Economic weakness extended to emerging markets dependent on commodity exports, including Russia and Brazil, while Canada’s economy, itself highly reliant on oil, stumbled as the year wore on. The Bank of Canada lowered interest rates twice to avert a more severe slowdown.

The Fund’s overweight position in equities and underweight position in fixed income were negative for performance. Bonds issued by governments in the U.S., Japan and Western Europe posted modest returns in 2015 as investors weighed the impact of stronger economic growth, which generally boosts fixed-income yields, against massive central-bank bond purchases, which tend to push yields down. Returns on non-government bonds declined for the first time since 2011. Concern mounted that issuers were using debt to finance transactions such as stock buybacks rather than investing in products and services that generate revenues to service debt. Canadian federal-government bonds outperformed U.S. treasuries as weak Canadian growth pulled down domestic yields. Fixed-income investments that had a positive impact on performance were the RBC Bond Fund and the RBC Canadian Short-Term Income Fund.

Global equity markets were driven by concerns including the timing of the first rate rise by the Fed, extraordinarily loose monetary policies and political conflict in Europe, as well as China coming to terms with slowing growth and its transition to a service economy. In addition, broad strength in the U.S. dollar, continued commodity-price weakness and a resurgence of Middle East geopolitical concerns that triggered a wave of migration into Europe resulted in higher equity-market volatility. Against this backdrop, market returns were somewhat muted. The RBC QUBE U.S. Equity Fund and the Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund had a positive impact on returns. The RBC Canadian Dividend Fund and the Phillips, Hager & North Canadian Income Fund negatively affected performance.

Recent Developments

While the portfolio manager recognizes both the erosion in fundamentals and increase in risks since early 2015, the portfolio manager continues to believe 2016 will see mild but sustained growth in GDP globally, the beginning of a recovery in inflation and enough strength in corporate profits to support modest returns from equities. Key indications of this progress – or lack thereof – will come from credit spreads, earnings, stock-market breadth and leading economic indicators as 2016 unfolds. The portfolio manager will continue to closely monitor these signals. For now, the Fund remains underweight bonds and overweight stocks.



Effective June 23, 2014, the Fund's investment objective was changed to provide the Fund with the flexibility to invest its assets primarily in units of underlying funds. During the period, the Fund invested up to 100% of its assets in underlying funds.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 \$413,000 (2014 – \$166,000) or 47% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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	Year/Period	
Series A													
Dec. 31, 2015	7.49	0.28	(0.14)	0.89	(1.03)	—	(0.11)	(0.10)	(0.85)	—	(1.06)	6.44	
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	
Advisor Series													
Dec. 31, 2015	7.50	0.28	(0.14)	0.89	(1.03)	—	(0.11)	(0.10)	(0.85)	—	(1.06)	6.45	
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	
Series D													
Dec. 31, 2015	7.98	0.30	(0.09)	0.95	(1.10)	0.06	(0.11)	(0.11)	(0.92)	—	(1.14)	6.92	
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	
Series F													
Dec. 31, 2015	8.74	0.33	(0.07)	1.04	(1.20)	0.10	(0.12)	(0.13)	(1.01)	—	(1.26)	7.59	
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	
Series O													
Dec. 31, 2015	8.59	0.33	—	1.03	(1.19)	0.17	(0.12)	(0.12)	(1.01)	—	(1.25)	7.52	
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	

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, 2015	6.44	1 911 731	296 882	1.94	1.94	67.05	0.12
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
Advisor Series							
Dec. 31, 2015	6.45	23 399	3 629	1.95	1.95	67.05	0.12
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
Series D							
Dec. 31, 2015	6.92	79 210	11 448	1.13	1.13	67.05	0.12
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
Series F							
Dec. 31, 2015	7.59	39 388	5 187	0.83	0.83	67.05	0.12
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
Series O							
Dec. 31, 2015	7.52	1 291	172	0.05	0.05	67.05	0.12
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

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 manager 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.

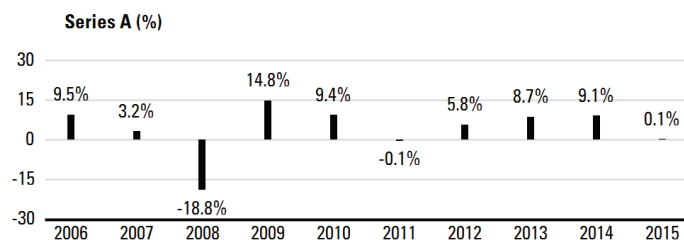
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

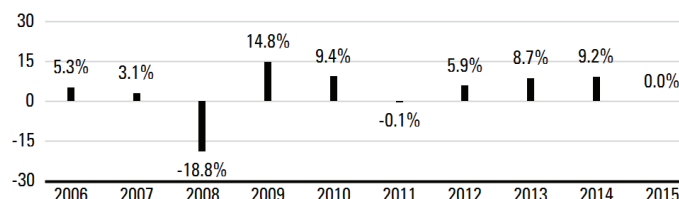
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional 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 (%)

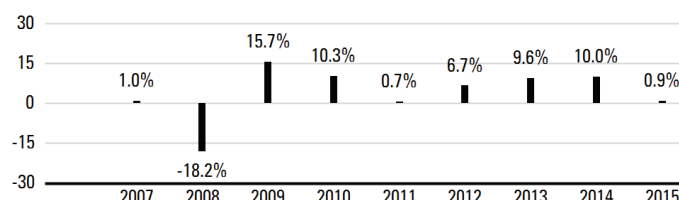
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



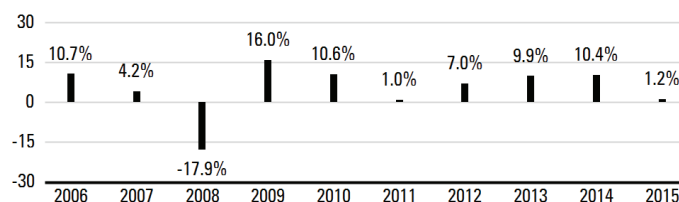
Advisor Series (%)



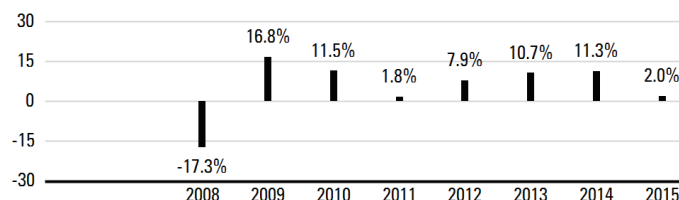
Series D (%)



Series F (%)



Series O (%)





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, 2015, compared with the following benchmarks:

The new blended benchmark (the “New benchmark”) is composed of:

- 40% S&P/TSX Capped Composite Total Return Index
- 20% FTSE TMX Canada Universe Bond Index
- 15% S&P 500 Total Return Index (CAD)
- 13% FTSE TMX Canada Short Term Bond Index
- 5% Bank of America Merrill Lynch U.S. High Yield BB-B Index (hedged to CAD)
- 5% JPMorgan Emerging Markets Bond Index Global Diversified (hedged to CAD)
- 2% FTSE TMX Canada 30 Day TBill Index

The old blended benchmark (the “Old 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 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	0.1	5.9	4.6	3.8	—
New benchmark	0.5	7.5	5.9	5.5	—
Old benchmark	1.1	7.6	6.1	5.7	—
Broad-based index	3.5	3.6	4.8	5.0	—
Advisor Series	0.0	5.9	4.6	—	3.4
New benchmark	0.5	7.5	5.9	—	5.2
Old benchmark	1.1	7.6	6.1	—	5.4
Broad-based index	3.5	3.6	4.8	—	5.2
Series D	0.9	6.7	5.5	—	3.8
New benchmark	0.5	7.5	5.9	—	4.8
Old benchmark	1.1	7.6	6.1	—	5.2
Broad-based index	3.5	3.6	4.8	—	5.6
Series F	1.2	7.1	5.8	4.9	—
New benchmark	0.5	7.5	5.9	5.5	—
Old benchmark	1.1	7.6	6.1	5.7	—
Broad-based index	3.5	3.6	4.8	5.0	—
Series O	2.0	7.9	6.6	—	5.1
New benchmark	0.5	7.5	5.9	—	4.9
Old benchmark	1.1	7.6	6.1	—	5.6
Broad-based index	3.5	3.6	4.8	—	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.

Series O units have been available for sale to unitholders since January 1, 2008, Series D units since July 3, 2007, and Advisor Series units since March 20, 2006.

Inception dates are not provided for series that have been in existence for more than 10 years.

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.

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.

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.

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.

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, 2015

Investment Mix

	% of Net Asset Value
Income Funds	53.3
Canadian Equity Funds	27.9
United States Equity Funds	18.6
Cash/Other	0.2

Top 25 Holdings*

	% of Net Asset Value
RBC Canadian Dividend Fund	22.2
RBC Bond Fund	17.0
Phillips, Hager & North Canadian Income Fund	16.7
RBC Canadian Short-Term Income Fund	11.1
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	9.3
RBC QUBE U.S. Equity Fund	9.3
RBC Global High Yield Bond Fund	8.5
RBC Canadian Equity Income Fund	5.6
Cash & Cash Equivalents	0.1
The S&P/TSX 60 Index Future, March 2016	0.1
The S&P 500 Mini Index Future, March 2016	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.



BALANCED FUND

RBC MONTHLY INCOME FUND

December 31, 2015

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 4, 2016.

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/reports 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 fell to \$8.2 billion as of December 31, 2015, from \$9.5 billion at the end of 2014. Most of the decrease was due to net redemptions.

Over the past year, the Fund's Series A units lost 3.4%, which underperformed the 1.6% decline in the benchmark. The broad-based index rose 3.5%. 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 any other series, which may vary because of differences in management fees and expenses.

The Fund made monthly distributions of 4.25 cents per Series A unit in 2015. For the year, the Fund made total distributions of 51 cents per Series A unit, consisting of 21 cents per unit of dividends, 14 cents per unit of interest, 12 cents of capital gains and 4 cents of return of capital.

The S&P/TSX Composite Index, Canada's equity benchmark, underperformed most other global indexes during the period. Declining commodity prices weighed on many global markets, but the resource-heavy Canadian index was especially impacted. The price of crude oil declined further in 2015 as the market struggled with excess supply. This weighed on Canadian energy stocks, which account for about a fifth of the S&P/TSX market capitalization. Global

growth concerns also deepened throughout the year after economic data out of a number of large economies, most notably China, indicated the possibility of slower growth going forward. These factors prompted the Bank of Canada (the "BOC") to unexpectedly cut its overnight lending rate twice throughout the year. Meanwhile, the U.S. Federal Reserve (the "Fed") felt the U.S. economy was on solid enough footing to finally embark on a long-anticipated tightening cycle, although measured.

The Fund's overweight position in equities and underweight position in fixed income were negative for performance. In an environment of falling energy prices and weak economic growth, Canadian bond yields declined in general, enabling domestic bonds to outperform their U.S. counterparts. The Fund's overweight position in provincial fixed income was a positive for returns. An above-benchmark allocation to longer-term bonds was negative for relative performance.

In equities, positive relative performance in the Materials and Health Care sectors was offset by weaker performance in the Energy sector.

An overweight allocation in Agrium contributed to returns in the Materials sector as the weakening of the Canadian dollar, coupled with Agrium's solid balance sheet and healthy dividend yield, propelled the stock higher in the earlier parts of the year. A lack of exposure to First Quantum Minerals also aided performance. In the Health Care sector, allocations to U.S. pharmaceutical companies, Bristol-Myers Squibb and Pfizer, were also positive for performance.

An overweight position in the Energy sector hindered returns as lower oil prices continued to be an overhang to companies in the sector. Overweight allocations to Newalta and Husky Energy were the main detractors from performance. Newalta's stock, like many other energy and related companies, has suffered from the large decline in commodity prices due to the potential implications that a continued low oil-price environment has on drilling activity and production.

Recent Developments

An improvement in the performance of Canadian equity markets will require a bigger contribution from stocks in the Financials and Energy sectors. For that to happen, energy prices will have to move higher, in the view of the portfolio manager. Energy prices, specifically oil, are difficult to forecast, and it now appears prices will be lower on average and more volatile than in the recent past, although an eventual rebalancing of the market is likely to see prices move higher from current levels. For growth, Canada also depends on the U.S., where a stronger labour market, improving housing market, and lower commodity prices indicate an improving economy. The interest-rate policy divergence between the Fed and the BOC is likely to widen if commodity prices remain weak, which could add further pressure to the Canadian dollar.



The portfolio manager expects Canadian government-bond yields to rise gradually over the next 12 months, but risk remains that the BOC could lower rates again if the economy continues to falter and oil prices don't stabilize. 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 Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 \$180,000 (2014 – \$198,000) or 9% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	14.21	0.52	(0.17)	0.24	(1.04)	(0.45)	(0.14)	(0.21)	(0.12)	(0.04)	(0.51)	13.24
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
Advisor Series												
Dec. 31, 2015	14.34	0.52	(0.16)	0.24	(1.05)	(0.45)	(0.14)	(0.21)	(0.12)	(0.04)	(0.51)	13.38
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
Series D												
Dec. 31, 2015	14.60	0.53	(0.13)	0.25	(1.07)	(0.42)	(0.14)	(0.21)	(0.12)	(0.04)	(0.51)	13.67
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
Series F												
Dec. 31, 2015	15.24	0.56	(0.11)	0.26	(1.12)	(0.41)	(0.14)	(0.21)	(0.12)	(0.04)	(0.51)	14.31
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
Series O												
Dec. 31, 2015	15.60	0.57	—	0.27	(1.15)	(0.31)	(0.14)	(0.21)	(0.12)	(0.04)	(0.51)	14.76
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

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, 2015	13.24	7 292 559	550 690	1.20	1.20	19.88	0.02
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
Advisor Series							
Dec. 31, 2015	13.38	53 963	4 035	1.15	1.15	19.88	0.02
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
Series D							
Dec. 31, 2015	13.67	160 850	11 770	0.88	0.88	19.88	0.02
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
Series F							
Dec. 31, 2015	14.31	116 040	8 109	0.71	0.71	19.88	0.02
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
Series O							
Dec. 31, 2015	14.76	612 188	41 487	0.02	0.02	19.88	0.02
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

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 manager 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.

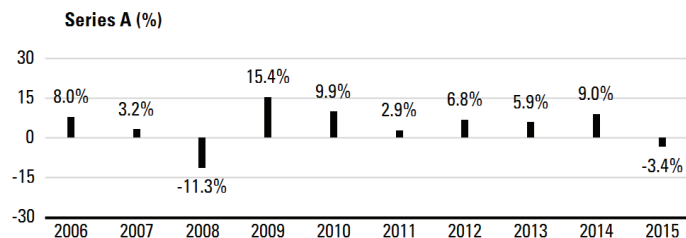
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

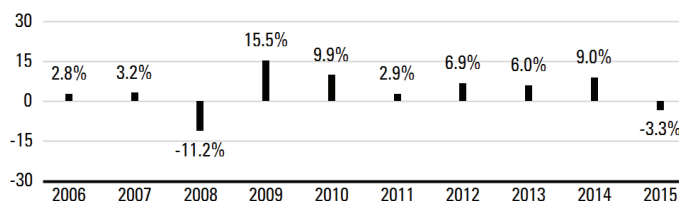
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional 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 (%)

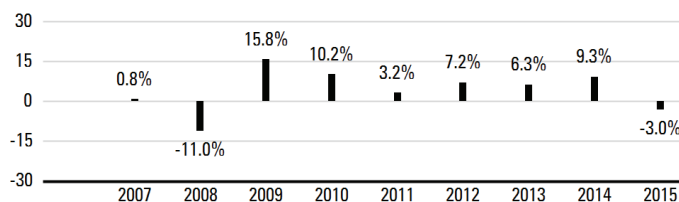
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



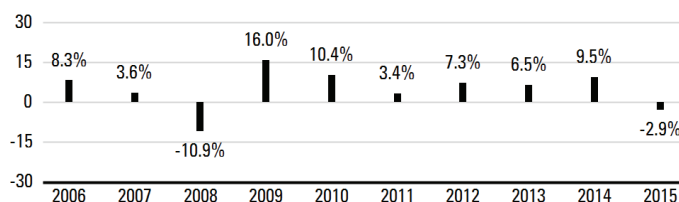
Advisor Series (%)



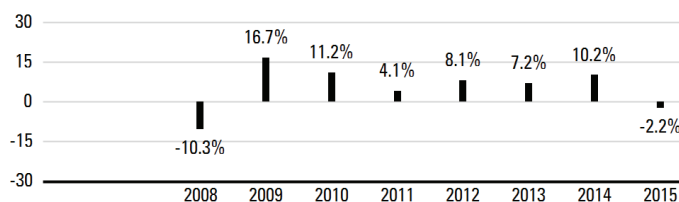
Series D (%)



Series F (%)



Series O (%)





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, 2015, compared with the following benchmarks:

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

57% FTSE TMX Canada Universe Bond Index

43% S&P/TSX Capped Composite Total Return 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	-3.4	3.7	4.2	4.4	—
Benchmark	-1.6	4.2	3.9	5.0	—
Broad-based index	3.5	3.6	4.8	5.0	—
Advisor Series	-3.3	3.8	4.2	—	4.2
Benchmark	-1.6	4.2	3.9	—	4.8
Broad-based index	3.5	3.6	4.8	—	5.1
Series D	-3.0	4.0	4.5	—	4.3
Benchmark	-1.6	4.2	3.9	—	4.4
Broad-based index	3.5	3.6	4.8	—	5.6
Series F	-2.9	4.2	4.7	4.9	—
Benchmark	-1.6	4.2	3.9	5.0	—
Broad-based index	3.5	3.6	4.8	5.0	—
Series O	-2.2	4.9	5.4	—	5.3
Benchmark	-1.6	4.2	3.9	—	4.5
Broad-based index	3.5	3.6	4.8	—	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.

Series O units have been available for sale to unitholders since January 1, 2008, Series D units since July 3, 2007, and Advisor Series units since August 28, 2006.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Canadian Bonds	47.7
Equities	46.7
Income Trusts	2.2
Foreign Bonds	1.3
Cash/Other	2.1

Top 25 Holdings

	% of Net Asset Value
Royal Bank of Canada	3.8
Toronto-Dominion Bank	2.8
Bank of Nova Scotia	2.3
TransCanada Corp.	1.8
Enbridge Inc.	1.7
Cash & Cash Equivalents	1.6
Manulife Financial Corporation	1.6
Bank of Montreal	1.4
Province of Ontario 4.650% Jun 2 41	1.4
Government of Canada 4.000% Jun 1 41	1.3
Suncor Energy Inc.	1.3
Province of Ontario 4.600% Jun 2 39	1.3
Brookfield Property Partners LP	1.3
Province of Ontario 6.500% Mar 8 29	1.2
Canadian Imperial Bank of Commerce	1.2
Province of Ontario 3.450% Jun 2 45	1.1
Ontario Electricity Financial Corp. 8.250% Jun 22 26	1.1
Province of Ontario 4.400% Jun 2 19	1.1
Canadian National Railway Co.	1.1
Brookfield Asset Management Inc., Class A	1.1
TELUS Corp.	1.0
Province of Quebec 3.000% Sep 1 23	1.0
Canadian Natural Resources Ltd.	1.0
Province of Ontario 2.100% Sep 8 18	0.9
Province of Ontario 3.500% Jun 2 24	0.9
Top 25 Holdings	36.3

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.



BALANCED FUND

RBC U.S. MONTHLY INCOME FUND

December 31, 2015

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 4, 2016.

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/reports 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 was \$1.1 billion as of December 31, 2015, unchanged from the end of 2014.

Over the past year, the Fund's Series A units lost 1.1%, which underperformed the 1.1% rise in the benchmark. The broad-based index rose 0.5%. 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 any other series, which may vary because of differences in management fees and expenses.

In January 2015, monthly distributions by the Fund were increased to 2.70 cents per Series A unit. For the year, the Fund made total distributions of approximately 89 cents per Series A unit, consisting of 72 cents per unit of capital gains, 12 cents per unit of dividends, 5 cents per unit of interest. The annual payout included an additional year-end distribution.

The Fund invests in both fixed income and stocks. U.S. bonds produced mixed results in 2015. Early in the year, bonds were broadly higher as lacklustre economic growth and inflation pushed yields lower. As the year progressed, however, fixed-income markets reversed on concern that a looming interest-rate increase by the U.S. Federal Reserve (the "Fed") would drive up yields, pushing up yields even on Treasuries and other high-quality fixed-income securities. Holding a lid on yields were declining commodity prices, fragile global economic growth and reduced investor appetite for riskier assets such as corporate bonds. In this environment, high-yield bonds were hurt the most.

The Fund's investments in higher-quality corporate bonds and U.S. government and conventional mortgage-backed securities added to relative returns. While high-yield bonds performed poorly in 2015, the Fund's preference for lower-risk securities in this area helped to lower the impact on the Fund's returns. The Fund's emerging market debt securities had a modest negative impact on performance.

The S&P 500 Index struggled to make headway during 2015, finishing up slightly. This weak performance was driven by slowing growth in China and other emerging-market economies, falling commodity prices and a strong U.S. dollar, which combined to pressure corporate earnings.

The Consumer Staples, Financials and Materials sectors were the best performing in the Fund during 2015, with notable help from the Industrials sector, which moved higher as General Electric completed the disposal of most of its financial-services business, and the stock increasingly reflected an improving outlook for the company's defence unit. Performance was hurt by the Fund's position in the Information Technology sector, where a drop in demand for personal computers hurt financial results, particularly at Seagate Technology. The Fund's overweight position in the pharmaceuticals companies Merck & Co. and AbbVie also hurt returns as investors shunned companies that lacked faster earnings growth and were less likely to attract takeover offers.

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

The risks of investing in corporate bonds have increased mainly due to uncertainty around uneven global economic growth, weak commodity prices and evolving Fed monetary policy. High-yield bonds have been hit hard due to a general decline in corporate balance sheets and the rate of profit growth, low commodity prices and difficulty of effecting trades without causing big changes in bond prices, known as "liquidity."

U.S. interest rates may begin to rise, which would result in low returns or even losses on bonds. The Fund continues to favour investment-grade, high-yield and emerging-market bonds over government and mortgage-backed securities to enhance the yield of the Fund.



The stock market is priced as if we are in a more difficult stage in the economic cycle, in the portfolio manager's opinion. Recent economic data suggests the global economy is weakening, led by the emerging markets. As long as the U.S. dollar remains strong and commodity prices fail to stabilize or recover, earnings will likely struggle to meet expectations in 2016. The Fund has been positioned to perform better in a period of slowing economic growth, with increased exposure to companies in the Consumer Staples and Health Care sectors. Meanwhile, the portfolio manager has decreased exposure to some areas of the Materials and Industrials sectors.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 \$91,000 (2014 – \$31,000) or 10% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	10.74	0.34	(0.19)	0.07	(0.36)	(0.14)	(0.05)	(0.12)	(0.72)	—	(0.89)	9.73
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
Advisor Series												
Dec. 31, 2015	10.84	0.34	(0.18)	0.07	(0.37)	(0.14)	(0.05)	(0.12)	(0.72)	—	(0.89)	9.83
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
Series H												
Dec. 31, 2015	10.78	0.34	(0.17)	0.07	(0.36)	(0.12)	(0.05)	(0.12)	(0.76)	—	(0.93)	9.74
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, 2015	11.42	0.36	(0.12)	0.08	(0.39)	(0.07)	(0.06)	(0.12)	(0.76)	—	(0.94)	10.42
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
Series F												
Dec. 31, 2015	11.04	0.35	(0.10)	0.08	(0.37)	(0.04)	(0.05)	(0.12)	(0.74)	—	(0.91)	10.10
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



FINANCIAL HIGHLIGHTS (in USD) (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, 2015	11.07	0.35	(0.08)	0.08	(0.37)	(0.02)	(0.05)	(0.12)	(0.75)	—	(0.92)	10.14
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.

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, 2015	9.73	937 138	96 311	1.76	1.76	111.43	0.08
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
Advisor Series							
Dec. 31, 2015	9.83	63 222	6 434	1.73	1.73	111.43	0.08
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
Series H							
Dec. 31, 2015	9.74	26 863	2 758	1.56	1.56	111.43	0.08
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, 2015	10.42	33 007	3 168	1.05	1.05	111.43	0.08
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
Series F							
Dec. 31, 2015	10.10	33 163	3 283	0.88	0.88	111.43	0.08
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



FINANCIAL HIGHLIGHTS (in USD) (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, 2015	10.14	51 774	5 107	0.70	0.70	111.43	0.08
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.

Management Fees

RBC GAM is the manager, trustee and portfolio manager 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.

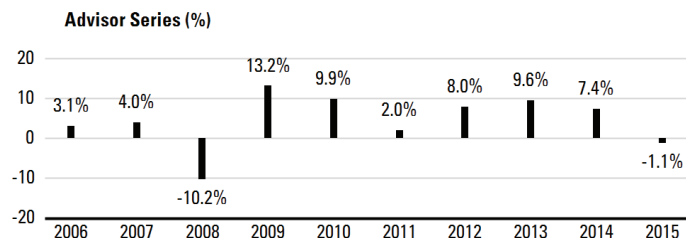
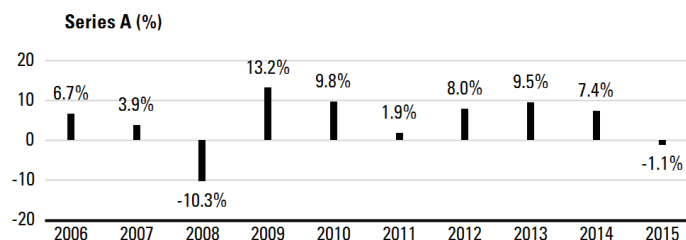


PAST PERFORMANCE (in USD)

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 (%)

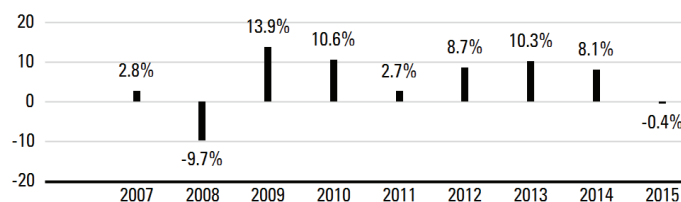
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



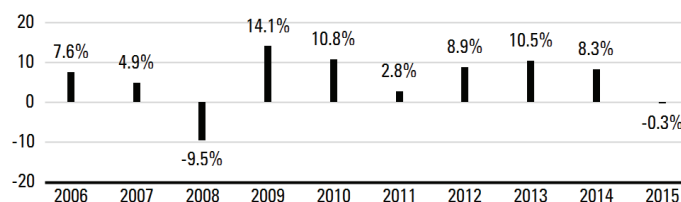
Series H (%)



Series D (%)



Series F (%)



Series I (%)





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, 2015, 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	-1.1	5.2	5.1	4.7	—
Benchmark	1.1	6.9	7.1	5.9	—
Broad-based index	0.5	1.4	3.2	4.5	—
Advisor Series	-1.1	5.2	5.1	—	4.7
Benchmark	1.1	6.9	7.1	—	6.0
Broad-based index	0.5	1.4	3.2	—	4.6
Series H	-0.9	—	—	—	4.6
Benchmark	1.1	—	—	—	6.9
Broad-based index	0.5	—	—	—	3.1
Series D	-0.4	5.9	5.8	—	5.3
Benchmark	1.1	6.9	7.1	—	5.7
Broad-based index	0.5	1.4	3.2	—	4.6
Series F	-0.3	6.1	6.0	5.6	—
Benchmark	1.1	6.9	7.1	5.9	—
Broad-based index	0.5	1.4	3.2	4.5	—
Series I	-0.1	—	—	—	5.6
Benchmark	1.1	—	—	—	6.9
Broad-based index	0.5	—	—	—	3.1

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.

Series H and Series I units have been available for sale to unitholders since August 12, 2013, Series D units since July 3, 2007, and Advisor Series units since August 28, 2006.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Equities	46.1
Bonds	33.4
Mortgage-Backed Securities	19.1
Cash/Other	1.4

Top 25 Holdings

	% of Net Asset Value
RBC Emerging Markets Bond Fund	3.5
United States Treasury 1.125% Apr 30 20	2.7
Microsoft Corp.	1.9
Altria Group Inc.	1.8
United States Treasury 1.000% Sep 30 19	1.6
Freddie Mac Gold Pool 4.000% Jun 1 44	1.6
General Electric Company	1.6
Johnson & Johnson	1.5
Apple Inc.	1.5
Pfizer Inc.	1.5
JPMorgan Chase & Co.	1.5
Wells Fargo & Company	1.5
PepsiCo Inc.	1.5
United States Treasury 2.250% Nov 15 24	1.4
CVS Health Corp.	1.3
Cisco Systems Inc.	1.3
Intel Corp.	1.3
Fannie Mae Pool 4.000% Sep 1 40	1.1
AT&T Inc.	1.1
UnitedHealth Group Incorporated	1.1
Target Corporation	1.1
Cash & Cash Equivalents	1.0
Fannie Mae Pool 4.000% Jan 1 42	1.0
The Coca-Cola Co.	1.0
Freddie Mac Gold Pool 3.000% May 1 45	1.0
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.

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



BALANCED FUND

RBC BALANCED FUND

December 31, 2015

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 4, 2016.

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/reports 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 \$6.1 billion as of December 31, 2015, from \$6.9 billion at the end of 2014. The decrease was due to net redemptions.

Over the past year, the Fund's Series A units gained 0.8%, which underperformed the 1.9% rise in the benchmark. The broad-based index rose 3.5%. 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 any other series, which may vary because of differences in management fees and expenses.

In 2015, the global economy was characterized by faster U.S. economic growth, contrasted with slower expansions in most of Europe, Japan and emerging markets. As a result, the U.S. Federal Reserve (the "Fed") raised its benchmark interest rate in December for the first time in almost a decade, while central banks in the Eurozone and Japan extended the use of large-scale bond purchases in an effort to boost economic growth, and China took significant

steps to loosen monetary policy. Economic weakness extended to emerging markets dependent on commodity exports, including Russia and Brazil, while Canada's economy, itself highly reliant on oil, stumbled as the year wore on. The Bank of Canada lowered interest rates twice to avert a more severe slowdown.

The Fund's overweight position in equities and underweight position in fixed income were negative for performance. Bonds issued by governments in the U.S., Japan and Western Europe posted modest returns in 2015 as investors weighed the impact of stronger economic growth, which generally boosts fixed-income yields, against massive central-bank bond purchases, which tend to push yields down. Returns on non-government bonds declined for the first time since 2011. Concern mounted that issuers were using debt to finance transactions such as stock buybacks rather than investing in products and services that generate revenues to service debt. Canadian federal-government bonds outperformed U.S. treasuries as weak Canadian growth pulled down domestic yields. The Fund's significant exposure to provincial bonds was positive for performance. However, an overweight allocation to corporate bonds had a negative impact on returns, as non-government bonds underperformed during the year.

Global equity markets were driven by concerns including the timing of the first rate rise by the Fed, extraordinarily loose monetary policies and political conflict in Europe, as well as China coming to terms with slowing growth and its transition to a service economy. In addition, broad strength in the U.S. dollar, continued commodity-price weakness and a resurgence of Middle East geopolitical concerns that triggered a wave of migration into Europe resulted in higher equity-market volatility. Against this backdrop, market returns were somewhat muted. In the equity portion of the Fund, exposure to Europe and the Pacific Rim had a positive impact on returns. Security selection in Canadian equities contributed positively to the Fund's performance, offset somewhat by the negative impact of security selection in U.S. equities.

Recent Developments

While the portfolio manager recognizes both the erosion in fundamentals and increase in risks since early 2015, the portfolio manager continues to believe 2016 will see mild but sustained growth in GDP globally, the beginning of a recovery in inflation and enough strength in corporate profits to support modest returns from equities. Key indications of this progress – or lack thereof – will come from credit spreads, earnings, stock-market breadth and leading economic indicators as 2016 unfolds. The portfolio manager will continue to closely monitor these signals. For now, the Fund remains underweight bonds and overweight stocks.



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 Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 \$292,000 (2014 – \$337,000) or 9% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	13.46	0.41	(0.30)	0.53	(0.50)	0.14	—	(0.12)	(0.27)	—	(0.39)	13.18
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
Advisor Series												
Dec. 31, 2015	13.60	0.41	(0.30)	0.54	(0.51)	0.14	—	(0.12)	(0.27)	—	(0.39)	13.31
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
Series T5												
Dec. 31, 2015	12.93	0.39	(0.27)	0.50	(0.48)	0.14	—	(0.11)	(0.29)	(0.25)	(0.65)	12.40
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, 2015	9.10	0.27	(0.19)	0.35	(0.33)	0.10	—	(0.08)	(0.17)	(0.48)	(0.73)	8.46
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
Series D												
Dec. 31, 2015	13.99	0.42	(0.19)	0.55	(0.52)	0.26	—	(0.24)	(0.28)	—	(0.52)	13.70
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



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 F												
Dec. 31, 2015	14.78	0.45	(0.16)	0.58	(0.55)	0.32	—	(0.30)	(0.29)	—	(0.59)	14.47
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
Series I												
Dec. 31, 2015	15.31	0.46	(0.06)	0.61	(0.57)	0.44	—	(0.41)	(0.30)	—	(0.71)	14.99
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
Series O												
Dec. 31, 2015	14.91	0.45	—	0.59	(0.56)	0.48	—	(0.46)	(0.30)	—	(0.76)	14.59
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

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, 2015	13.18	5 717 850	433 974	2.16	2.16	42.78	0.06
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
Advisor Series							
Dec. 31, 2015	13.31	17 719	1 331	2.18	2.18	42.78	0.06
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
Series T5							
Dec. 31, 2015	12.40	837	67	2.14	2.14	42.78	0.06
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



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, 2015	8.46	2 884	341	2.15	2.15	42.78	0.06
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
Series D							
Dec. 31, 2015	13.70	111 999	8 176	1.33	1.33	42.78	0.06
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
Series F							
Dec. 31, 2015	14.47	23 676	1 637	1.06	1.06	42.78	0.06
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
Series I							
Dec. 31, 2015	14.99	218 208	14 554	0.43	0.43	42.78	0.06
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
Series O							
Dec. 31, 2015	14.59	51 433	3 525	0.04	0.04	42.78	0.06
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

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 manager 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%	50%	50%
Advisor Series	1.85%	50%	50%
Series T5	1.85%	50%	50%
Series T8	1.85%	50%	50%
Series D	1.10%	20%	80%
Series F	0.85%	—	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.

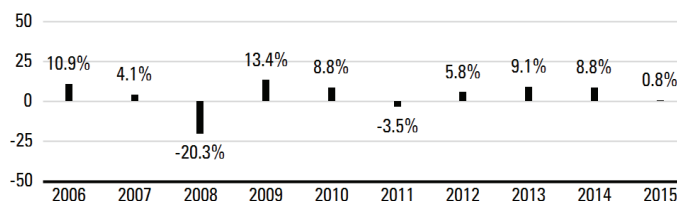
PAST PERFORMANCE

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.

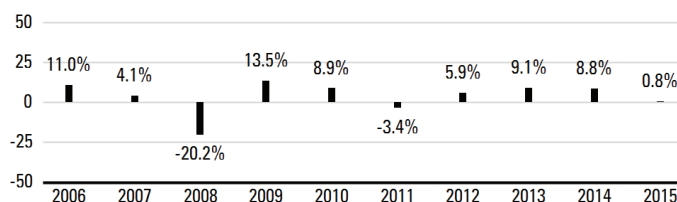
Year-by-Year Returns (%)

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.

Series A (%)



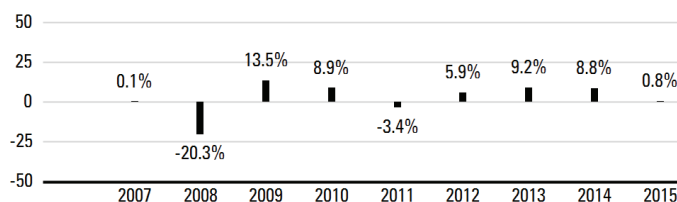
Advisor Series (%)



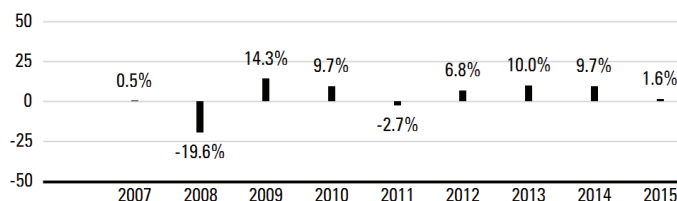
Series T5 (%)



Series T8 (%)

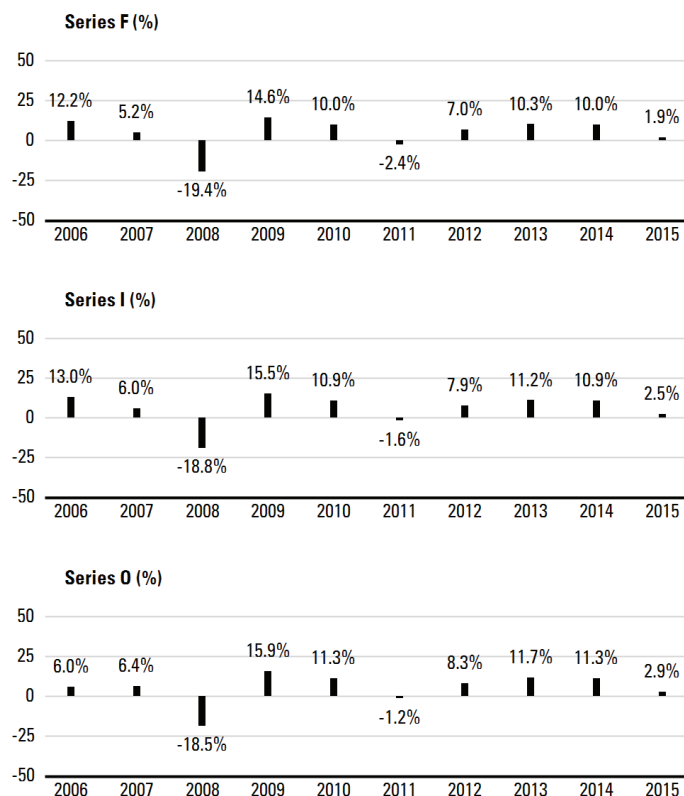


Series D (%)





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, 2015, compared with the following benchmarks:

The blended benchmark (the "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 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	0.8	6.1	4.1	3.3	—
Benchmark	1.9	7.4	5.9	5.5	—
Broad-based index	3.5	3.6	4.8	5.0	—
Advisor Series	0.8	6.1	4.1	3.4	—
Benchmark	1.9	7.4	5.9	5.5	—
Broad-based index	3.5	3.6	4.8	5.0	—
Series T5	0.8	6.2	—	—	6.1
Benchmark	1.9	7.4	—	—	7.3
Broad-based index	3.5	3.6	—	—	3.4
Series T8	0.8	6.2	4.1	—	2.3
Benchmark	1.9	7.4	5.9	—	4.8
Broad-based index	3.5	3.6	4.8	—	5.6
Series D	1.6	7.0	5.0	—	3.1
Benchmark	1.9	7.4	5.9	—	4.8
Broad-based index	3.5	3.6	4.8	—	5.6
Series F	1.9	7.3	5.3	4.5	—
Benchmark	1.9	7.4	5.9	5.5	—
Broad-based index	3.5	3.6	4.8	5.0	—
Series I	2.5	8.1	6.1	5.3	—
Benchmark	1.9	7.4	5.9	5.5	—
Broad-based index	3.5	3.6	4.8	5.0	—
Series O	2.9	8.6	6.5	—	5.3
Benchmark	1.9	7.4	5.9	—	5.4
Broad-based index	3.5	3.6	4.8	—	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.

Series T5 units have been available for sale to unitholders since September 24, 2012, Series T8 and Series D units since July 3, 2007, and Series O units since September 5, 2006.

Inception dates are not provided for series that have been in existence for more than 10 years.

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.

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, 2015

Investment Mix

	% of Net Asset Value
Canadian Bonds	35.4
Canadian Equities	32.3
International Equities	11.2
United States Equities	10.0
Investment Funds	7.5
Foreign Bonds	1.5
Cash/Other	2.1

Top 25 Holdings

	% of Net Asset Value
RBC Emerging Markets Equity Fund	4.4
Royal Bank of Canada	2.5
Toronto-Dominion Bank	2.4
Bank of Nova Scotia	1.6
Suncor Energy Inc.	1.6
RBC Canadian Small & Mid-Cap Resources Fund	1.4
Province of Ontario 4.650% Jun 2 41	1.3
Province of Ontario 2.850% Jun 2 23	1.3
Province of Ontario 3.150% Jun 2 22	1.2
Canadian National Railway Co.	1.2
Bank of Montreal	1.1
Brookfield Asset Management Inc., Class A	1.1
Province of Ontario 4.600% Jun 2 39	1.0
Manulife Financial Corporation	1.0
Province of Manitoba 6.500% Sep 22 17	1.0
Province of Ontario 2.100% Sep 8 18	0.9
Canadian Natural Resources Ltd.	0.9
Canada Housing Trust No. 1 3.350% Dec 15 20	0.9
Enbridge Inc.	0.9
Hydro-Quebec 6.500% Feb 15 35	0.8
Province of Ontario 2.600% Jun 2 25	0.8
Province of Ontario 4.700% Jun 2 37	0.8
Canadian Imperial Bank of Commerce	0.8
Province of Ontario 3.450% Jun 2 45	0.8
Province of Quebec 3.000% Sep 1 23	0.8
Top 25 Holdings	32.5

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.



BALANCED FUND

RBC GLOBAL BALANCED FUND

December 31, 2015

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 4, 2016.

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/reports 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 \$746 million as of December 31, 2015, from \$772 million at the end of 2014. The decrease was due to \$59 million of net redemptions, partially offset by \$32 million of investment returns.

Over the past year, the Fund's Series A units gained 4.1%, which underperformed the 6.3% rise in the benchmark. The broad-based index fell 8.3%. 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 any other series, which may vary because of differences in management fees and expenses.

In 2015 two measures defined returns for Canadians invested in balanced funds – the domestic stock market and the impact of a falling Canadian dollar. The Canadian stock-market benchmark declined significantly during the year, while U.S. and global stocks performed better. However, the rise in most global currencies versus the Canadian dollar boosted returns for Canadian investors. The Canadian dollar fell between 8% and 20% versus major global currencies, the result being that returns from a diversified stock portfolio were flat in Canada.

A number of factors led to weak stock markets. Most important were apprehension ahead of the U.S. Federal Reserve's (the "Fed") first increase in interest rates in a decade, and a continued sell-off in commodities and the related weakness in credit markets.

With respect to global bonds, yields on most sovereign 10-year securities reached new lows early in 2015 with the key exception of U.S. Treasuries. For the rest of the year, sovereign yields moved sideways. A sluggish global economy and concern about disinflation linked to falling commodity prices helped hold down yields. Corporate bond yields rose, however, leading to declines in prices, and the net result was a flattish year for fixed-income investors as well.

The Fund continued to carry an overweight position in stocks and an underweight position in bonds, with a few short-term moves adding modestly to returns. The Fund also continued to hedge most of its currency exposure in fixed-income and a portion of its currency exposure from equity positions. The hedges cost the Fund about one-quarter of the foreign-exchange gains from non-Canadian stocks.

The Fund's relative performance was helped by the outperformance of Canadian and international stocks in the portfolio.

Recent Developments

Central banks in Europe and Japan will continue to support their bond markets well into 2016, in the view of the portfolio manager, and the Fed has emphasized that the pace of subsequent rate increases will be slow. Therefore, substantial increases in interest rates are unlikely, in the view of the portfolio manager. Relatively low interest rates should provide support for stock markets, but the earnings gains will require help from revenue growth. A halt to the steep drop in commodities prices, which are proxies for the pace of global economic growth, would likely lead to better equity returns, especially in Canada.

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 Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 \$39,000 (2014 – \$60,000) or 7% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	15.21	0.39	(0.35)	0.79	(0.19)	0.64	—	—	—	—	—	15.83
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
Advisor Series												
Dec. 31, 2015	15.34	0.39	(0.34)	0.80	(0.19)	0.66	—	—	—	—	—	15.97
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
Series T5												
Dec. 31, 2015	13.63	0.34	(0.30)	0.70	(0.16)	0.58	—	—	—	(0.68)	(0.68)	13.51
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, 2015	9.09	0.22	(0.19)	0.46	(0.11)	0.38	—	—	—	(0.73)	(0.73)	8.74
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
Series D												
Dec. 31, 2015	16.17	0.41	(0.22)	0.85	(0.20)	0.84	—	—	—	—	—	16.98
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



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, 2015	17.31	0.44	(0.19)	0.91	(0.21)	0.95	—	—	—	—	—	18.23
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
Series O												
Dec. 31, 2015	17.57	0.45	—	0.93	(0.22)	1.16	—	—	—	—	—	18.69
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

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, 2015	15.83	701 620	44 317	2.21	2.21	91.51	0.08
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
Advisor Series							
Dec. 31, 2015	15.97	7 619	477	2.17	2.17	91.51	0.08
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
Series T5							
Dec. 31, 2015	13.51	87	6	2.21	2.21	91.51	0.08
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, 2015	8.74	3 108	356	2.17	2.17	91.51	0.08
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



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, 2015	16.98	15 962	940	1.33	1.33	91.51	0.08
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
Series F							
Dec. 31, 2015	18.23	3 158	173	1.06	1.06	91.51	0.08
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
Series O							
Dec. 31, 2015	18.69	14 098	754	0.04	0.04	91.51	0.08
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

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 manager 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%	50%	50%
Advisor Series	1.85%	50%	50%
Series T5	1.85%	50%	50%
Series T8	1.85%	50%	50%
Series D	1.10%	20%	80%
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.

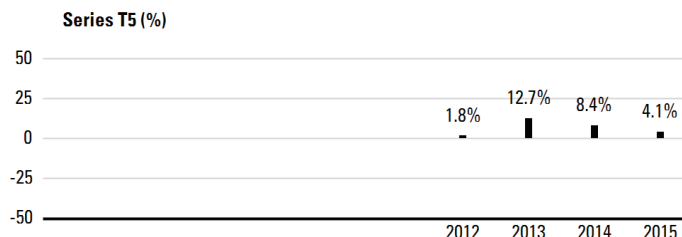
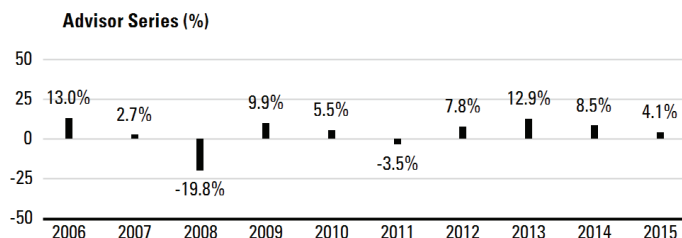
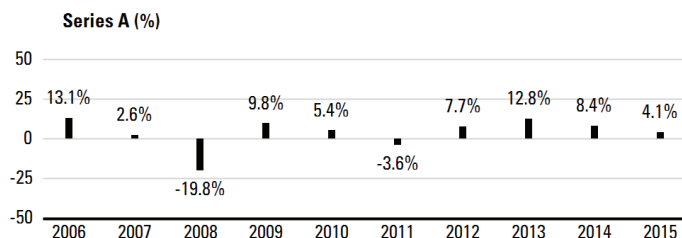


PAST PERFORMANCE

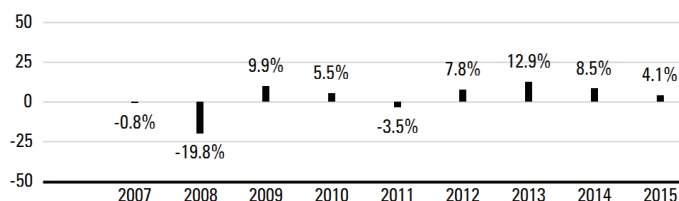
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional 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 (%)

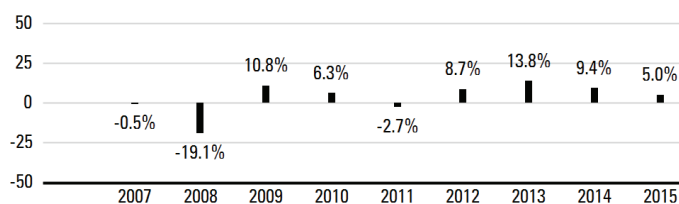
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



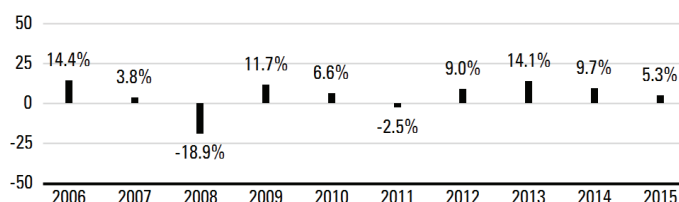
Series T8 (%)



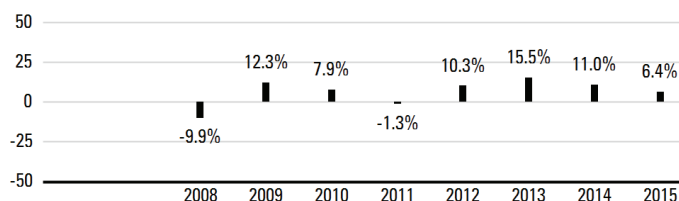
Series D (%)



Series F (%)



Series O (%)





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, 2015, compared with the following benchmarks:

The blended benchmark (the "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 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	4.1	8.4	5.7	3.6	—
Benchmark	6.3	10.2	8.0	6.0	—
Broad-based index	-8.3	4.6	2.3	4.4	—
Advisor Series	4.1	8.5	5.8	3.7	—
Benchmark	6.3	10.2	8.0	6.0	—
Broad-based index	-8.3	4.6	2.3	4.4	—
Series T5	4.1	8.4	—	—	8.2
Benchmark	6.3	10.2	—	—	10.0
Broad-based index	-8.3	4.6	—	—	4.8
Series T8	4.1	8.4	5.8	—	2.4
Benchmark	6.3	10.2	8.0	—	5.6
Broad-based index	-8.3	4.6	2.3	—	2.2
Series D	5.0	9.3	6.7	—	3.2
Benchmark	6.3	10.2	8.0	—	5.6
Broad-based index	-8.3	4.6	2.3	—	2.2
Series F	5.3	9.7	7.0	4.9	—
Benchmark	6.3	10.2	8.0	6.0	—
Broad-based index	-8.3	4.6	2.3	4.4	—
Series O	6.4	10.9	8.2	—	6.9
Benchmark	6.3	10.2	8.0	—	7.8
Broad-based index	-8.3	4.6	2.3	—	4.5

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.

Series T5 units have been available for sale to unitholders since September 24, 2012, Series O units since September 22, 2008, and Series T8 and Series D units since July 3, 2007.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Foreign Bonds	21.3
United States Equities	18.9
Canadian Equities	18.1
International Equities	15.8
Canadian Bonds	15.6
Investment Funds	7.8
Cash/Other	2.5

Top 25 Holdings

	% of Net Asset Value
RBC Emerging Markets Equity Fund	4.2
Province of Ontario USD 1.100% Oct 25 17	1.8
Cash & Cash Equivalents	1.5
Japan Government Twenty Year JPY 1.300% Jun 20 35	1.4
Royal Bank of Canada	1.4
Toronto-Dominion Bank	1.4
Buoni Poliennali Del Tesoro EUR 0.300% Oct 15 18	1.3
United States Treasury 1.500% Jan 31 22	1.1
Bundesrepublik Deutschland EUR 0.500% Feb 15 25	1.1
RBC Canadian Small & Mid-Cap Resources Fund	1.0
United States Treasury 2.500% Feb 15 45	0.9
Japan Government Ten Year JPY 0.300% Dec 20 24	0.9
Province of Ontario 3.150% Jun 2 22	0.9
United States Treasury 1.750% May 15 23	0.9
RBC U.S. Mid-Cap Equity Fund	0.9
United States Treasury 1.000% Sep 30 19	0.9
RBC U.S. Mid-Cap Value Equity Fund	0.9
Bank of Nova Scotia	0.9
Canadian National Railway Co.	0.8
Spain Government EUR 2.750% Apr 30 19	0.8
Suncor Energy Inc.	0.8
Microsoft Corp.	0.8
Province of Ontario 4.700% Jun 2 37	0.7
DEPFA ACS Bank JPY 1.650% Dec 20 16	0.7
Alphabet Inc., Class A	0.7
Top 25 Holdings	28.7

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.

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



BALANCED FUND

RBC JANTZI BALANCED FUND

December 31, 2015

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 4, 2016.

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/reports 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 \$98 million as of December 31, 2015, from \$74 million at the end of 2014. Most of the change was due to net inflows.

Over the past year, the Fund's Series A units gained 4.6%, which underperformed the 6.6% rise in the benchmark. The broad-based index declined 8.3%. 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 any other series, which may vary because of differences in management fees and expenses.

In 2015 two measures defined returns for Canadians invested in balanced funds – the domestic stock market and the impact of a falling Canadian dollar. The Canadian stock-market benchmark declined significantly during the year, while U.S. and global stocks performed better. However, the rise in most global currencies versus the Canadian dollar boosted returns for Canadian investors. The Canadian dollar fell between 8% and 20% versus major global currencies, the result being that returns from a diversified stock portfolio were flat in Canada.

A number of factors led to weak stock markets. Most important were apprehension ahead of the U.S. Federal Reserve's (the “Fed”) first increase in interest rates in a decade, and a continued sell-off in commodities and the related weakness in credit markets.

With respect to global bonds, yields on most sovereign 10-year securities reached new lows early in 2015 with the key exception of U.S. Treasuries. For the rest of the year, sovereign yields moved sideways. A sluggish global economy and concern about disinflation linked to falling commodity prices helped hold down yields. Corporate bond yields rose, however, leading to declines in prices, and the net result was a flattish year for fixed-income investors as well.

The Fund continued to carry an overweight position in stocks and an underweight position in bonds, with a few short-term moves adding modestly to returns. The Fund also continued to hedge most of its currency exposure in fixed-income and a portion of its currency exposure from equity positions. The hedges cost the Fund about one-quarter of the foreign-exchange gains from non-Canadian stocks.

The Fund's relative performance was helped by the outperformance of Canadian and international stocks in the portfolio.

Sustainalytics conducted two reviews of the Fund's holdings in 2015. 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, eight 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

Central banks in Europe and Japan will continue to support their bond markets well into 2016, in the view of the portfolio manager, and the Fed has emphasized that the pace of subsequent rate increases will be slow. Therefore, substantial increases in interest rates are unlikely, in the view of the portfolio manager. Relatively low interest rates should provide support for stock markets, but the earnings gains will require help from revenue growth. A halt to the steep drop in commodities prices, which are proxies for the pace of global economic growth, would likely lead to better equity returns, especially in Canada.

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.

™ Best-of-Sector is a trademark of Sustainalytics. Used under licence.



Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 \$10,000 (2014 – \$6,000) or 10% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	11.17	0.28	(0.26)	0.42	(0.01)	0.43	—	(0.02)	(0.47)	—	(0.49)	11.19
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
Advisor Series												
Dec. 31, 2015	11.21	0.28	(0.25)	0.42	(0.01)	0.44	—	(0.02)	(0.47)	—	(0.49)	11.25
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
Series D												
Dec. 31, 2015	11.59	0.29	(0.16)	0.44	(0.01)	0.56	—	(0.04)	(0.50)	—	(0.54)	11.69
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
Series F												
Dec. 31, 2015	11.67	0.29	(0.13)	0.44	(0.01)	0.59	—	(0.05)	(0.50)	—	(0.55)	11.80
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
Series I												
Dec. 31, 2015	11.79	0.30	(0.10)	0.45	(0.01)	0.64	—	(0.05)	(0.51)	—	(0.56)	11.95
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

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, 2015	11.19	86 550	7 732	2.21	2.21	267.38	0.12
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
Advisor Series							
Dec. 31, 2015	11.25	5 113	455	2.15	2.15	267.38	0.12
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
Series D							
Dec. 31, 2015	11.69	3 159	270	1.33	1.33	267.38	0.12
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
Series F							
Dec. 31, 2015	11.80	2 308	196	1.07	1.07	267.38	0.12
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
Series I							
Dec. 31, 2015	11.95	657	55	0.79	0.79	267.38	0.12
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

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 manager 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%	50%	50%
Advisor Series	1.85%	50%	50%
Series D	1.10%	20%	80%
Series F	0.85%	—	100%
Series I	0.70%	—	100%

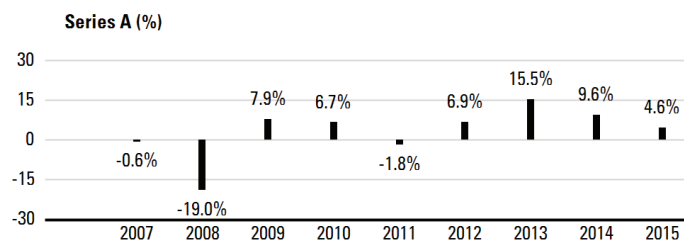
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

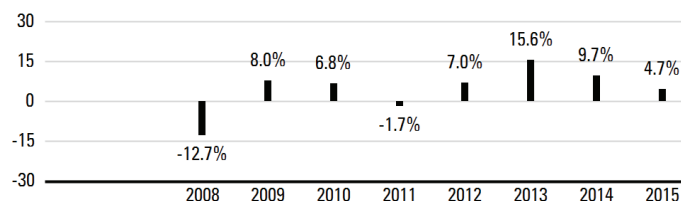
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional 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 (%)

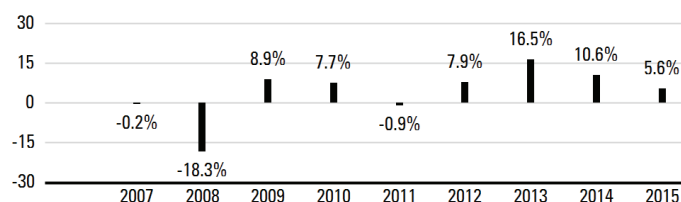
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



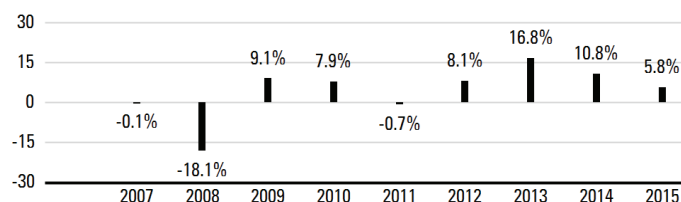
Advisor Series (%)



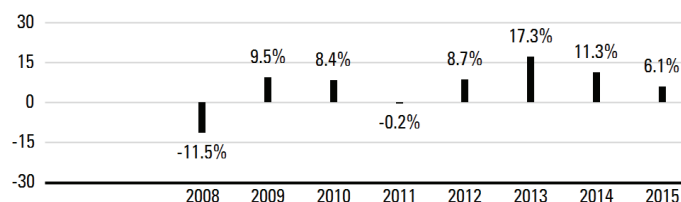
Series D (%)



Series F (%)



Series I (%)





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, 2015, 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	4.6	9.8	6.8	—	3.0
Benchmark	6.6	10.6	8.3	—	5.6
Broad-based index	-8.3	4.6	2.3	—	2.2
Advisor Series	4.7	9.9	6.9	—	4.4
Benchmark	6.6	10.6	8.3	—	6.3
Broad-based index	-8.3	4.6	2.3	—	2.9
Series D	5.6	10.8	7.8	—	3.9
Benchmark	6.6	10.6	8.3	—	5.6
Broad-based index	-8.3	4.6	2.3	—	2.2
Series F	5.8	11.1	8.0	—	4.2
Benchmark	6.6	10.6	8.3	—	5.6
Broad-based index	-8.3	4.6	2.3	—	2.2
Series I	6.1	11.5	8.5	—	5.9
Benchmark	6.6	10.6	8.3	—	6.3
Broad-based index	-8.3	4.6	2.3	—	2.9

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.

Advisor Series and Series I units have been available for sale to unitholders since January 21, 2008, and Series A, Series D and Series F units since July 3, 2007.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Foreign Bonds	23.0
United States Equities	21.3
International Equities	20.6
Canadian Equities	19.7
Canadian Bonds	13.7
Cash/Other	1.7

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	2.6
United States Treasury 1.000% Sep 30 19	2.1
United States Treasury 2.000% Feb 15 25	1.6
Royal Bank of Canada	1.4
United States Treasury 1.500% Jan 31 22	1.3
Toronto-Dominion Bank	1.3
United States Treasury 0.875% Jan 31 17	1.1
France O.A.T. EUR 2.250% May 25 24	1.0
Canadian National Railway Co.	1.0
United States Treasury 0.750% Jun 30 17	0.9
Bank of Nova Scotia	0.9
Japan Government Ten Year JPY 1.000% Sep 20 20	0.9
Novo Nordisk A/S	0.9
Christian Hansen Holding A/S	0.8
Buoni Poliennali Del Tesoro EUR 0.300% Oct 15 18	0.8
Japan Government Twenty Year JPY 1.200% Mar 20 35	0.8
InBev N.V.	0.8
Apple Inc.	0.8
Roche Holdings AG Genusscheine	0.8
Paddy Power Plc.	0.7
Bundesrepublik Deutschland EUR 0.500% Feb 15 25	0.7
United States Treasury 1.375% Sep 30 20	0.7
NiSource Inc.	0.7
BT Group Plc.	0.7
Bank of Montreal	0.7
Top 25 Holdings	26.0

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.



BALANCED FUND

**RBC CONSERVATIVE
GROWTH & INCOME FUND**

December 31, 2015

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 4, 2016.

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/reports 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.

To achieve the objective, the Fund invests primarily in a diversified portfolio of income-producing equity and fixed-income securities anywhere in the world, either directly or indirectly, through investments in other mutual funds managed by RBC GAM or an affiliate. The Fund may also invest in emerging-market equity securities and emerging-market government and corporate bonds.

The Fund's target weightings for each asset class are 80% for fixed-income and 20% 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 was launched on January 26, 2015, and its net asset value was \$66 million as of December 31, 2015. Investment performance is not provided for a fund that has been available for less than one year.

Recent Developments

While the portfolio manager recognizes both the erosion in fundamentals and increase in risks since early 2015, the portfolio manager continues to believe 2016 will see mild but sustained growth in GDP globally, the beginning of a recovery in inflation and enough strength in corporate profits to support modest returns from equities. Key indications of this progress – or lack thereof – will come from credit spreads, earnings, stock-market breadth and leading economic indicators as 2016 unfolds. The portfolio manager will continue to closely monitor these signals. For now, the Fund remains underweight bonds and overweight stocks.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 and Series H 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.



The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	10.00	0.37	(0.15)	(0.08)	(0.42)	(0.28)	(0.14)	(0.05)	(0.09)	—	(0.28)	9.57
Dec. 31, 2014 ³	10.00 [†]	—	—	—	—	—	—	—	—	—	—	10.00
Advisor Series												
Dec. 31, 2015	10.00	0.36	(0.15)	(0.08)	(0.41)	(0.28)	(0.14)	(0.05)	(0.09)	—	(0.28)	9.57
Dec. 31, 2014 ³	10.00 [†]	—	—	—	—	—	—	—	—	—	—	10.00
Advisor T5 Series												
Dec. 31, 2015	10.00	0.36	(0.15)	(0.08)	(0.41)	(0.28)	(0.13)	(0.05)	(0.14)	(0.14)	(0.46)	9.39
Dec. 31, 2014 ³	10.00 [†]	—	—	—	—	—	—	—	—	—	—	10.00
Series T5												
Dec. 31, 2015	10.00	0.35	(0.15)	(0.07)	(0.40)	(0.27)	(0.12)	(0.03)	(0.13)	(0.18)	(0.46)	9.39
Dec. 31, 2014 ³	10.00 [†]	—	—	—	—	—	—	—	—	—	—	10.00
Series H												
Dec. 31, 2015	10.00	0.34	(0.14)	(0.07)	(0.38)	(0.25)	(0.15)	(0.04)	(0.10)	—	(0.29)	9.57
Dec. 31, 2014 ³	10.00 [†]	—	—	—	—	—	—	—	—	—	—	10.00
Series F												
Dec. 31, 2015	10.00	0.34	(0.08)	(0.07)	(0.39)	(0.20)	(0.20)	(0.06)	(0.10)	—	(0.36)	9.57
Dec. 31, 2014 ³	10.00 [†]	—	—	—	—	—	—	—	—	—	—	10.00
Series FT5												
Dec. 31, 2015	10.00	0.33	(0.08)	(0.07)	(0.38)	(0.20)	(0.11)	(0.03)	(0.34)	—	(0.48)	9.45
Dec. 31, 2014 ³	10.00 [†]	—	—	—	—	—	—	—	—	—	—	10.00
Series I												
Dec. 31, 2015	10.00	0.35	(0.07)	(0.07)	(0.40)	(0.19)	(0.21)	(0.06)	(0.10)	—	(0.37)	9.56
Dec. 31, 2014 ³	10.00 [†]	—	—	—	—	—	—	—	—	—	—	10.00
Series O												
Dec. 31, 2015	10.00	0.66	—	(0.14)	(0.76)	(0.24)	(0.25)	(0.08)	(0.11)	—	(0.44)	9.56
Dec. 31, 2014 ³	10.00 [†]	—	—	—	—	—	—	—	—	—	—	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 November 12, 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, 2015	9.57	30 139	3 151	1.68	1.69	51.34	0.06
Dec. 31, 2014 ⁴	10.00	1 000	100	1.73	1.73	—	—
Advisor Series							
Dec. 31, 2015	9.57	14 475	1 513	1.74	1.75	51.34	0.06
Dec. 31, 2014 ⁴	10.00	1 000	100	1.73	1.73	—	—
Advisor T5 Series							
Dec. 31, 2015	9.39	1 215	129	1.70	1.71	51.34	0.06
Dec. 31, 2014 ⁴	10.00	1 000	100	1.73	1.73	—	—
Series T5							
Dec. 31, 2015	9.39	816	87	1.75	1.76	51.34	0.06
Dec. 31, 2014 ⁴	10.00	1 000	100	1.73	1.73	—	—
Series H							
Dec. 31, 2015	9.57	4 373	457	1.58	1.59	51.34	0.06
Dec. 31, 2014 ⁴	10.00	1 000	100	1.62	1.62	—	—
Series F							
Dec. 31, 2015	9.57	10 234	1 070	0.89	0.90	51.34	0.06
Dec. 31, 2014 ⁴	10.00	1 000	100	0.89	0.89	—	—
Series FT5							
Dec. 31, 2015	9.45	2 310	245	0.90	0.90	51.34	0.06
Dec. 31, 2014 ⁴	10.00	1 000	100	0.89	0.89	—	—
Series I							
Dec. 31, 2015	9.56	2 622	274	0.78	0.79	51.34	0.06
Dec. 31, 2014 ⁴	10.00	1 000	100	0.77	0.77	—	—
Series O							
Dec. 31, 2015	9.56	128	13	0.07	0.07	51.34	0.06
Dec. 31, 2014 ⁴	10.00	142 000	14 200	0.06	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 November 12, 2014.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio manager of the Fund. Management fees paid by each series of the Fund are calculated at the applicable 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	1.40%	54%	46%
Advisor Series	1.40%	54%	46%
Advisor T5 Series	1.40%	54%	46%
Series T5	1.40%	54%	46%
Series H	1.30%	58%	42%
Series F	0.65%	—	100%
Series FT5	0.65%	—	100%
Series I	0.55%	—	100%

Series O – no management fees are paid by the Fund in respect of 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, Advisor T5 Series, Series T5, Series H, Series F, Series FT5, Series I and Series O units of this Fund were launched on January 26, 2015.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2015

Investment Mix

	% of Net Asset Value
Income Funds	73.7
Canadian Equity Funds	10.5
International Equity Funds	8.6
United States Equity Funds	7.0
Cash/Other	0.2

Top 25 Holdings*

	% of Net Asset Value
RBC Bond Fund	25.6
Phillips, Hager & North Total Return Bond Fund	25.6
RBC Canadian Equity Income Fund	10.5
RBC Global Corporate Bond Fund	8.9
RBC U.S. Dividend Fund	7.0
BlueBay Global Monthly Income Bond Fund	6.8
RBC Global High Yield Bond Fund	6.8
RBC European Dividend Fund	5.0
RBC Emerging Markets Dividend Fund	3.6
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.

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



BALANCED FUND

**RBC BALANCED
GROWTH & INCOME FUND**

December 31, 2015

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 4, 2016.

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/reports 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 \$1.0 billion as of December 31, 2015, from \$725 million at the end of 2014. The increase was due mainly to net inflows.

Over the past year, the Fund's Series A units gained 1.3%, which underperformed the 4.3% rise in the benchmark. The broad-based index rose 3.5%. 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 any other series, which may vary because of differences in management fees and expenses.

In 2015, the global economy was characterized by faster U.S. economic growth, contrasted with slower expansions in most of Europe, Japan and emerging markets. As a result, the U.S. Federal Reserve (the "Fed") raised its benchmark interest rate in December for the first time in almost a decade, while central banks in the Eurozone and Japan extended the use of large-scale bond purchases in an effort to boost economic growth, and China took significant steps to loosen monetary policy. Economic weakness extended to emerging markets dependent on commodity exports, including Russia and Brazil, while Canada's economy, itself highly reliant on oil, stumbled as the year wore on. The Bank of Canada lowered interest rates twice to avert a more severe slowdown.

The Fund's overweight position in equities and underweight position in fixed income were negative for performance. Bonds issued by governments in the U.S., Japan and Western Europe posted modest returns in 2015 as investors weighed the impact of stronger economic growth, which generally boosts fixed-income yields, against massive central-bank bond purchases, which tend to push yields down. Returns on non-government bonds declined for the first time since 2011. Concern mounted that issuers were using debt to finance transactions such as stock buybacks rather than investing in products and services that generate revenues to service debt. Canadian federal-government bonds outperformed U.S. treasuries as weak Canadian growth pulled down domestic yields. The Fund's fixed-income returns were negatively impacted by asset weighting and security selection.

Global equity markets were driven by concerns including the timing of the first rate rise by the Fed, extraordinarily loose monetary policies and political conflict in Europe, as well as China coming to terms with slowing growth and its transition to a service economy. In addition, broad strength in the U.S. dollar, continued commodity-price weakness and a resurgence of Middle East geopolitical concerns that triggered a wave of migration into Europe resulted in higher equity-market volatility. Against this backdrop, market returns were somewhat muted. Security selection in foreign equities contributed significantly to returns, offset somewhat by the negative impact of security selection in emerging-market and Canadian equities.

Recent Developments

While the portfolio manager recognizes both the erosion in fundamentals and increase in risks since early 2015, the portfolio manager continues to believe 2016 will see mild but sustained growth in GDP globally, the beginning of a recovery in inflation and enough strength in corporate profits to support modest returns from equities. Key indications of this progress – or lack thereof – will come from credit spreads, earnings, stock-market breadth and leading economic indicators as 2016 unfolds. The portfolio manager will continue to closely monitor these signals. For now, the Fund remains underweight bonds and overweight stocks.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 \$0 (2014 – \$42,000) or 0% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	11.30	0.41	(0.23)	0.22	(0.40)	—	(0.02)	(0.13)	(0.27)	—	(0.42)	11.02
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, 2015	11.30	0.41	(0.24)	0.22	(0.39)	—	(0.02)	(0.13)	(0.27)	—	(0.42)	11.03
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, 2015	11.04	0.41	(0.24)	0.22	(0.39)	—	(0.01)	(0.08)	(0.22)	(0.24)	(0.55)	10.64
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, 2015	11.03	0.39	(0.22)	0.21	(0.38)	—	(0.01)	(0.09)	(0.22)	(0.23)	(0.55)	10.64
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, 2015	11.31	0.41	(0.21)	0.22	(0.40)	0.02	(0.02)	(0.15)	(0.27)	—	(0.44)	11.03
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, 2015	11.33	0.41	(0.14)	0.22	(0.40)	0.09	(0.03)	(0.18)	(0.27)	—	(0.48)	11.08
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, 2015	11.36	0.41	(0.11)	0.22	(0.40)	0.12	(0.03)	(0.20)	(0.27)	—	(0.50)	11.12
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, 2015	11.19	0.39	(0.11)	0.21	(0.38)	0.11	(0.03)	(0.19)	(0.23)	(0.11)	(0.56)	10.91
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



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, 2015	11.36	0.41	(0.09)	0.22	(0.40)	0.14	(0.03)	(0.22)	(0.27)	—	(0.52)	11.13
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, 2015	10.97	0.38	—	0.20	(0.37)	0.21	(0.04)	(0.27)	(0.26)	—	(0.57)	10.76
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.

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, 2015	11.02	416 675	37 798	2.08	2.08	68.27	0.17
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, 2015	11.03	300 450	27 249	2.08	2.08	68.27	0.17
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, 2015	10.64	57 484	5 402	2.09	2.09	68.27	0.17
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, 2015	10.64	17 998	1 692	2.05	2.05	68.27	0.17
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, 2015	11.03	53 660	4 864	1.87	1.87	68.27	0.17
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, 2015	11.08	15 968	1 441	1.26	1.26	68.27	0.17
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, 2015	11.12	110 738	9 955	0.99	0.99	68.27	0.17
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



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, 2015	10.91	18 850	1 728	0.98	0.98	68.27	0.17
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, 2015	11.13	35 373	3 178	0.80	0.80	68.27	0.17
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, 2015	10.76	10 509	976	0.07	0.07	68.27	0.17
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.

Management Fees

RBC GAM is the manager, trustee and portfolio manager 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.

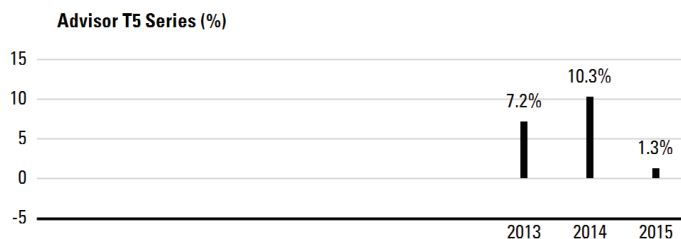


PAST PERFORMANCE

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.



Series T5 (%)



Series H (%)



Series D (%)



Series F (%)



Series FT5 (%)





PAST PERFORMANCE (cont.)

Series I (%)



Series O (%)



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, 2015, 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	1.3	—	—	—	7.8
Benchmark	4.3	—	—	—	10.0
Broad-based index	3.5	—	—	—	5.6
Advisor Series	1.3	—	—	—	7.8
Benchmark	4.3	—	—	—	10.0
Broad-based index	3.5	—	—	—	5.6
Advisor T5 Series	1.3	—	—	—	7.8
Benchmark	4.3	—	—	—	10.0
Broad-based index	3.5	—	—	—	5.6
Series T5	1.3	—	—	—	7.8
Benchmark	4.3	—	—	—	10.0
Broad-based index	3.5	—	—	—	5.6
Series H	1.5	—	—	—	8.0
Benchmark	4.3	—	—	—	10.0
Broad-based index	3.5	—	—	—	5.6
Series D	2.1	—	—	—	8.7
Benchmark	4.3	—	—	—	10.0
Broad-based index	3.5	—	—	—	5.6
Series F	2.4	—	—	—	9.0
Benchmark	4.3	—	—	—	10.0
Broad-based index	3.5	—	—	—	5.6
Series FT5	2.4	—	—	—	9.0
Benchmark	4.3	—	—	—	10.0
Broad-based index	3.5	—	—	—	5.6
Series I	2.6	—	—	—	9.2
Benchmark	4.3	—	—	—	10.0
Broad-based index	3.5	—	—	—	5.6
Series O	3.3	—	—	—	10.0
Benchmark	4.3	—	—	—	10.0
Broad-based index	3.5	—	—	—	5.6

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.

Series A, Advisor Series, Advisor T5 Series, Series T5, Series H, Series D, Series F, Series FT5, Series I and Series O units have been available for sale to unitholders since August 12, 2013.

Inception dates are not provided for series that have been in existence for more than 10 years.



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, 2015

Investment Mix

	% of Net Asset Value
Investment Funds	49.8
Canadian Equities	28.9
United States Equities	20.2
Cash/Other	1.1

Top 25 Holdings

	% of Net Asset Value
Phillips, Hager & North Total Return Bond Fund	11.5
RBC Emerging Markets Dividend Fund	9.9
RBC European Dividend Fund	8.8
RBC Global Corporate Bond Fund	7.8
BlueBay Global Monthly Income Bond Fund	5.9
RBC Global High Yield Bond Fund	5.9
Royal Bank of Canada	2.0
Bank of Nova Scotia	1.4
TransCanada Corp.	1.1
Cash & Cash Equivalents	1.0
Enbridge Inc.	1.0
Manulife Financial Corporation	0.9
Altria Group Inc.	0.8
Suncor Energy Inc.	0.8
Brookfield Asset Management Inc., Class A	0.8
Microsoft Corp.	0.7
Johnson & Johnson	0.7
PepsiCo Inc.	0.7
Apple Inc.	0.7
TELUS Corp.	0.7
JPMorgan Chase & Co.	0.6
Wells Fargo & Company	0.6
Pfizer Inc.	0.6
Toronto-Dominion Bank	0.6
Canadian Imperial Bank of Commerce	0.6
Top 25 Holdings	66.1

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.

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



PORTFOLIO SOLUTION

**RBC SELECT VERY
CONSERVATIVE PORTFOLIO**

December 31, 2015

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 4, 2016.

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/reports 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 \$10.0 billion as of December 31, 2015, from \$8.0 billion at the end of 2014. The increase was due mainly to net inflows.

Over the past year, the Fund's Series A units gained 2.8%, which underperformed the 3.9% rise in the benchmark. The broad-based index rose 3.5%. 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 any other series, which may vary because of differences in management fees and expenses.

In 2015, the global economy was characterized by faster U.S. economic growth, contrasted with slower expansions in most of Europe, Japan and emerging markets. As a result, the U.S. Federal Reserve (the "Fed") raised its benchmark interest rate in December for the first time in almost a decade, while central banks in the Eurozone and Japan extended the use of large-scale bond purchases in an effort to boost economic growth, and China took significant

steps to loosen monetary policy. Economic weakness extended to emerging markets dependent on commodity exports, including Russia and Brazil, while Canada's economy, itself highly reliant on oil, stumbled as the year wore on. The Bank of Canada lowered interest rates twice to avert a more severe slowdown.

The Fund's overweight position in equities and underweight position in fixed income were positive for performance. Bonds issued by governments in the U.S., Japan and Western Europe posted modest returns in 2015 as investors weighed the impact of stronger economic growth, which generally boosts fixed-income yields, against massive central-bank bond purchases, which tend to push yields down. Returns on non-government bonds declined for the first time since 2011. Concern mounted that issuers were using debt to finance transactions such as stock buybacks rather than investing in products and services that generate revenues to service debt. Canadian federal-government bonds outperformed U.S. treasuries as weak Canadian growth pulled down domestic yields. Fixed-income investments that had a positive impact on performance were the Phillips, Hager & North Bond Fund, the RBC Bond Fund and the Phillips, Hager & North Total Return Bond Fund.

Global equity markets were driven by concerns including the timing of the first rate rise by the Fed, extraordinarily loose monetary policies and political conflict in Europe, as well as China coming to terms with slowing growth and its transition to a service economy. In addition, broad strength in the U.S. dollar, continued commodity-price weakness and a resurgence of Middle East geopolitical concerns that triggered a wave of migration into Europe resulted in higher equity-market volatility. Against this backdrop, market returns were somewhat muted. The RBC European Equity Fund, the Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund and the RBC U.S. Equity Fund had a positive impact on returns. The RBC Canadian Dividend Fund negatively affected performance.

Recent Developments

While the portfolio manager recognizes both the erosion in fundamentals and increase in risks since early 2015, the portfolio manager continues to believe 2016 will see mild but sustained growth in GDP globally, the beginning of a recovery in inflation and enough strength in corporate profits to support modest returns from equities. Key indications of this progress – or lack thereof – will come from credit spreads, earnings, stock-market breadth and leading economic indicators as 2016 unfolds. The portfolio manager will continue to closely monitor these signals. For now, the Fund remains underweight bonds and overweight stocks.



Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	12.14	0.38	(0.21)	0.34	(0.22)	0.29	(0.10)	(0.06)	(0.27)	—	(0.43)	12.04
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
Advisor Series												
Dec. 31, 2015	12.20	0.38	(0.21)	0.34	(0.22)	0.29	(0.09)	(0.07)	(0.27)	—	(0.43)	12.10
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
Series T5												
Dec. 31, 2015	11.74	0.36	(0.19)	0.32	(0.20)	0.29	(0.09)	(0.08)	(0.29)	(0.13)	(0.59)	11.48
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, 2015	12.24	0.38	(0.09)	0.34	(0.22)	0.41	(0.16)	(0.12)	(0.29)	—	(0.57)	12.13
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
Series O												
Dec. 31, 2015	9.99	0.30	—	0.27	(0.17)	0.40	(0.18)	(0.13)	(0.22)	—	(0.53)	9.91
Dec. 31, 2014 ⁴	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, 2015	12.04	9 632 305	799 747	1.69	1.69	11.22	0.04
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
Advisor Series							
Dec. 31, 2015	12.10	70 223	5 803	1.73	1.73	11.22	0.04
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
Series T5							
Dec. 31, 2015	11.48	220 953	19 246	1.68	1.68	11.22	0.04
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, 2015	12.13	69 807	5 755	0.74	0.74	11.22	0.04
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
Series O							
Dec. 31, 2015	9.91	2 573	260	0.05	0.05	11.22	0.04
Dec. 31, 2014 ⁵	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 manager 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.

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, 2015.

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

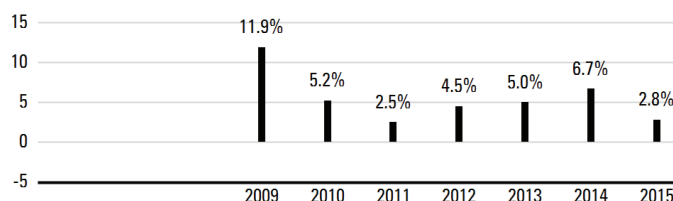
PAST PERFORMANCE

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.

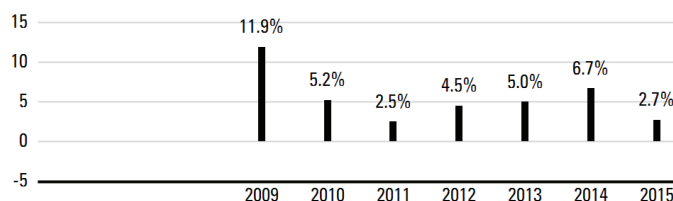
Year-by-Year Returns (%)

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.

Series A (%)



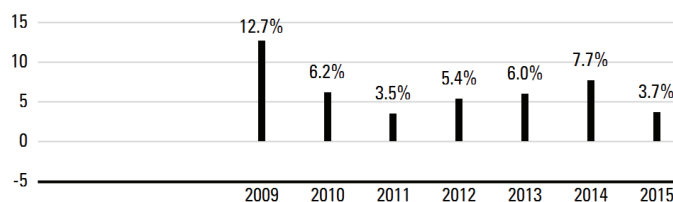
Advisor Series (%)



Series T5 (%)



Series F (%)



Series O (%)





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, 2015, 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	2.8	4.8	4.3	—	5.6
Benchmark	3.9	5.6	5.7	—	6.7
Broad-based index	3.5	3.6	4.8	—	5.1
Advisor Series	2.7	4.8	4.3	—	5.6
Benchmark	3.9	5.6	5.7	—	6.7
Broad-based index	3.5	3.6	4.8	—	5.1
Series T5	2.8	4.8	—	—	4.7
Benchmark	3.9	5.6	—	—	5.4
Broad-based index	3.5	3.6	—	—	3.4
Series F	3.7	5.8	5.3	—	6.6
Benchmark	3.9	5.6	5.7	—	6.7
Broad-based index	3.5	3.6	4.8	—	5.1
Series O	4.4	—	—	—	5.5
Benchmark	3.9	—	—	—	5.3
Broad-based index	3.5	—	—	—	5.0

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.

Series O units have been available for sale to unitholders since February 24, 2014, Series T5 units since September 24, 2012, and Series A, Advisor Series and Series F units since March 9, 2009.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Income Funds	70.6
Canadian Equity Funds	12.9
International Equity Funds	8.9
United States Equity Funds	6.5
Cash/Other	1.1

Top 25 Holdings*

	% of Net Asset Value
Phillips, Hager & North Bond Fund	15.5
RBC Bond Fund	9.7
RBC Global Bond Fund	9.6
Phillips, Hager & North Total Return Bond Fund	9.6
RBC Global Corporate Bond Fund	9.6
RBC Canadian Short-Term Income Fund	7.3
Phillips, Hager & North Short Term Bond & Mortgage Fund	7.2
RBC European Equity Fund	6.0
RBC Canadian Dividend Fund	6.0
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	5.5
RBC Private Canadian Equity Pool	2.3
Phillips, Hager & North Canadian Equity Underlying Fund II	2.1
RBC Global High Yield Bond Fund	1.9
Phillips, Hager & North Canadian Equity Underlying Fund	1.5
RBC Global Equity Fund	1.4
RBC QUBE Low Volatility U.S. Equity Fund	1.0
RBC QUBE Low Volatility Canadian Equity Fund	1.0
RBC Asia Pacific ex-Japan Equity Fund	0.9
Cash & Cash Equivalents	0.7
RBC Japanese Equity Fund	0.6
Mini MSCI EAFE Index Future, March 2016	0.3
The S&P 500 Mini Index Future, March 2016	0.2
The S&P/TSX 60 Index Future, March 2016	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 CONSERVATIVE PORTFOLIO

December 31, 2015

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 4, 2016.

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/reports 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 \$20.0 billion as of December 31, 2015, from \$16.8 billion at the end of 2014. The increase was due mainly to net inflows.

Over the past year, the Fund's Series A units gained 4.1%, which underperformed the 4.9% rise in the benchmark. The broad-based index rose 3.5%. 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 any other series, which may vary because of differences in management fees and expenses.

In 2015, the global economy was characterized by faster U.S. economic growth, contrasted with slower expansions in most of Europe, Japan and emerging markets. As a result, the U.S. Federal Reserve (the "Fed") raised its benchmark interest rate in December for the first time in almost a decade, while central banks in the Eurozone and Japan extended the use of large-scale bond purchases in an effort to boost economic growth, and China took significant

steps to loosen monetary policy. Economic weakness extended to emerging markets dependent on commodity exports, including Russia and Brazil, while Canada's economy, itself highly reliant on oil, stumbled as the year wore on. The Bank of Canada lowered interest rates twice to avert a more severe slowdown.

The Fund's overweight position in equities and underweight position in fixed income were positive for performance. Bonds issued by governments in the U.S., Japan and Western Europe posted modest returns in 2015 as investors weighed the impact of stronger economic growth, which generally boosts fixed-income yields, against massive central-bank bond purchases, which tend to push yields down. Returns on non-government bonds declined for the first time since 2011. Concern mounted that issuers were using debt to finance transactions such as stock buybacks rather than investing in products and services that generate revenues to service debt. Canadian federal-government bonds outperformed U.S. treasuries as weak Canadian growth pulled down domestic yields. Fixed-income investments that had a positive impact on performance were the RBC Bond Fund, the Phillips, Hager & North Total Return Bond Fund and the RBC Canadian Short-Term Income Fund.

Global equity markets were driven by concerns including the timing of the first rate rise by the Fed, extraordinarily loose monetary policies and political conflict in Europe, as well as China coming to terms with slowing growth and its transition to a service economy. In addition, broad strength in the U.S. dollar, continued commodity-price weakness and a resurgence of Middle East geopolitical concerns that triggered a wave of migration into Europe resulted in higher equity-market volatility. Against this backdrop, market returns were somewhat muted. The RBC European Equity Fund, the RBC U.S. Equity Fund and the Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund had a positive impact on returns. The RBC Canadian Dividend Fund negatively affected performance.

Recent Developments

While the portfolio manager recognizes both the erosion in fundamentals and increase in risks since early 2015, the portfolio manager continues to believe 2016 will see mild but sustained growth in GDP globally, the beginning of a recovery in inflation and enough strength in corporate profits to support modest returns from equities. Key indications of this progress – or lack thereof – will come from credit spreads, earnings, stock-market breadth and leading economic indicators as 2016 unfolds. The portfolio manager will continue to closely monitor these signals. For now, the Fund remains underweight bonds and overweight stocks.



Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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	Year/Period
Series A												
Dec. 31, 2015	20.50	0.61	(0.38)	0.90	(0.35)	0.78	(0.02)	(0.20)	(0.74)	—	(0.96)	20.37
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
Advisor Series												
Dec. 31, 2015	20.68	0.61	(0.39)	0.90	(0.35)	0.77	(0.02)	(0.20)	(0.74)	—	(0.96)	20.56
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
Series T5												
Dec. 31, 2015	19.91	0.58	(0.36)	0.85	(0.33)	0.74	(0.02)	(0.19)	(0.85)	—	(1.06)	19.66
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, 2015	20.74	0.62	(0.16)	0.90	(0.35)	1.01	(0.04)	(0.35)	(0.75)	—	(1.14)	20.67
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
Series O												
Dec. 31, 2015	21.01	0.63	—	0.92	(0.36)	1.19	(0.05)	(0.47)	(0.77)	—	(1.29)	20.97
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

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, 2015	20.37	19 307 267	947 789	1.84	1.84	16.35	0.06
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
Advisor Series							
Dec. 31, 2015	20.56	38 102	1 853	1.84	1.84	16.35	0.06
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
Series T5							
Dec. 31, 2015	19.66	376 825	19 169	1.83	1.83	16.35	0.06
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, 2015	20.67	62 316	3 016	0.79	0.79	16.35	0.06
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
Series O							
Dec. 31, 2015	20.97	235 913	11 248	0.05	0.05	16.35	0.06
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

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.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio manager 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.

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, 2015.

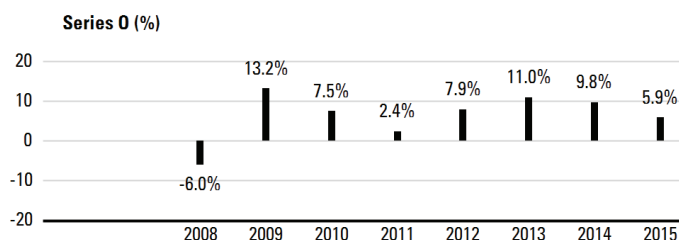
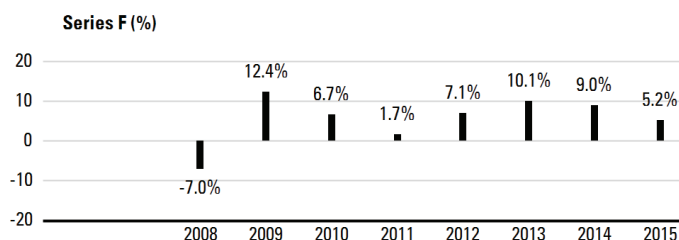
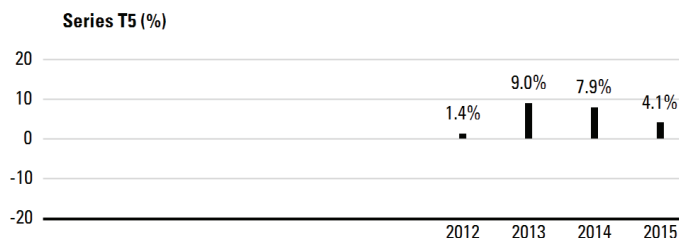
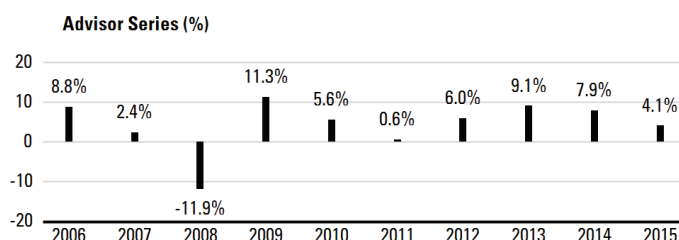
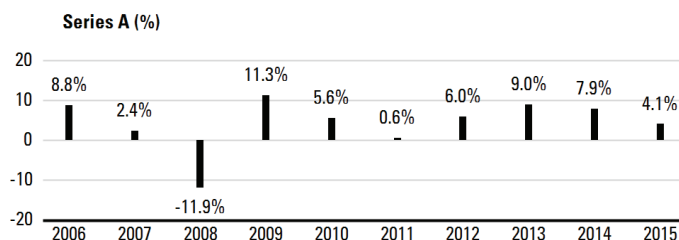
† Includes all costs related to management, trustee, investment advisory services, general administration and profit.

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, 2015, 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	4.1	7.0	5.5	4.2	—
Benchmark	4.9	7.5	6.6	5.6	—
Broad-based index	3.5	3.6	4.8	5.0	—
Advisor Series	4.1	7.0	5.5	4.2	—
Benchmark	4.9	7.5	6.6	5.6	—
Broad-based index	3.5	3.6	4.8	5.0	—
Series T5	4.1	7.0	—	—	6.9
Benchmark	4.9	7.5	—	—	7.3
Broad-based index	3.5	3.6	—	—	3.4
Series F	5.2	8.1	6.6	—	5.5
Benchmark	4.9	7.5	6.6	—	5.8
Broad-based index	3.5	3.6	4.8	—	5.3
Series O	5.9	8.9	7.4	—	7.0
Benchmark	4.9	7.5	6.6	—	6.8
Broad-based index	3.5	3.6	4.8	—	5.6

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.

Series T5 units have been available for sale to unitholders since September 24, 2012, Series O units since September 22, 2008, and Series F units since January 21, 2008.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Income Funds	54.8
Canadian Equity Funds	17.8
International Equity Funds	14.2
United States Equity Funds	11.6
Cash/Other	1.6

Top 25 Holdings

	% of Net Asset Value
RBC Bond Fund	19.0
Phillips, Hager & North Total Return Bond Fund	9.5
RBC European Equity Fund	9.0
RBC Canadian Short-Term Income Fund	7.6
RBC Canadian Dividend Fund	7.4
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	5.0
RBC Global Bond Fund	4.7
RBC Global Corporate Bond Fund	4.7
RBC Private Canadian Equity Pool	3.9
Phillips, Hager & North Short Term Bond & Mortgage Fund	3.8
Phillips, Hager & North Bond Fund	2.8
RBC Global High Yield Bond Fund	2.8
Phillips, Hager & North Canadian Equity Underlying Fund II	2.8
Phillips, Hager & North Canadian Equity Underlying Fund	2.7
RBC Asia Pacific ex-Japan Equity Fund	2.4
RBC U.S. Dividend Fund	2.3
RBC QUBE U.S. Equity Fund	2.2
RBC Japanese Equity Fund	1.6
RBC Global Equity Fund	1.2
RBC U.S. Equity Fund	1.1
RBC QUBE Low Volatility Canadian Equity Fund	1.0
RBC QUBE Low Volatility U.S. Equity Fund	1.0
Cash & Cash Equivalents	0.7
The S&P 500 Mini Index Future, March 2016	0.5
Mini MSCI EAFE Index Future, March 2016	0.3
Top 25 Holdings	100.0

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.

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, 2015

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 4, 2016.

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/reports 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 \$19.0 billion as of December 31, 2015, from \$14.9 billion at the end of 2014. Most of the increase was due to net inflows.

Over the past year, the Fund's Series A units gained 5.4%, which underperformed the 6.3% rise in the benchmark. The broad-based index rose 3.5%. 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 any other series, which may vary because of differences in management fees and expenses.

In 2015, the global economy was characterized by faster U.S. economic growth, contrasted with slower expansions in most of Europe, Japan and emerging markets. As a result, the U.S. Federal Reserve (the "Fed") raised its benchmark interest rate in December for the first time in almost a decade, while central banks in the Eurozone and Japan extended the use of large-scale bond purchases in an effort to boost economic growth, and China took significant

steps to loosen monetary policy. Economic weakness extended to emerging markets dependent on commodity exports, including Russia and Brazil, while Canada's economy, itself highly reliant on oil, stumbled as the year wore on. The Bank of Canada lowered interest rates twice to avert a more severe slowdown.

The Fund's overweight position in equities and underweight position in fixed income were positive for performance. Bonds issued by governments in the U.S., Japan and Western Europe posted modest returns in 2015 as investors weighed the impact of stronger economic growth, which generally boosts fixed-income yields, against massive central-bank bond purchases, which tend to push yields down. Returns on non-government bonds declined for the first time since 2011. Concern mounted that issuers were using debt to finance transactions such as stock buybacks rather than investing in products and services that generate revenues to service debt. Canadian federal-government bonds outperformed U.S. treasuries as weak Canadian growth pulled down domestic yields. Fixed-income investments that had a positive impact on performance were the RBC Bond Fund and the RBC Global Bond Fund.

Global equity markets were driven by concerns including the timing of the first rate rise by the Fed, extraordinarily loose monetary policies and political conflict in Europe, as well as China coming to terms with slowing growth and its transition to a service economy. In addition, broad strength in the U.S. dollar, continued commodity-price weakness and a resurgence of Middle East geopolitical concerns that triggered a wave of migration into Europe resulted in higher equity-market volatility. Against this backdrop, market returns were somewhat muted. The RBC European Equity Fund, the RBC QUBE U.S. Equity Fund and the Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund had a positive impact on returns. The RBC Private Canadian Equity Pool negatively affected performance.

Recent Developments

While the portfolio manager recognizes both the erosion in fundamentals and increase in risks since early 2015, the portfolio manager continues to believe 2016 will see mild but sustained growth in GDP globally, the beginning of a recovery in inflation and enough strength in corporate profits to support modest returns from equities. Key indications of this progress – or lack thereof – will come from credit spreads, earnings, stock-market breadth and leading economic indicators as 2016 unfolds. The portfolio manager will continue to closely monitor these signals. For now, the Fund remains underweight bonds and overweight stocks.



Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	24.65	0.72	(0.49)	1.34	(0.36)	1.21	—	(0.24)	(1.07)	—	(1.31)	24.70
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
Advisor Series												
Dec. 31, 2015	24.97	0.73	(0.50)	1.36	(0.36)	1.23	—	(0.24)	(1.07)	—	(1.31)	25.03
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
Series T5												
Dec. 31, 2015	24.05	0.68	(0.47)	1.28	(0.34)	1.15	—	(0.23)	(1.16)	—	(1.39)	23.97
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, 2015	25.27	0.73	(0.23)	1.38	(0.37)	1.51	(0.01)	(0.37)	(1.09)	—	(1.47)	25.47
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
Series O												
Dec. 31, 2015	25.32	0.74	(0.01)	1.38	(0.37)	1.74	(0.01)	(0.48)	(1.10)	—	(1.59)	25.62
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

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, 2015	24.70	18 504 874	749 112	1.94	1.94	16.43	0.09
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
Advisor Series							
Dec. 31, 2015	25.03	105 271	4 205	1.94	1.94	16.43	0.09
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
Series T5							
Dec. 31, 2015	23.97	173 316	7 230	1.95	1.95	16.43	0.09
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, 2015	25.47	44 100	1 731	0.90	0.90	16.43	0.09
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
Series O							
Dec. 31, 2015	25.62	179 680	7 014	0.07	0.07	16.43	0.09
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

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.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio manager 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.

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, 2015.

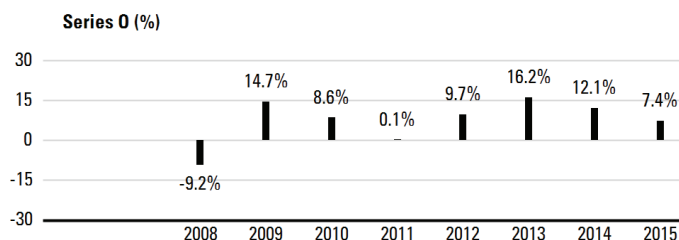
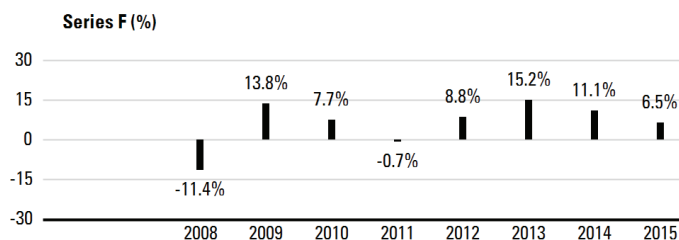
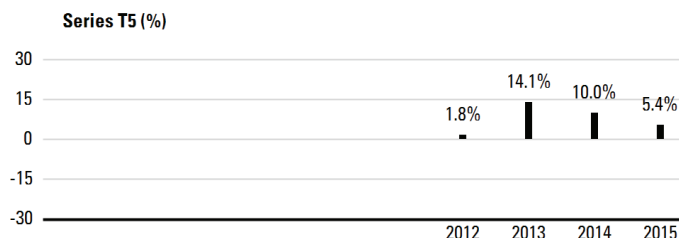
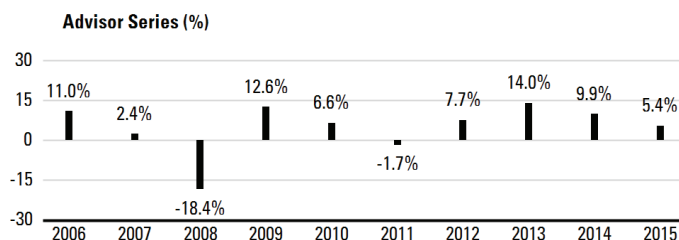
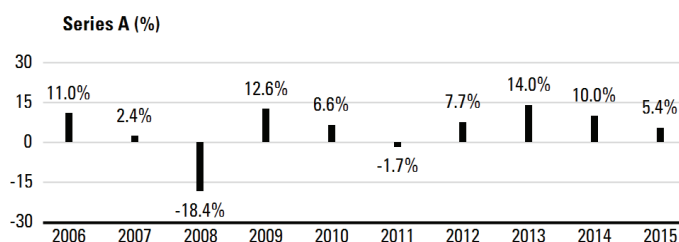
† Includes all costs related to management, trustee, investment advisory services, general administration and profit.

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, 2015, compared with the following benchmarks:

The blended benchmark (the "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 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	5.4	9.8	6.9	4.5	—
Benchmark	6.3	10.2	8.0	6.0	—
Broad-based index	3.5	3.6	4.8	5.0	—
Advisor Series	5.4	9.7	6.9	4.5	—
Benchmark	6.3	10.2	8.0	6.0	—
Broad-based index	3.5	3.6	4.8	5.0	—
Series T5	5.4	9.8	—	—	9.5
Benchmark	6.3	10.2	—	—	10.0
Broad-based index	3.5	3.6	—	—	3.4
Series F	6.5	10.9	8.0	—	6.1
Benchmark	6.3	10.2	8.0	—	6.3
Broad-based index	3.5	3.6	4.8	—	5.3
Series O	7.4	11.8	9.0	—	7.9
Benchmark	6.3	10.2	8.0	—	7.8
Broad-based index	3.5	3.6	4.8	—	5.6

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.

Series T5 units have been available for sale to unitholders since September 24, 2012, Series O units since September 22, 2008, and Series F units since January 21, 2008.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Income Funds	35.4
International Equity Funds	23.3
Canadian Equity Funds	20.5
United States Equity Funds	18.2
Cash/Other	2.6

Top 25 Holdings

	% of Net Asset Value
RBC Bond Fund	19.4
RBC European Equity Fund	8.4
RBC Global Corporate Bond Fund	6.7
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	5.8
RBC Canadian Dividend Fund	5.5
RBC Private Canadian Equity Pool	5.4
RBC QUBE U.S. Equity Fund	5.3
Phillips, Hager & North Total Return Bond Fund	4.2
Phillips, Hager & North Canadian Equity Underlying Fund	3.5
RBC Emerging Markets Equity Fund	3.5
RBC QUBE Canadian Equity Fund	3.3
RBC Global Equity Focus Fund	2.9
RBC Global Dividend Growth Fund	2.9
Phillips, Hager & North Canadian Equity Underlying Fund II	2.8
BlueBay Global Monthly Income Bond Fund	2.5
RBC Global Bond Fund	2.5
RBC Asia Pacific ex-Japan Equity Fund	2.5
RBC U.S. Dividend Fund	2.1
RBC Private U.S. Large-Cap Core Equity Pool	2.0
RBC Japanese Equity Fund	1.3
RBC U.S. Mid-Cap Equity Fund	1.0
RBC U.S. Equity Fund	1.0
RBC U.S. Mid-Cap Value Equity Fund	0.9
RBC Global High Yield Bond Fund	0.8
The S&P 500 Mini Index Future, March 2016	0.8
Top 25 Holdings	97.0

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.

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, 2015

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 4, 2016.

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/reports 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 \$6.5 billion as of December 31, 2015, from \$5.3 billion at the end of 2014. Most of the increase was due to net inflows.

Over the past year, the Fund's Series A units gained 6.7%, which underperformed the 7.2% rise in the benchmark. The broad-based index declined 8.3%. 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 any other series, which may vary because of differences in management fees and expenses.

In 2015, the global economy was characterized by faster U.S. economic growth, contrasted with slower expansions in most of Europe, Japan and emerging markets. As a result, the U.S. Federal Reserve (the "Fed") raised its benchmark interest rate in December for the first time in almost a decade, while central banks in the Eurozone and Japan extended the use of large-scale bond purchases in an effort to boost economic growth, and China took significant

steps to loosen monetary policy. Economic weakness extended to emerging markets dependent on commodity exports, including Russia and Brazil, while Canada's economy, itself highly reliant on oil, stumbled as the year wore on. The Bank of Canada lowered interest rates twice to avert a more severe slowdown.

The Fund's overweight position in equities and underweight position in fixed income were positive for performance. Global equity markets were driven by concerns including the timing of the first rate rise by the Fed, extraordinarily loose monetary policies and political conflict in Europe, as well as China coming to terms with slowing growth and its transition to a service economy. In addition, broad strength in the U.S. dollar, continued commodity-price weakness and a resurgence of Middle East geopolitical concerns that triggered a wave of migration into Europe resulted in higher equity-market volatility. Against this backdrop, market returns were somewhat muted. The RBC European Equity Fund, the Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund and the RBC QUBE U.S. Equity Fund had a positive impact on returns. The RBC Private Canadian Equity Pool negatively affected performance.

Bonds issued by governments in the U.S., Japan and Western Europe posted modest returns in 2015 as investors weighed the impact of stronger economic growth, which generally boosts fixed-income yields, against massive central-bank bond purchases, which tend to push yields down. Returns on non-government bonds declined for the first time since 2011. Concern mounted that issuers were using debt to finance transactions such as stock buybacks rather than investing in products and services that generate revenues to service debt. Canadian federal-government bonds outperformed U.S. treasuries as weak Canadian growth pulled down domestic yields. Fixed-income investments that had a positive impact on performance were the RBC Bond Fund and the RBC Global Bond Fund.

Recent Developments

While the portfolio manager recognizes both the erosion in fundamentals and increase in risks since early 2015, the portfolio manager continues to believe 2016 will see mild but sustained growth in GDP globally, the beginning of a recovery in inflation and enough strength in corporate profits to support modest returns from equities. Key indications of this progress – or lack thereof – will come from credit spreads, earnings, stock-market breadth and leading economic indicators as 2016 unfolds. The portfolio manager will continue to closely monitor these signals. For now, the Fund remains underweight bonds and overweight stocks.



Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	26.02	0.70	(0.55)	1.75	(0.28)	1.62	(0.01)	(0.16)	(1.43)	—	(1.60)	26.19
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
Advisor Series												
Dec. 31, 2015	26.51	0.71	(0.56)	1.79	(0.29)	1.65	(0.01)	(0.15)	(1.46)	—	(1.62)	26.69
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
Series T5												
Dec. 31, 2015	25.23	0.66	(0.53)	1.65	(0.27)	1.51	(0.01)	(0.13)	(1.67)	—	(1.81)	25.10
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, 2015	25.95	0.70	(0.26)	1.75	(0.28)	1.91	(0.02)	(0.43)	(1.44)	—	(1.89)	26.10
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
Series O												
Dec. 31, 2015	26.92	0.73	(0.01)	1.83	(0.29)	2.26	(0.04)	(0.71)	(1.51)	—	(2.26)	27.05
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

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, 2015	26.19	6 290 444	240 217	2.04	2.04	18.97	0.12
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
Advisor Series							
Dec. 31, 2015	26.69	66 786	2 503	2.04	2.04	18.97	0.12
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
Series T5							
Dec. 31, 2015	25.10	14 176	565	2.07	2.07	18.97	0.12
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, 2015	26.10	16 976	650	1.00	1.00	18.97	0.12
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
Series O							
Dec. 31, 2015	27.05	64 969	2 402	0.07	0.07	18.97	0.12
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

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.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio manager 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.

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, 2015.

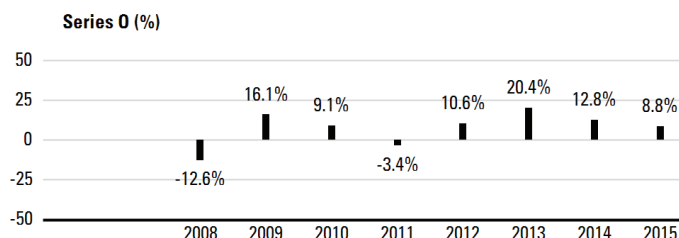
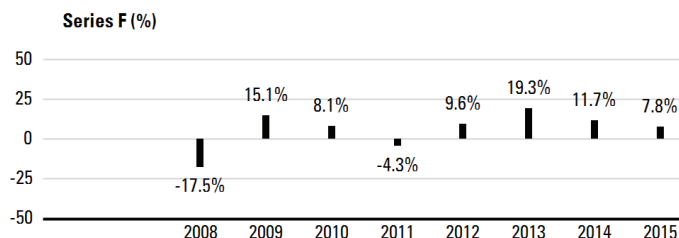
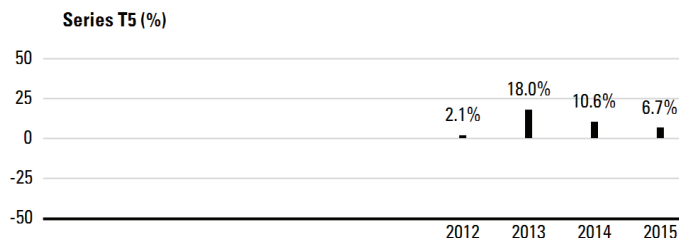
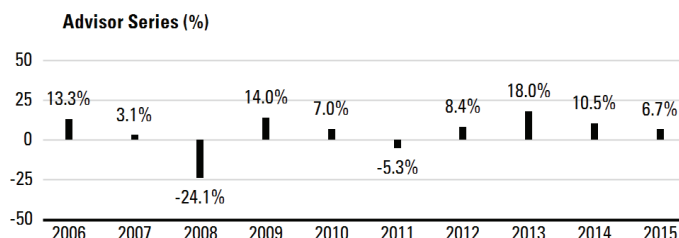
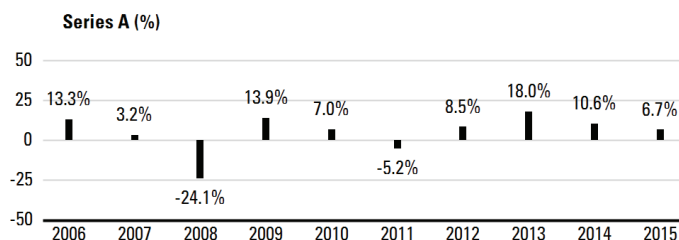
† Includes all costs related to management, trustee, investment advisory services, general administration and profit.

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, 2015, compared with the following benchmarks:

The blended benchmark (the "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 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	6.7	11.7	7.4	4.5	—
Benchmark	7.2	12.1	8.9	6.2	—
Broad-based index	-8.3	4.6	2.3	4.4	—
Advisor Series	6.7	11.6	7.4	4.4	—
Benchmark	7.2	12.1	8.9	6.2	—
Broad-based index	-8.3	4.6	2.3	4.4	—
Series T5	6.7	11.7	—	—	11.4
Benchmark	7.2	12.1	—	—	11.9
Broad-based index	-8.3	4.6	—	—	4.8
Series F	7.8	12.8	8.5	—	5.6
Benchmark	7.2	12.1	8.9	—	6.4
Broad-based index	-8.3	4.6	2.3	—	2.9
Series O	8.8	13.9	9.6	—	8.0
Benchmark	7.2	12.1	8.9	—	8.3
Broad-based index	-8.3	4.6	2.3	—	4.5

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.

Series T5 units have been available for sale to unitholders since September 24, 2012, Series O units since September 22, 2008, and Series F units since January 21, 2008.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
International Equity Funds	30.5
Canadian Equity Funds	24.4
United States Equity Funds	22.3
Income Funds	20.7
Cash/Other	2.1

Top 25 Holdings

	% of Net Asset Value
RBC European Equity Fund	10.2
RBC Bond Fund	8.9
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	6.9
RBC Private Canadian Equity Pool	6.3
RBC Global Corporate Bond Fund	5.9
RBC QUBE U.S. Equity Fund	5.2
Phillips, Hager & North Canadian Equity Underlying Fund	5.1
RBC Global Equity Focus Fund	4.7
RBC Emerging Markets Equity Fund	4.6
RBC Global Dividend Growth Fund	4.5
RBC Canadian Dividend Fund	4.3
Phillips, Hager & North Canadian Growth Fund	4.3
RBC U.S. Dividend Fund	3.2
RBC Private U.S. Large-Cap Core Equity Pool	3.2
RBC QUBE Canadian Equity Fund	3.1
RBC Asia Pacific ex-Japan Equity Fund	2.7
Phillips, Hager & North Total Return Bond Fund	2.2
RBC Global Bond Fund	2.2
RBC Japanese Equity Fund	1.8
RBC U.S. Equity Fund	1.6
BlueBay Global Monthly Income Bond Fund	1.5
Phillips, Hager & North Canadian Equity Underlying Fund II	1.3
RBC U.S. Mid-Cap Equity Fund	1.1
RBC Emerging Markets Small-Cap Equity Fund	1.0
RBC Emerging Markets Dividend Fund	1.0
Top 25 Holdings	96.8

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.

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, 2015

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 4, 2016.

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/reports 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 \$1.3 billion as of December 31, 2015, from \$1.0 billion at the end of 2014. The increase was due mainly to net inflows.

Over the past year, the Fund's Series A units gained 8.1%, which outperformed the 7.8% rise in the benchmark. The broad-based index declined 8.3%. 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 any other series, which may vary because of differences in management fees and expenses.

In 2015, the global economy was characterized by faster U.S. economic growth, contrasted with slower expansions in most of Europe, Japan and emerging markets. As a result, the U.S. Federal Reserve (the "Fed") raised its benchmark interest rate in December for the first time in almost a decade, while central banks in the Eurozone and Japan extended the use of large-scale bond purchases in an effort to boost economic growth, and China took significant steps to loosen monetary policy. Economic weakness extended to emerging markets dependent on commodity exports, including Russia and Brazil, while Canada's economy, itself highly reliant on oil, stumbled as the year wore on. The Bank of Canada lowered interest rates twice to avert a more severe slowdown.

Global equity markets were driven by concerns including the timing of the first rate rise by the Fed, extraordinarily loose monetary policies and political conflict in Europe, as well as China coming to terms with slowing growth and its transition to a service economy. In addition, broad strength in the U.S. dollar, continued commodity-price weakness and a resurgence of Middle East geopolitical concerns that triggered a wave of migration into Europe resulted in higher equity-market volatility. Against this backdrop, market returns were somewhat muted. Funds that had a positive impact on performance included the RBC European Equity Fund, the Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund, the RBC QUBE U.S. Equity Fund and the RBC Emerging Markets Equity Fund.

Recent Developments

While the portfolio manager recognizes both the erosion in fundamentals and increase in risks since early 2015, the portfolio manager continues to believe 2016 will see mild but sustained growth in GDP globally, the beginning of a recovery in inflation and enough strength in corporate profits to support modest returns from equities. Key indications of this progress – or lack thereof – will come from credit spreads, earnings, stock-market breadth and leading economic indicators as 2016 unfolds. The portfolio manager will continue to closely monitor these signals.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	10.43	0.25	(0.23)	0.88	(0.12)	0.78	—	(0.03)	(0.68)	—	(0.71)	10.56
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
Advisor Series												
Dec. 31, 2015	10.34	0.25	(0.23)	0.87	(0.12)	0.77	—	(0.04)	(0.68)	—	(0.72)	10.47
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
Series T5												
Dec. 31, 2015	10.06	0.24	(0.22)	0.82	(0.11)	0.73	—	(0.03)	(0.71)	—	(0.74)	10.13
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, 2015	11.13	0.27	(0.13)	0.94	(0.13)	0.95	(0.02)	(0.14)	(0.74)	—	(0.90)	11.27
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
Series O												
Dec. 31, 2015	11.56	0.28	—	0.98	(0.13)	1.13	(0.03)	(0.27)	(0.77)	—	(1.07)	11.70
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

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, 2015	10.56	1 215 268	115 071	2.13	2.13	14.81	0.14
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
Advisor Series							
Dec. 31, 2015	10.47	28 628	2 734	2.17	2.17	14.81	0.14
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
Series T5							
Dec. 31, 2015	10.13	2 814	278	2.14	2.14	14.81	0.14
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, 2015	11.27	6 026	535	1.11	1.11	14.81	0.14
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
Series O							
Dec. 31, 2015	11.70	18 500	1 582	0.08	0.08	14.81	0.14
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

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.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio manager 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.

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, 2015.

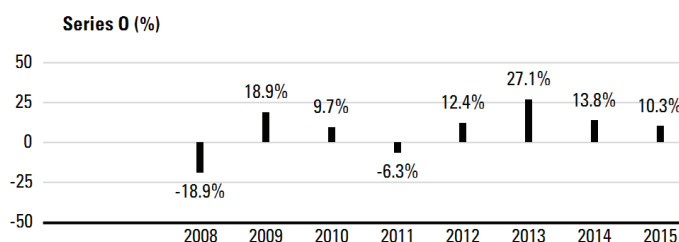
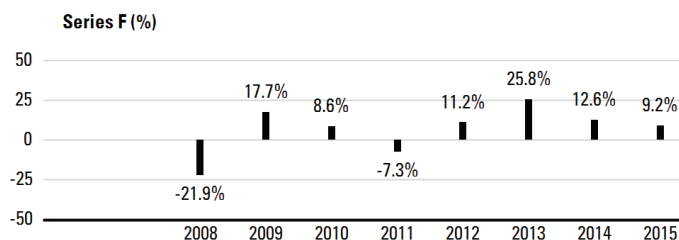
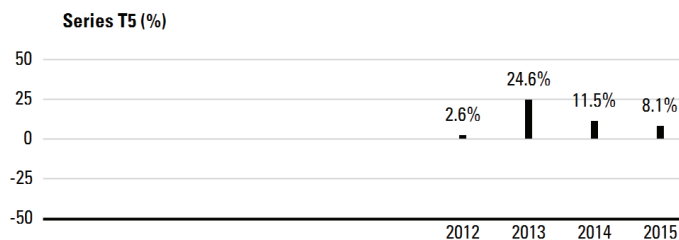
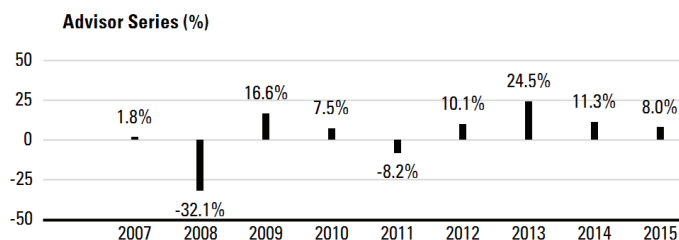
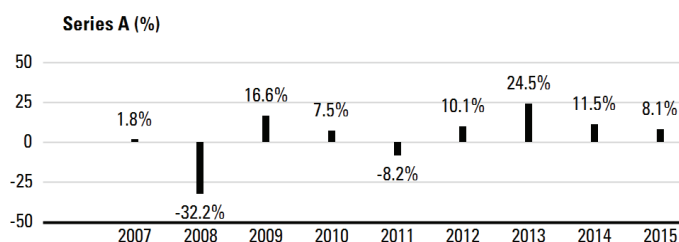
† Includes all costs related to management, trustee, investment advisory services, general administration and profit.

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, 2015, compared with the following benchmarks:

The blended benchmark (the "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 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	8.1	14.5	8.7	—	3.1
Benchmark	7.8	15.2	10.1	—	4.9
Broad-based index	-8.3	4.6	2.3	—	2.9
Advisor Series	8.0	14.4	8.6	—	3.1
Benchmark	7.8	15.2	10.1	—	4.9
Broad-based index	-8.3	4.6	2.3	—	2.9
Series T5	8.1	14.5	—	—	14.1
Benchmark	7.8	15.2	—	—	15.0
Broad-based index	-8.3	4.6	—	—	4.8
Series F	9.2	15.6	9.8	—	6.0
Benchmark	7.8	15.2	10.1	—	6.6
Broad-based index	-8.3	4.6	2.3	—	2.9
Series O	10.3	16.9	10.9	—	8.2
Benchmark	7.8	15.2	10.1	—	9.1
Broad-based index	-8.3	4.6	2.3	—	4.5

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.

Series T5 units have been available for sale to unitholders since September 24, 2012, Series O units since September 22, 2008, Series F units since January 21, 2008, and Series A and Advisor Series units since January 22, 2007.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
International Equity Funds	35.8
Canadian Equity Funds	32.1
United States Equity Funds	29.9
Cash/Other	2.2

Top 25 Holdings

	% of Net Asset Value
RBC European Equity Fund	12.5
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	9.3
RBC QUBE U.S. Equity Fund	8.0
RBC Private Canadian Equity Pool	7.9
RBC Emerging Markets Equity Fund	6.0
Phillips, Hager & North Canadian Growth Fund	6.0
RBC QUBE Canadian Equity Fund	5.9
Phillips, Hager & North Canadian Equity Underlying Fund	5.6
RBC Canadian Dividend Fund	4.9
RBC Global Dividend Growth Fund	4.5
RBC Global Equity Focus Fund	4.5
RBC U.S. Dividend Fund	3.9
RBC Private U.S. Large-Cap Core Equity Pool	3.9
RBC Asia Pacific ex-Japan Equity Fund	3.2
RBC Japanese Equity Fund	2.1
RBC U.S. Equity Fund	2.0
Phillips, Hager & North Canadian Equity Underlying Fund II	1.7
RBC Emerging Markets Small-Cap Equity Fund	1.5
RBC Emerging Markets Dividend Fund	1.5
RBC U.S. Mid-Cap Equity Fund	1.4
RBC U.S. Mid-Cap Value Equity Fund	1.4
Cash & Cash Equivalents	1.1
The S&P 500 Mini Index Future, March 2016	0.7
The S&P/TSX 60 Index Future, March 2016	0.4
Mini MSCI EAFE Index Future, March 2016	0.1
Top 25 Holdings	100.0

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.

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, 2015

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 4, 2016.

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/reports 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 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 fell to \$183 million as of December 31, 2015, from \$197 million at the end of 2014. The decrease was due to net redemptions.

Over the past year, the Fund's Series A units gained 2.4%, which underperformed the 4.9% rise in the benchmark. The broad-based index rose 3.5%. 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 any other series, which may vary because of differences in management fees and expenses.

In 2015, the global economy was characterized by faster U.S. economic growth, contrasted with slower expansions in most of Europe, Japan and emerging markets. As a result, the U.S. Federal Reserve (the "Fed") raised its benchmark interest rate in December for the first time in almost a decade, while central banks in the Eurozone and Japan extended the use of large-scale bond purchases

in an effort to boost economic growth, and China took significant steps to loosen monetary policy. Economic weakness extended to emerging markets dependent on commodity exports, including Russia and Brazil, while Canada's economy, itself highly reliant on oil, stumbled as the year wore on. The Bank of Canada lowered interest rates twice to avert a more severe slowdown.

The Fund's overweight position in equities and underweight position in fixed income were positive for performance. Bonds issued by governments in the U.S., Japan and Western Europe posted modest returns in 2015 as investors weighed the impact of stronger economic growth, which generally boosts fixed-income yields, against massive central-bank bond purchases, which tend to push yields down. Returns on non-government bonds declined for the first time since 2011. Concern mounted that issuers were using debt to finance transactions such as stock buybacks rather than investing in products and services that generate revenues to service debt. Canadian federal-government bonds outperformed U.S. treasuries as weak Canadian growth pulled down domestic yields. The RBC Bond Fund, the Phillips, Hager & North Total Return Bond Fund and the TD Canadian Bond Fund all had a positive impact on performance.

Global equity markets were driven by concerns including the timing of the first rate rise by the Fed, extraordinarily loose monetary policies and political conflict in Europe, as well as China coming to terms with slowing growth and its transition to a service economy. In addition, broad strength in the U.S. dollar, continued commodity-price weakness and a resurgence of Middle East geopolitical concerns that triggered a wave of migration into Europe resulted in higher equity-market volatility. Against this backdrop, market returns were somewhat muted. The Renaissance International Equity Fund, the Invesco International Growth Class and the Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund all had a positive impact on performance. The RBC Canadian Equity Fund had a negative impact on returns.

Recent Developments

While the portfolio manager recognizes both the erosion in fundamentals and increase in risks since early 2015, the portfolio manager continues to believe 2016 will see mild but sustained growth in GDP globally, the beginning of a recovery in inflation and enough strength in corporate profits to support modest returns from equities. Key indications of this progress – or lack thereof – will come from credit spreads, earnings, stock-market breadth and leading economic indicators as 2016 unfolds. The portfolio manager will continue to closely monitor these signals. For now, the Fund remains underweight bonds and overweight stocks.



Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	12.43	0.32	(0.25)	0.47	(0.23)	0.31	—	(0.08)	(0.29)	—	(0.37)	12.37
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
Advisor Series												
Dec. 31, 2015	12.49	0.33	(0.25)	0.47	(0.23)	0.32	—	(0.08)	(0.29)	—	(0.37)	12.41
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

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, 2015	12.37	181 118	14 647	1.95	1.95	12.64	0.02
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
Advisor Series							
Dec. 31, 2015	12.41	1 822	147	1.98	1.98	12.64	0.02
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

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.

Management Fees

RBC GAM is the manager, trustee and portfolio manager 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.

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, 2015.

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

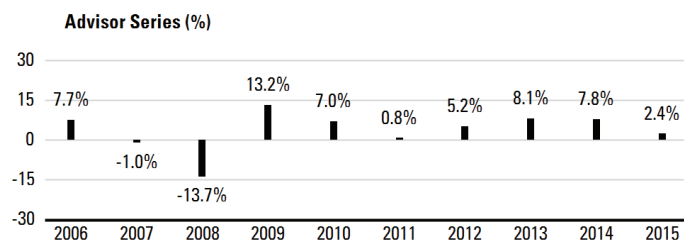
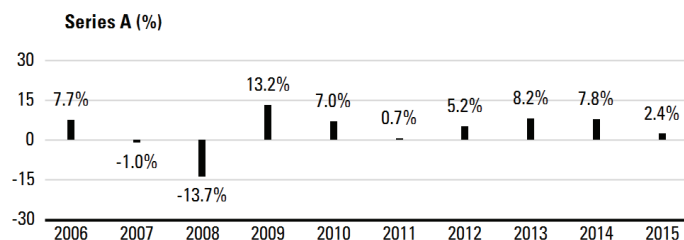


PAST PERFORMANCE

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, 2015 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	2.4	6.1	4.8	3.5	—
Benchmark	4.9	7.5	6.6	5.6	—
Broad-based index	3.5	3.6	4.8	5.0	—
Advisor Series	2.4	6.1	4.8	3.5	—
Benchmark	4.9	7.5	6.6	5.6	—
Broad-based index	3.5	3.6	4.8	5.0	—

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.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Income Funds	58.4
Canadian Equity Funds	16.6
International Equity Funds	13.7
United States Equity Funds	11.0
Cash/Other	0.3

Top 25 Holdings*

	% of Net Asset Value
RBC Bond Fund	15.6
Phillips, Hager & North Total Return Bond Fund	15.6
TD Canadian Bond Fund	13.3
Phillips, Hager & North Short Term Bond & Mortgage Fund	13.3
Renaissance International Equity Fund	6.7
Franklin Bissett Canadian Equity Fund	5.6
RBC Canadian Dividend Fund	5.5
RBC Canadian Equity Fund	5.5
Invesco International Growth Class	4.1
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	3.7
CI American Value Fund	3.7
RBC O'Shaughnessy U.S. Value Fund	3.6
Invesco International Growth Fund	2.8
RBC Canadian Money Market Fund	0.5
Cash & Cash Equivalents	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, 2015

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 4, 2016.

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/reports 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.

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 \$336 million as of December 31, 2015, from \$352 million at the end of 2014. The decrease was due to net redemptions.

Over the past year, the Fund's Series A units gained 3.0%, which underperformed the 6.3% rise in the benchmark. The broad-based index rose 3.5%. 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 any other series, which may vary because of differences in management fees and expenses.

In 2015, the global economy was characterized by faster U.S. economic growth, contrasted with slower expansions in most of Europe, Japan and emerging markets. As a result, the U.S. Federal Reserve (the "Fed") raised its benchmark interest rate in December for the first time in almost a decade, while central banks in the Eurozone and Japan extended the use of large-scale bond purchases

in an effort to boost economic growth, and China took significant steps to loosen monetary policy. Economic weakness extended to emerging markets dependent on commodity exports, including Russia and Brazil, while Canada's economy, itself highly reliant on oil, stumbled as the year wore on. The Bank of Canada lowered interest rates twice to avert a more severe slowdown.

The Fund's overweight position in equities and underweight position in fixed income were positive for performance. Bonds issued by governments in the U.S., Japan and Western Europe posted modest returns in 2015 as investors weighed the impact of stronger economic growth, which generally boosts fixed-income yields, against massive central-bank bond purchases, which tend to push yields down. Returns on non-government bonds declined for the first time since 2011. Concern mounted that issuers were using debt to finance transactions such as stock buybacks rather than investing in products and services that generate revenues to service debt. Canadian federal-government bonds outperformed U.S. treasuries as weak Canadian growth pulled down domestic yields. The RBC Bond Fund and the Phillips, Hager & North Total Return Bond Fund had a positive impact on performance.

Global equity markets were driven by concerns including the timing of the first rate rise by the Fed, extraordinarily loose monetary policies and political conflict in Europe, as well as China coming to terms with slowing growth and its transition to a service economy. In addition, broad strength in the U.S. dollar, continued commodity-price weakness and a resurgence of Middle East geopolitical concerns that triggered a wave of migration into Europe resulted in higher equity-market volatility. Against this backdrop, market returns were somewhat muted. Among equity investments in the portfolio, the Renaissance International Equity Fund, the Invesco International Growth Class, the CI American Value Fund and the TD U.S. Mid-Cap Growth Fund contributed the most to performance.

Recent Developments

While the portfolio manager recognizes both the erosion in fundamentals and increase in risks since early 2015, the portfolio manager continues to believe 2016 will see mild but sustained growth in GDP globally, the beginning of a recovery in inflation and enough strength in corporate profits to support modest returns from equities. Key indications of this progress – or lack thereof – will come from credit spreads, earnings, stock-market breadth and leading economic indicators as 2016 unfolds. The portfolio manager will continue to closely monitor these signals. For now, the Fund remains underweight bonds and overweight stocks.



Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	13.12	0.32	(0.29)	0.63	(0.24)	0.42	—	(0.05)	(0.36)	—	(0.41)	13.11
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
Advisor Series												
Dec. 31, 2015	13.10	0.32	(0.29)	0.62	(0.24)	0.41	—	(0.05)	(0.36)	—	(0.41)	13.10
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

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, 2015	13.11	334 288	25 490	2.16	2.16	12.48	0.04
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
Advisor Series							
Dec. 31, 2015	13.10	2 189	167	2.14	2.14	12.48	0.04
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

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.

Management Fees

RBC GAM is the manager, trustee and portfolio manager 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.

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, 2015.

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

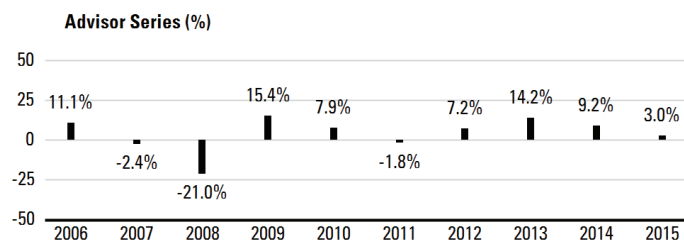
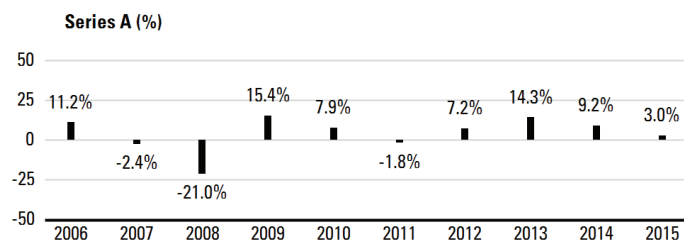


PAST PERFORMANCE

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, 2015, compared with the following benchmarks:

The blended benchmark (the "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 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	3.0	8.7	6.2	3.7	—
Benchmark	6.3	10.2	8.0	6.0	—
Broad-based index	3.5	3.6	4.8	5.0	—
Advisor Series	3.0	8.7	6.2	3.7	—
Benchmark	6.3	10.2	8.0	6.0	—
Broad-based index	3.5	3.6	4.8	5.0	—

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.

Inception dates are not provided for series that have been in existence for more than 10 years.

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.

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(after consideration of derivative products, if any)

As at December 31, 2015

Investment Mix

	% of Net Asset Value
Income Funds	37.5
United States Equity Funds	21.2
Canadian Equity Funds	20.7
International Equity Funds	20.3
Cash/Other	0.3

Top 25 Holdings*

	% of Net Asset Value
RBC Bond Fund	12.3
Phillips, Hager & North Total Return Bond Fund	12.1
Phillips, Hager & North Short Term Bond & Mortgage Fund	8.6
Renaissance International Equity Fund	7.8
CI American Value Fund	7.0
RBC Canadian Equity Fund	6.8
RBC O'Shaughnessy U.S. Value Fund	6.7
RBC Canadian Dividend Fund	5.7
Invesco International Growth Class	5.0
Franklin Bissett Canadian Equity Fund	4.9
RBC Emerging Markets Equity Fund	4.7
Phillips, Hager & North High Yield Bond Fund	4.0
TD U.S. Mid-Cap Growth Fund	3.7
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	3.6
IA Clarington Canadian Small Cap Fund	3.3
Invesco International Growth Fund	2.8
RBC Canadian Money Market Fund	0.5
Cash & Cash Equivalents	0.5
Total	100.0

* The Fund holds fewer than 25 holdings.

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PORTFOLIO SOLUTION

**RBC SELECT CHOICES
GROWTH PORTFOLIO**

December 31, 2015

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 4, 2016.

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 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 \$265 million as of December 31, 2015, from \$259 million at the end of 2014. The increase was due to investment returns, partially offset by net redemptions.

Over the past year, the Fund's Series A units gained 5.5%, which underperformed the 7.2% rise in the benchmark. The broad-based index declined 8.3%. 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 any other series, which may vary because of differences in management fees and expenses.

In 2015, the global economy was characterized by faster U.S. economic growth, contrasted with slower expansions in most of Europe, Japan and emerging markets. As a result, the U.S. Federal Reserve (the "Fed") raised its benchmark interest rate in December for the first time in almost a decade, while central banks in the Eurozone and Japan extended the use of large-scale bond purchases

in an effort to boost economic growth, and China took significant steps to loosen monetary policy. Economic weakness extended to emerging markets dependent on commodity exports, including Russia and Brazil, while Canada's economy, itself highly reliant on oil, stumbled as the year wore on. The Bank of Canada lowered interest rates twice to avert a more severe slowdown.

The Fund's overweight position in equities and underweight position in fixed income were positive for performance. Global equity markets were driven by concerns including the timing of the first rate rise by the Fed, extraordinarily loose monetary policies and political conflict in Europe, as well as China coming to terms with slowing growth and its transition to a service economy. In addition, broad strength in the U.S. dollar, continued commodity-price weakness and a resurgence of Middle East geopolitical concerns that triggered a wave of migration into Europe resulted in higher equity-market volatility. The TD U.S. Mid-Cap Growth Fund, the Phillips, Hager & North Multi-Style All-Cap Equity Fund and the Invesco International Growth Class all had a significantly positive impact on performance.

Bonds issued by governments in the U.S., Japan and Western Europe posted modest returns in 2015 as investors weighed the impact of stronger economic growth, which generally boosts fixed-income yields, against massive central-bank bond purchases, which tend to push yields down. Returns on non-government bonds declined for the first time since 2011. Concern mounted that issuers were using debt to finance transactions such as stock buybacks rather than investing in products and services that generate revenues to service debt. Canadian federal-government bonds outperformed U.S. treasuries as weak Canadian growth pulled down domestic yields. The RBC Bond Fund and the Phillips, Hager & North Total Return Bond Fund had a positive impact on performance.

Recent Developments

While the portfolio manager recognizes both the erosion in fundamentals and increase in risks since early 2015, the portfolio manager continues to believe 2016 will see mild but sustained growth in GDP globally, the beginning of a recovery in inflation and enough strength in corporate profits to support modest returns from equities. Key indications of this progress – or lack thereof – will come from credit spreads, earnings, stock-market breadth and leading economic indicators as 2016 unfolds. The portfolio manager will continue to closely monitor these signals. For now, the Fund remains underweight bonds and overweight stocks.



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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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	13.20	0.28	(0.32)	0.77	—	0.73	—	—	(0.23)	—	(0.23)	13.70
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
Advisor Series												
Dec. 31, 2015	13.18	0.28	(0.32)	0.77	—	0.73	—	—	(0.23)	—	(0.23)	13.68
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

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, 2015	13.70	264 186	19 285	2.36	2.36	15.28	0.06
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
Advisor Series							
Dec. 31, 2015	13.68	705	52	2.34	2.34	15.28	0.06
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

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.

Management Fees

RBC GAM is the manager, trustee and portfolio manager 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.

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, 2015.

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

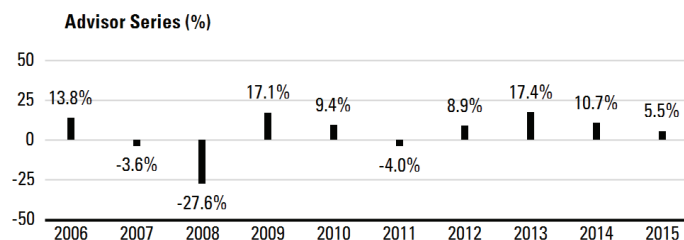
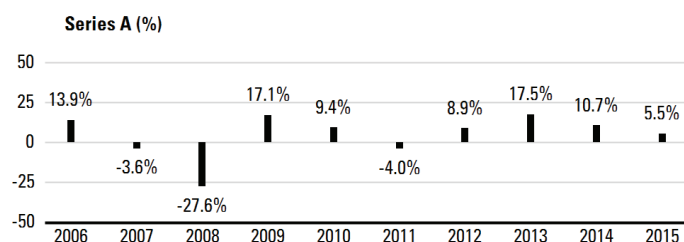


PAST PERFORMANCE

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, 2015, compared with the following benchmarks:

The blended benchmark (the "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 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	5.5	11.1	7.5	3.9	—
Benchmark	7.2	12.1	8.9	6.2	—
Broad-based index	-8.3	4.6	2.3	4.4	—
Advisor Series	5.5	11.1	7.5	3.8	—
Benchmark	7.2	12.1	8.9	6.2	—
Broad-based index	-8.3	4.6	2.3	4.4	—

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 index.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
International Equity Funds	26.6
United States Equity Funds	26.4
Canadian Equity Funds	24.8
Income Funds	21.9
Cash/Other	0.3

Top 25 Holdings*

	% of Net Asset Value
RBC Bond Fund	13.1
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	9.4
RBC Canadian Equity Fund	9.1
Fidelity Canadian Disciplined Equity Fund	8.6
TD U.S. Mid-Cap Growth Fund	7.6
RBC Emerging Markets Equity Fund	6.8
Invesco International Growth Class	5.3
Invesco European Growth Class	5.0
CI American Value Fund	4.8
RBC O'Shaughnessy U.S. Value Fund	4.5
Phillips, Hager & North Total Return Bond Fund	4.2
Phillips, Hager & North High Yield Bond Fund	4.1
Phillips, Hager & North Canadian Growth Fund	3.8
Renaissance International Equity Fund	3.7
TD Asian Growth Fund	3.7
IA Clarington Canadian Small Cap Fund	3.2
Invesco International Growth Fund	2.0
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, 2015

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 4, 2016.

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/reports 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 \$197 million as of December 31, 2015, from \$185 million at the end of 2014. The increase was due to investment returns.

Over the past year, the Fund's Series A units gained 7.4%, which underperformed the 7.8% rise in the benchmark. The broad-based index declined 8.3%. 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 any other series, which may vary because of differences in management fees and expenses.

In 2015, the global economy was characterized by faster U.S. economic growth, contrasted with slower expansions in most of Europe, Japan and emerging markets. As a result, the U.S. Federal Reserve (the "Fed") raised its benchmark interest rate in December for the first time in almost a decade, while central banks in the Eurozone and Japan extended the use of large-scale bond purchases in an effort to boost economic growth, and China took significant steps to loosen monetary policy. Economic weakness extended to emerging markets dependent on commodity exports, including Russia and Brazil, while Canada's economy, itself highly reliant on oil, stumbled as the year wore on. The Bank of Canada lowered interest rates twice to avert a more severe slowdown.

Global equity markets were driven by concerns including the timing of the first rate rise by the Fed, extraordinarily loose monetary policies and political conflict in Europe, as well as China coming to terms with slowing growth and its transition to a service economy. In addition, broad strength in the U.S. dollar, continued commodity-price weakness and a resurgence of Middle East geopolitical concerns that triggered a wave of migration into Europe resulted in higher equity-market volatility. Among international equity funds that had a positive impact on returns were the AGF American Growth Class, the TD U.S. Mid-Cap Growth Fund and the Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund. Domestic stock funds that had a negative impact on returns were the RBC Canadian Equity Fund and the Phillips, Hager & North Canadian Growth Fund.

Recent Developments

While the portfolio manager recognizes both the erosion in fundamentals and increase in risks since early 2015, the portfolio manager continues to believe 2016 will see mild but sustained growth in GDP globally, the beginning of a recovery in inflation and enough strength in corporate profits to support modest returns from equities. Key indications of this progress – or lack thereof – will come from credit spreads, earnings, stock-market breadth and leading economic indicators as 2016 unfolds. The portfolio manager will continue to closely monitor these signals.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	11.97	0.16	(0.32)	0.72	0.32	0.88	—	—	—	—	—	12.85
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
Advisor Series												
Dec. 31, 2015	12.06	0.16	(0.31)	0.73	0.32	0.90	—	—	—	—	—	12.96
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

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, 2015	12.85	196 269	15 271	2.56	2.56	11.42	0.10
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
Advisor Series							
Dec. 31, 2015	12.96	1 184	91	2.47	2.47	11.42	0.10
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

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.

Management Fees

RBC GAM is the manager, trustee and portfolio manager 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.

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, 2015.

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

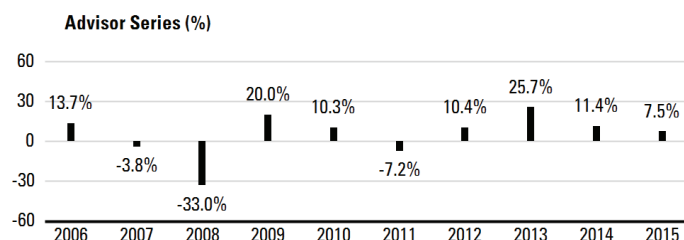
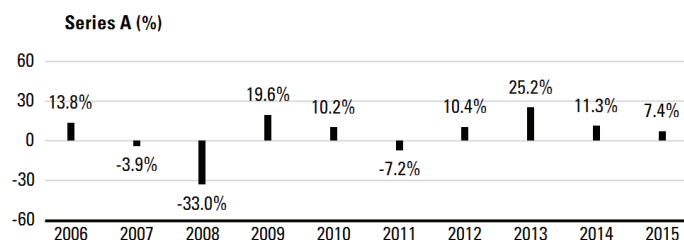


PAST PERFORMANCE

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, 2015, compared with the following benchmarks:

The blended benchmark (the "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 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	7.4	14.4	8.9	4.0	—
Benchmark	7.8	15.2	10.1	6.5	—
Broad-based index	-8.3	4.6	2.3	4.4	—
Advisor Series	7.5	14.6	9.0	4.1	—
Benchmark	7.8	15.2	10.1	6.5	—
Broad-based index	-8.3	4.6	2.3	4.4	—

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 index.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
United States Equity Funds	35.0
Canadian Equity Funds	32.7
International Equity Funds	31.4
Cash/Other	0.9

Top 25 Holdings*

	% of Net Asset Value
RBC Emerging Markets Equity Fund	8.9
RBC Canadian Equity Fund	8.4
AGF American Growth Class	8.0
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	8.0
Fidelity Canadian Disciplined Equity Fund	7.4
Synergy Canadian Corporate Class	7.4
TD U.S. Mid-Cap Growth Fund	7.3
Invesco International Growth Class	6.1
CI American Value Fund	6.0
Invesco European Growth Class	5.9
RBC O'Shaughnessy U.S. Value Fund	5.6
Renaissance International Equity Fund	5.6
Phillips, Hager & North Canadian Growth Fund	5.4
IA Clarington Canadian Small Cap Fund	4.0
TD Asian Growth Fund	3.2
Invesco International Growth Fund	1.7
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.



PORTFOLIO SOLUTION

RBC TARGET 2020 EDUCATION FUND

December 31, 2015

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 4, 2016.

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/reports 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 \$785 million as of December 31, 2015, from \$681 million at the end of 2014. The increase was due mainly to net inflows.

Over the past year, the Fund's Series A units gained 2.8%, which underperformed the 3.5% rise in the fixed-income benchmark. The equity benchmark declined 8.3%. 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 any other series, which may vary because of differences in management fees and expenses.

In 2015, the global economy was characterized by faster U.S. economic growth, contrasted with slower expansions in most of Europe, Japan and emerging markets. As a result, the U.S. Federal Reserve (the "Fed") raised its benchmark interest rate in December for the first time in almost a decade, while central banks in the Eurozone and Japan extended the use of large-scale bond purchases in an effort to boost economic growth, and China took significant

steps to loosen monetary policy. Economic weakness extended to emerging markets dependent on commodity exports, including Russia and Brazil, while Canada's economy, itself highly reliant on oil, stumbled as the year wore on. The Bank of Canada lowered interest rates twice to avert a more severe slowdown.

Bonds issued by governments in the U.S., Japan and Western Europe posted modest returns in 2015 as investors weighed the impact of stronger economic growth, which generally boosts fixed-income yields, against massive central-bank bond purchases, which tend to push yields down. Returns on non-government bonds declined for the first time since 2011. Concern mounted that issuers were using debt to finance transactions such as stock buybacks rather than investing in products and services that generate revenues to service debt. Canadian federal-government bonds outperformed U.S. treasuries as weak Canadian growth pulled down domestic yields. The RBC Bond Fund and the RBC Canadian Short-Term Income Fund had a positive impact on returns.

Global equity markets were driven by concerns including the timing of the first rate rise by the Fed, extraordinarily loose monetary policies and political conflict in Europe, as well as China coming to terms with slowing growth and its transition to a service economy. In addition, broad strength in the U.S. dollar, continued commodity-price weakness and a resurgence of Middle East geopolitical concerns that triggered a wave of migration into Europe resulted in higher equity-market volatility. The RBC European Equity Fund and the Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund had a positive impact on returns. The RBC Canadian Equity Fund had a negative impact on performance.

Recent Developments

While the portfolio manager recognizes both the erosion in fundamentals and increase in risks since early 2015, the portfolio manager continues to believe 2016 will see mild but sustained growth in GDP globally, the beginning of a recovery in inflation and enough strength in corporate profits to support modest returns from equities. Key indications of this progress – or lack thereof – will come from credit spreads, earnings, stock-market breadth and leading economic indicators as 2016 unfolds. The portfolio manager will continue to closely monitor these signals.

Effective January 1, 2015, the Fund's specified percentage declined to 1.55% for Series A units and 0.90% for Series D units.

Effective January 1, 2018, the specified percentage will decline to 1.00% for Series A units and to 0.80% for Series D units.



Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	12.17	0.37	(0.20)	0.27	(0.12)	0.32	(0.10)	(0.07)	(0.25)	—	(0.42)	12.09
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
Series D												
Dec. 31, 2015	12.18	0.37	(0.11)	0.27	(0.12)	0.41	(0.15)	(0.11)	(0.25)	—	(0.51)	12.10
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, 2015	12.09	782 032	64 676	1.62	1.62	12.64	0.03
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
Series D							
Dec. 31, 2015	12.10	3 126	258	0.94	0.94	12.64	0.03
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.

⁴ From November 1, 2011.

Management Fees

RBC GAM is the manager, trustee and portfolio manager 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.

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%	53%	47%
Series D	0.78%	28%	72%

* Management fees represent the actual average management fee rate for the period ended December 31, 2015.

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

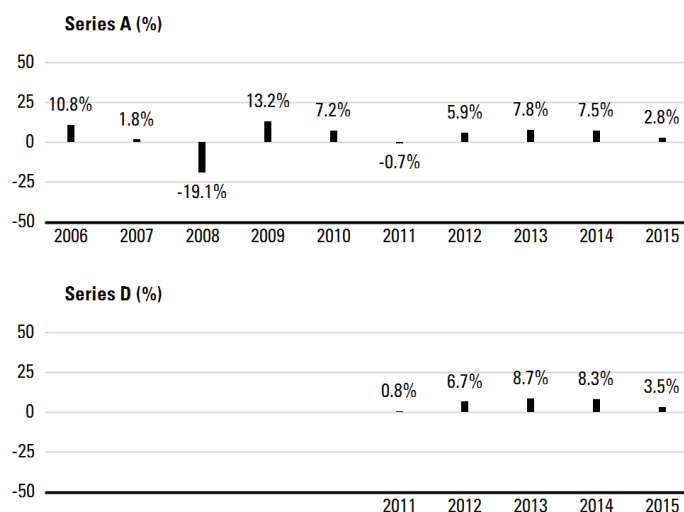


PAST PERFORMANCE

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, 2015, 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	2.8	6.0	4.6	3.3	—
Benchmark 1	3.5	3.6	4.8	5.0	—
Benchmark 2	-8.3	4.6	2.3	4.4	—
Series D	3.5	6.8	—	—	6.7
Benchmark 1	3.5	3.6	—	—	4.0
Benchmark 2	-8.3	4.6	—	—	4.7

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 indexes.

Series D units have been available for sale to unitholders since November 1, 2011.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Income Funds	74.8
Canadian Equity Funds	9.0
United States Equity Funds	9.0
International Equity Funds	6.7
Cash/Other	0.5

Top 25 Holdings*

	% of Net Asset Value
RBC Bond Fund	36.2
RBC Canadian Short-Term Income Fund	26.2
RBC Global Bond Fund	7.4
Phillips, Hager & North Total Return Bond Fund	5.0
RBC Canadian Equity Fund	4.5
RBC European Equity Fund	3.5
RBC Canadian Dividend Fund	2.3
RBC QUBE Low Volatility Canadian Equity Fund	2.2
RBC O'Shaughnessy U.S. Value Fund	2.2
RBC Private U.S. Large-Cap Core Equity Pool	1.8
RBC U.S. Equity Fund	1.8
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	1.8
RBC Emerging Markets Equity Fund	1.4
RBC U.S. Mid-Cap Equity Fund	1.4
RBC Asia Pacific ex-Japan Equity Fund	1.1
RBC Japanese Equity Fund	0.7
Cash & Cash Equivalents	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 TARGET 2025 EDUCATION FUND

December 31, 2015

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 4, 2016.

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 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 \$828 million as of December 31, 2015, from \$672 million at the end of 2014. The increase was due mainly to net inflows.

Over the past year, the Fund's Series A units gained 4.0%, which outperformed the 3.5% rise in the fixed-income benchmark. The equity benchmark declined 8.3%. 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 any other series, which may vary because of differences in management fees and expenses.

In 2015, the global economy was characterized by faster U.S. economic growth, contrasted with slower expansions in most of Europe, Japan and emerging markets. As a result, the U.S. Federal Reserve (the "Fed") raised its benchmark interest rate in December for the first time in almost a decade, while central banks in the Eurozone and Japan extended the use of large-scale bond purchases in an effort to boost economic growth, and China took significant steps to loosen monetary policy. Economic weakness extended

to emerging markets dependent on commodity exports, including Russia and Brazil, while Canada's economy, itself highly reliant on oil, stumbled as the year wore on. The Bank of Canada lowered interest rates twice to avert a more severe slowdown.

Bonds issued by governments in the U.S., Japan and Western Europe posted modest returns in 2015 as investors weighed the impact of stronger economic growth, which generally boosts fixed-income yields, against massive central-bank bond purchases, which tend to push yields down. Returns on non-government bonds declined for the first time since 2011. Concern mounted that issuers were using debt to finance transactions such as stock buybacks rather than investing in products and services that generate revenues to service debt. Canadian federal-government bonds outperformed U.S. treasuries as weak Canadian growth pulled down domestic yields. The RBC Bond Fund and the Phillips, Hager & North Total Return Bond Fund had a positive impact on returns.

Global equity markets were driven by concerns including the timing of the first rate rise by the Fed, extraordinarily loose monetary policies and political conflict in Europe, as well as China coming to terms with slowing growth and its transition to a service economy. In addition, broad strength in the U.S. dollar, continued commodity-price weakness and a resurgence of Middle East geopolitical concerns that triggered a wave of migration into Europe resulted in higher equity-market volatility. The RBC European Equity Fund and the Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund had a positive impact on returns. The RBC Canadian Equity Fund had a negative impact on performance.

Recent Developments

While the portfolio manager recognizes both the erosion in fundamentals and increase in risks since early 2015, the portfolio manager continues to believe 2016 will see mild but sustained growth in GDP globally, the beginning of a recovery in inflation and enough strength in corporate profits to support modest returns from equities. Key indications of this progress – or lack thereof – will come from credit spreads, earnings, stock-market breadth and leading economic indicators as 2016 unfolds. The portfolio manager will continue to closely monitor these signals.

Effective January 1, 2015, the specified percentage declined to 1.75% for Series A units and 1.00% for Series D units.

Effective January 1, 2020, the specified percentage will decline to 1.55% for Series A units and 0.90% for Series D units.

Effective January 1, 2023, the specified percentage will decline to 1.00% for Series A units and 0.80% for Series D units.



Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	10.16	0.32	(0.19)	0.33	(0.09)	0.37	—	(0.13)	(0.30)	—	(0.43)	10.15
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
Series D												
Dec. 31, 2015	10.15	0.32	(0.11)	0.33	(0.09)	0.45	(0.01)	(0.20)	(0.30)	—	(0.51)	10.13
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, 2015	10.15	822 747	81 096	1.83	1.83	9.39	0.06
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
Series D							
Dec. 31, 2015	10.13	4 796	473	1.06	1.06	9.39	0.06
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.

⁴ From November 1, 2011.

Management Fees

RBC GAM is the manager, trustee and portfolio manager 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.

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	1.58%	57%	43%
Series D	0.87%	26%	74%

* Management fees represent the actual average management fee rate for the period ended December 31, 2015.

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

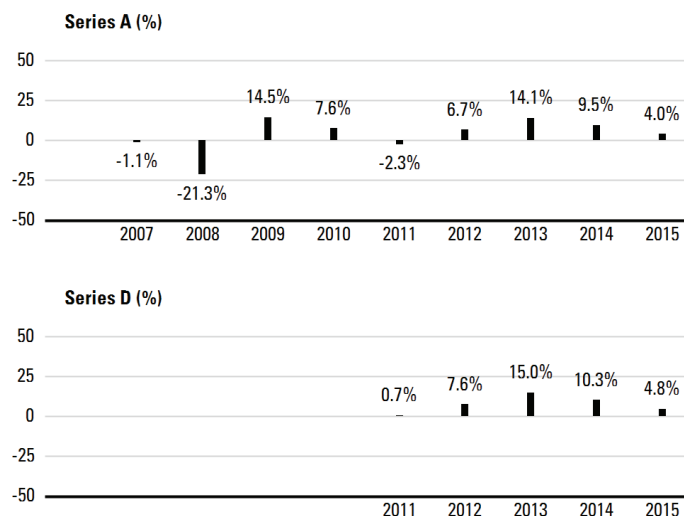


PAST PERFORMANCE

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, 2015, 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	4.0	9.1	6.3	—	3.1
Benchmark 1	3.5	3.6	4.8	—	5.6
Benchmark 2	-8.3	4.6	2.3	—	2.2
Series D	4.8	10.0	—	—	9.2
Benchmark 1	3.5	3.6	—	—	4.0
Benchmark 2	-8.3	4.6	—	—	4.7

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 indexes.

Series D units have been available for sale to unitholders since November 1, 2011, and Series A units since July 3, 2007.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Income Funds	45.0
United States Equity Funds	19.8
Canadian Equity Funds	19.7
International Equity Funds	14.9
Cash/Other	0.6

Top 25 Holdings*

	% of Net Asset Value
RBC Bond Fund	31.0
RBC Canadian Equity Fund	9.9
RBC European Equity Fund	7.9
Phillips, Hager & North Total Return Bond Fund	5.0
RBC Canadian Dividend Fund	4.9
RBC QUBE Low Volatility Canadian Equity Fund	4.9
RBC O'Shaughnessy U.S. Value Fund	4.8
RBC Canadian Short-Term Income Fund	4.5
RBC High Yield Bond Fund	4.5
RBC Private U.S. Large-Cap Core Equity Pool	4.0
RBC U.S. Equity Fund	4.0
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	4.0
RBC Emerging Markets Equity Fund	3.0
RBC U.S. Mid-Cap Equity Fund	3.0
RBC Asia Pacific ex-Japan Equity Fund	2.4
RBC Japanese Equity Fund	1.6
Cash & Cash Equivalents	0.6
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 2030 EDUCATION FUND

December 31, 2015

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 4, 2016.

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/reports 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 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

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 2030, 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 \$259 million as of December 31, 2015, from \$136 million at the end of 2014. The increase was due mainly to net inflows.

Over the past year, the Fund's Series A units gained 4.6%, which outperformed the 3.5% rise in the fixed-income benchmark. The equity benchmark declined 8.3%. 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 any other series, which may vary because of differences in management fees and expenses.

In 2015, the global economy was characterized by faster U.S. economic growth, contrasted with slower expansions in most of Europe, Japan and emerging markets. As a result, the U.S. Federal Reserve (the "Fed") raised its benchmark interest rate in December for the first time in almost a decade, while central banks in the Eurozone and Japan extended the use of large-scale bond purchases in an effort to boost economic growth, and China took significant steps to loosen monetary policy. Economic weakness extended

to emerging markets dependent on commodity exports, including Russia and Brazil, while Canada's economy, itself highly reliant on oil, stumbled as the year wore on. The Bank of Canada lowered interest rates twice to avert a more severe slowdown.

Bonds issued by governments in the U.S., Japan and Western Europe posted modest returns in 2015 as investors weighed the impact of stronger economic growth, which generally boosts fixed-income yields, against massive central-bank bond purchases, which tend to push yields down. Returns on non-government bonds declined for the first time since 2011. Concern mounted that issuers were using debt to finance transactions such as stock buybacks rather than investing in products and services that generate revenues to service debt. Canadian federal-government bonds outperformed U.S. treasuries as weak Canadian growth pulled down domestic yields. The RBC Bond Fund had a positive impact on returns.

Global equity markets were driven by concerns including the timing of the first rate rise by the Fed, extraordinarily loose monetary policies and political conflict in Europe, as well as China coming to terms with slowing growth and its transition to a service economy. In addition, broad strength in the U.S. dollar, continued commodity-price weakness and a resurgence of Middle East geopolitical concerns that triggered a wave of migration into Europe resulted in higher equity-market volatility. The RBC European Equity Fund and the RBC Private U.S. Large-Cap Core Equity Pool had a positive impact on returns. The RBC Canadian Equity Fund had a negative impact on performance.

Recent Developments

While the portfolio manager recognizes both the erosion in fundamentals and increase in risks since early 2015, the portfolio manager continues to believe 2016 will see mild but sustained growth in GDP globally, the beginning of a recovery in inflation and enough strength in corporate profits to support modest returns from equities. Key indications of this progress – or lack thereof – will come from credit spreads, earnings, stock-market breadth and leading economic indicators as 2016 unfolds. The portfolio manager will continue to closely monitor these signals.

Effective January 1, 2015, the specified percentage declined to 1.85% for Series A units and 1.10% for Series D units.

Effective January 1, 2020, the specified percentage will decline to 1.75% for Series A units and 1.00% for Series D units.

Effective January 1, 2025, the specified percentage will decline to 1.55% for Series A units and 0.90% for Series D units.

Effective January 1, 2028, the specified percentage will decline to 1.00% for Series A units and 0.80% for Series D units.



Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	12.00	0.43	(0.24)	0.42	(0.23)	0.38	—	(0.15)	(0.34)	—	(0.49)	12.06
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, 2015	12.07	0.43	(0.14)	0.42	(0.23)	0.48	(0.01)	(0.25)	(0.34)	—	(0.60)	12.13
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, 2015	12.06	255 378	21 168	1.94	1.94	3.06	0.08
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, 2015	12.13	3 482	287	1.17	1.17	3.06	0.08
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.

⁴ From July 9, 2012.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio manager 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.

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%	56%	44%
Series D	0.96%	23%	77%

* Management fees represent the actual average management fee rate for the period ended December 31, 2015.

† 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.

Series A (%)



Series D (%)



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, 2015, 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	4.6	10.3	—	—	10.2
Benchmark 1	3.5	3.6	—	—	3.4
Benchmark 2	-8.3	4.6	—	—	6.4
Series D	5.4	11.1	—	—	11.1
Benchmark 1	3.5	3.6	—	—	3.4
Benchmark 2	-8.3	4.6	—	—	6.4

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.

Series A and Series D units have been available for sale to unitholders since July 9, 2012.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Income Funds	30.0
Canadian Equity Funds	24.7
United States Equity Funds	24.6
International Equity Funds	19.8
Cash/Other	0.9

Top 25 Holdings*

	% of Net Asset Value
RBC Bond Fund	18.0
RBC High Yield Bond Fund	12.0
RBC Canadian Equity Fund	11.8
RBC European Equity Fund	9.8
RBC Private U.S. Large-Cap Core Equity Pool	5.5
RBC U.S. Equity Fund	5.5
RBC U.S. Mid-Cap Equity Fund	5.0
Phillips, Hager & North Canadian Growth Fund	4.9
RBC Canadian Dividend Fund	4.9
RBC O'Shaughnessy U.S. Value Fund	4.6
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	4.0
RBC Emerging Markets Equity Fund	4.0
RBC Asia Pacific ex-Japan Equity Fund	3.6
RBC QUBE Low Volatility Canadian Equity Fund	3.0
RBC Japanese Equity Fund	2.4
Cash & Cash Equivalents	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.

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, 2015

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 4, 2016.

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/reports 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 fell to \$16.5 billion as of December 31, 2015, from \$18.0 billion at the end of 2014. The decrease was due mainly to investment losses.

Over the past year, the Fund's Series A units lost 7.2%, which outperformed the 8.3% 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 any other series, which may vary because of differences in management fees and expenses.

The S&P/TSX Composite Index, Canada's equity benchmark, underperformed most other global indices during the period. Declining commodity prices weighed on many global markets, but the resource-heavy Canadian index was especially impacted. The price of crude oil declined further in 2015 as the market struggled with excess supply. This weighed on Canadian energy stocks, which account for about a fifth of the S&P/TSX market capitalization. Global growth concerns also deepened throughout the year after economic data out of a number of large economies, most notably China, indicated the possibility of slower growth going forward. These factors prompted the Bank of Canada (the "BOC") to cut its overnight lending rate twice throughout the year. Meanwhile, the U.S. Federal Reserve (the "Fed") felt the U.S. economy was on solid enough footing to finally embark on a long-anticipated tightening cycle, although the cadence of future increases is likely to be measured.

In 2015, stronger relative performance in the Financials, Materials and Consumer Discretionary sectors offset weaker relative performance in the Energy, Information Technology and Telecommunications sectors.

In the Financials sector, the Fund benefited from an overweight position in Brookfield Asset Management, as increased assets under management bolstered the outlook for fee revenue. An overweight position in Brookfield Property Partners also contributed to relative performance.

In the Materials sector, a zero weighting in First Quantum Minerals aided returns. The company was negatively affected by its exposure to decreasing copper prices.

In the Consumer Discretionary sector, strong relative performance was generated from exposure to U.S.-listed Nike, Walt Disney, and Lowe's. The Fund has a small allocation to U.S. stocks.

Above-benchmark exposure to the Energy sector weighed on performance. An overweight position in Husky Energy hindered returns due to continued uncertainty regarding the execution of the Sunrise oil sands project and the market's negative reaction to the decision to temporarily pay its dividends via common shares.

Underweight exposure to the Telecommunication Services sector hindered returns, as BCE, Rogers Communications and Manitoba Telecom posted positive returns in 2015.

In the Information Technology sector, a zero weighting in Constellation Software had a negative impact on relative performance. The company, which has grown through a series of takeovers, managed to offset a slowdown in the pace of acquisitions with cost-cutting.

Recent Developments

An improvement in the performance of Canadian equity markets will require a bigger contribution from stocks in the Financials and Energy sectors. For that to happen, energy prices will have to move higher, in the view of the portfolio manager. Energy prices, specifically oil, are difficult to forecast, and it now appears prices will be lower on average and more volatile than in the recent past, although an eventual rebalancing of the market is likely to see prices move higher from current levels. For growth, Canada also depends on the U.S., where a stronger labour market and improving housing market indicate an improving economy. The interest-rate policy divergence between the Fed and the BOC is likely to widen if commodity prices remain weak, which could add further pressure to the Canadian dollar.



Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 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 \$484,000 (2014 – \$786,000) or 13% (2014 – 16%) 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	63.36	2.01	(1.09)	1.54	(6.95)	(4.49)	—	(0.68)	—	—	(0.68)	58.12
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
Advisor Series												
Dec. 31, 2015	63.74	2.02	(1.09)	1.55	(6.99)	(4.51)	—	(0.68)	—	—	(0.68)	58.47
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
Advisor T5 Series												
Dec. 31, 2015	63.42	2.02	(1.09)	1.55	(6.99)	(4.51)	—	(0.70)	—	(2.47)	(3.17)	55.78
Dec. 31, 2014 ³	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, 2015	59.08	1.84	(1.00)	1.41	(6.35)	(4.10)	—	(0.75)	—	(2.20)	(2.95)	52.00
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, 2015	11.39	0.35	(0.19)	0.27	(1.21)	(0.78)	—	(0.15)	—	(0.76)	(0.91)	9.70
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
Series D												
Dec. 31, 2015	63.44	2.02	(0.75)	1.54	(6.96)	(4.15)	—	(1.01)	—	—	(1.01)	58.20
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



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 F												
Dec. 31, 2015	65.27	2.07	(0.59)	1.59	(7.17)	(4.10)	—	(1.22)	—	—	(1.22)	59.89
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
Series FT5												
Dec. 31, 2015	64.90	2.02	(0.55)	1.55	(6.98)	(3.96)	—	(1.29)	—	(1.96)	(3.25)	57.63
Dec. 31, 2014 ³	66.32 [†]	0.74	(0.24)	1.17	1.42	3.09	—	(0.32)	(1.35)	—	(1.67)	64.90
Series I												
Dec. 31, 2015	64.10	2.04	(0.32)	1.56	(7.04)	(3.76)	—	(1.45)	—	—	(1.45)	58.80
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
Series O												
Dec. 31, 2015	64.68	2.06	(0.01)	1.57	(7.11)	(3.49)	—	(1.78)	—	—	(1.78)	59.33
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

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, 2015	58.12	10 062 888	173 144	1.76	1.76	12.92	0.02
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
Advisor Series							
Dec. 31, 2015	58.47	155 684	2 663	1.76	1.76	12.92	0.02
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
Advisor T5 Series							
Dec. 31, 2015	55.78	1 406	25	1.84	1.84	12.92	0.02
Dec. 31, 2014 ⁴	63.42	44	1	1.81	1.81	17.39	0.03



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 T5							
Dec. 31, 2015	52.00	7 177	138	1.78	1.78	12.92	0.02
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
Series T8							
Dec. 31, 2015	9.70	96 352	9 931	1.78	1.78	12.92	0.02
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
Series D							
Dec. 31, 2015	58.20	519 006	8 918	1.21	1.21	12.92	0.02
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
Series F							
Dec. 31, 2015	59.89	218 825	3 654	0.93	0.93	12.92	0.02
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
Series FT5							
Dec. 31, 2015	57.63	488	8	0.89	0.89	12.92	0.02
Dec. 31, 2014 ⁴	64.90	213	3	0.96	0.96	17.39	0.03
Series I							
Dec. 31, 2015	58.80	136 884	2 328	0.51	0.51	12.92	0.02
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
Series O							
Dec. 31, 2015	59.33	5 329 892	89 835	0.02	0.02	12.92	0.02
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

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 manager 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.

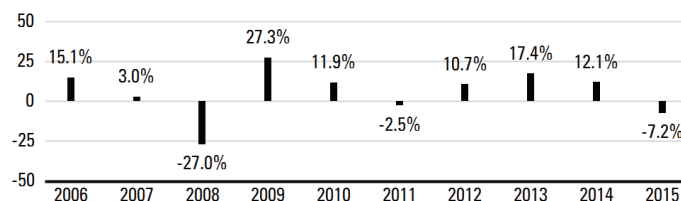
PAST PERFORMANCE

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.

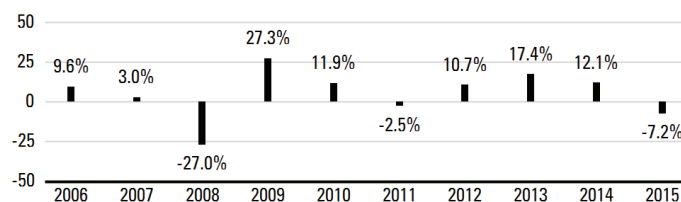
Year-by-Year Returns (%)

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.

Series A (%)



Advisor Series (%)



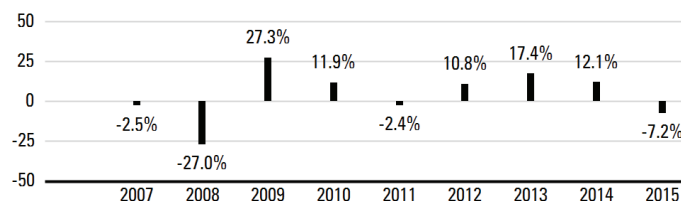
Advisor T5 Series (%)



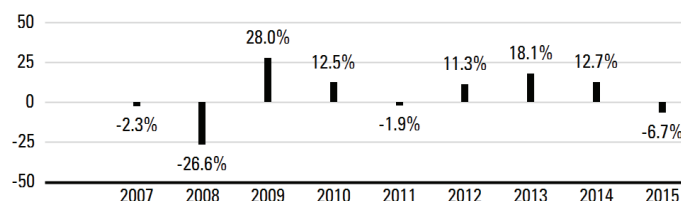
Series T5 (%)



Series T8 (%)

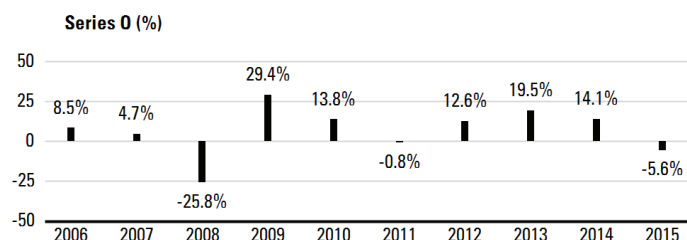
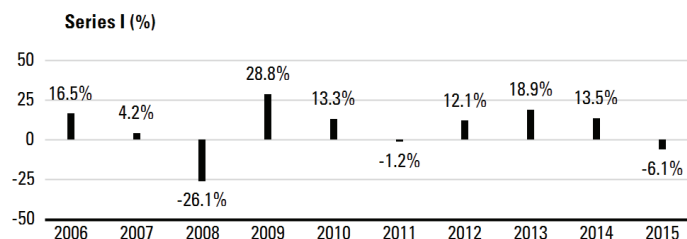
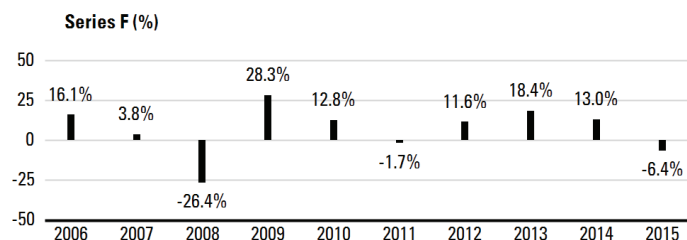


Series D (%)





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, 2015, 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	-7.2	6.9	5.7	5.0	—
Benchmark	-8.3	4.6	2.3	4.4	—
Advisor Series	-7.2	6.9	5.7	—	4.6
Benchmark	-8.3	4.6	2.3	—	3.7
Advisor T5 Series	-7.3	—	—	—	-5.3
Benchmark	-8.3	—	—	—	-10.1
Series T5	-7.2	6.9	—	—	7.6
Benchmark	-8.3	4.6	—	—	4.8
Series T8	-7.2	6.9	5.7	—	3.5
Benchmark	-8.3	4.6	2.3	—	2.2
Series D	-6.7	7.5	6.3	—	4.0
Benchmark	-8.3	4.6	2.3	—	2.2
Series F	-6.4	7.8	6.6	5.8	—
Benchmark	-8.3	4.6	2.3	4.4	—
Series FT5	-6.4	—	—	—	-4.4
Benchmark	-8.3	—	—	—	-10.1
Series I	-6.1	8.2	7.0	6.3	—
Benchmark	-8.3	4.6	2.3	4.4	—
Series O	-5.6	8.8	7.5	—	6.4
Benchmark	-8.3	4.6	2.3	—	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.

Advisor T5 Series and Series FT5 units have been available for sale to unitholders since August 11, 2014, Series T5 units since September 24, 2012, Series T8 and Series D units since July 3, 2007, Series O units since September 5, 2006, and Advisor Series units since March 20, 2006.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Financials	44.4
Energy	20.1
Industrials	8.3
Consumer Discretionary	6.0
Telecommunication Services	4.1
Utilities	4.1
Consumer Staples	3.6
Materials	1.9
Health Care	0.4
Information Technology	0.4
Bonds	0.4
Cash/Other	6.3

Top 25 Holdings

	% of Net Asset Value
Toronto-Dominion Bank	7.0
Royal Bank of Canada	6.8
Cash & Cash Equivalents	6.3
Bank of Nova Scotia	5.1
Canadian National Railway Co.	4.5
Brookfield Asset Management Inc., Class A	4.2
Bank of Montreal	3.8
Canadian Imperial Bank of Commerce	3.4
Suncor Energy Inc.	3.1
Enbridge Inc.	2.8
TransCanada Corp.	2.7
Manulife Financial Corporation	2.6
Canadian Natural Resources Ltd.	2.3
Imperial Oil Ltd.	1.9
Loblaw Companies Ltd.	1.9
Canadian Pacific Railway Ltd.	1.8
Sun Life Financial Inc.	1.8
TELUS Corp.	1.7
Power Corporation of Canada	1.7
Brookfield Property Partners LP	1.4
Thomson Corp.	1.4
BCE Inc.	1.4
Magna International Inc., Class A	1.2
Cenovus Energy Inc.	1.1
PrairieSky Royalty Ltd.	1.1
Top 25 Holdings	73.0

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.



CANADIAN EQUITY FUND

RBC CANADIAN EQUITY FUND

December 31, 2015

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 4, 2016.

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/reports 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 \$2.3 billion as of December 31, 2015, from \$2.8 billion at the end of 2014. The decrease was due to a combination of net redemptions and investment losses.

Over the past year, the Fund's Series A units lost 9.4%, which underperformed the 8.3% 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 any other series, which may vary because of differences in management fees and expenses.

The S&P/TSX Composite Index, Canada's equity benchmark, underperformed most other global indices during the period. Declining commodity prices weighed on many global markets, but the resource-heavy Canadian index was especially impacted. The price of crude oil declined further in 2015 as the market struggled with excess supply. This weighed on Canadian energy stocks, which account for about a fifth of the S&P/TSX market capitalization. Global growth concerns also deepened throughout the year after economic data out of a number of large economies, most notably China, indicated the possibility of slower growth going forward. These factors prompted the Bank of Canada (the "BOC") to cut its overnight lending rate twice throughout the year. Meanwhile, the U.S. Federal Reserve (the "Fed") felt the U.S. economy was on solid enough footing to finally embark on a long-anticipated tightening cycle, although the cadence of future increases is likely to be measured.

In 2015, stronger relative performance in the Health Care and Financials sectors offset weaker relative performance in the Information Technology, Utilities and Energy sectors.

In the Financials sector, the Fund benefited from an overweight position in Brookfield Asset Management as increased assets under management bolstered the outlook for fee revenue. An overweight position in Element Financial also contributed to relative performance after the company announced it will acquire most of General Electric's vehicle-leasing business.

In the Health Care sector, an underweight position in Valeant Pharmaceuticals aided returns as the company's stock came under pressure from increased regulatory scrutiny over its drug pricing practices and partnership with mail-order pharmacy Philidor RX Services.

Above-benchmark exposure to the Energy sector weighed on performance. An overweight position in Husky Energy hindered returns due to continued uncertainty regarding the execution of the Sunrise oil sands project and the market's negative reaction to the decision to issue dividends via common shares. An above-benchmark position in Encana also detracted from performance.

In the Information Technology sector, a zero weighting in Constellation Software had a negative impact on relative performance. The company, which has grown through a series of takeovers, managed to offset a slowdown in the pace of acquisitions with cost-cutting.

In the Utilities sector, an overweight position in Atco had a negative impact on relative returns. Lower earnings from the utilities segment were driven by a regulatory adjustment to the allowed return on equity, weaker Alberta power prices and uncertainty surrounding the impact of a new carbon policy in Alberta.

Recent Developments

An improvement in the performance of Canadian equity markets will require a bigger contribution from stocks in the Financials and Energy sectors. For that to happen, energy prices will have to move higher, in the view of the portfolio manager. Energy prices, specifically oil, are difficult to forecast, and it now appears prices will be lower on average and more volatile than in the recent past, although an eventual rebalancing of the market is likely to see prices move higher from current levels. For growth, Canada also depends on the U.S., where a stronger labour market and improving housing market indicate an improving economy. The interest-rate policy divergence between the Fed and the BOC is likely to widen if commodity prices remain weak, which could add further pressure to the Canadian dollar.



Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 \$123,000 (2014 – \$167,000) or 11% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	23.35	0.69	(0.47)	0.72	(3.06)	(2.12)	—	(0.11)	(0.23)	—	(0.34)	20.82
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
Advisor Series												
Dec. 31, 2015	23.47	0.69	(0.47)	0.73	(3.08)	(2.13)	—	(0.11)	(0.23)	—	(0.34)	20.93
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
Series D												
Dec. 31, 2015	23.93	0.71	(0.28)	0.74	(3.15)	(1.98)	—	(0.30)	(0.23)	—	(0.53)	21.35
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
Series F												
Dec. 31, 2015	25.96	0.77	(0.24)	0.81	(3.42)	(2.08)	—	(0.37)	(0.26)	—	(0.63)	23.17
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
Series I												
Dec. 31, 2015	26.07	0.78	(0.06)	0.81	(3.45)	(1.92)	—	(0.55)	(0.26)	—	(0.81)	23.26
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



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 O												
Dec. 31, 2015	21.59	0.64	—	0.67	(2.86)	(1.55)	—	(0.51)	(0.22)	—	(0.73)	19.24
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

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, 2015	20.82	1 795 493	86 232	2.06	2.06	18.00	0.06
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
Advisor Series							
Dec. 31, 2015	20.93	13 517	646	2.04	2.04	18.00	0.06
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
Series D							
Dec. 31, 2015	21.35	112 814	5 285	1.21	1.21	18.00	0.06
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
Series F							
Dec. 31, 2015	23.17	14 404	622	0.94	0.94	18.00	0.06
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
Series I							
Dec. 31, 2015	23.26	140 645	6 048	0.25	0.25	18.00	0.06
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



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, 2015	19.24	259 273	13 473	0.02	0.02	18.00	0.06
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

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 manager 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	up to 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.

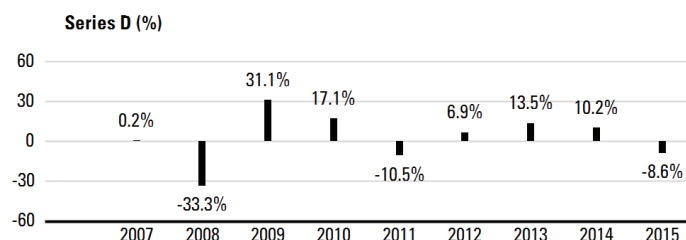
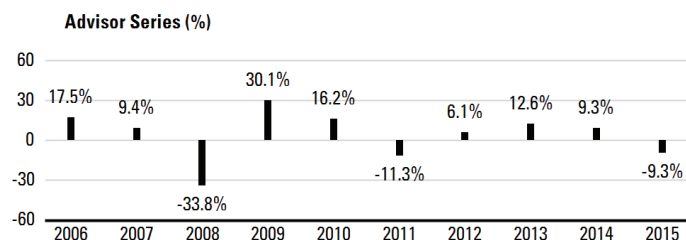
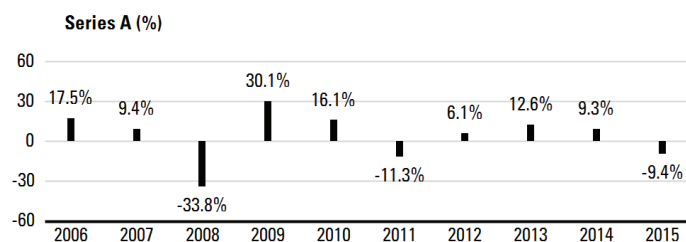


PAST PERFORMANCE

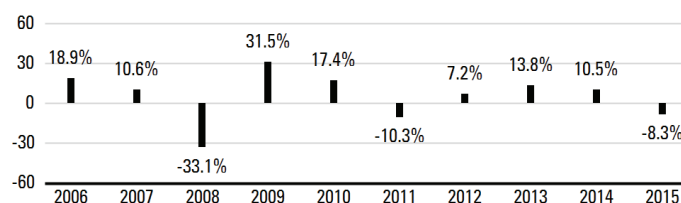
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional 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 (%)

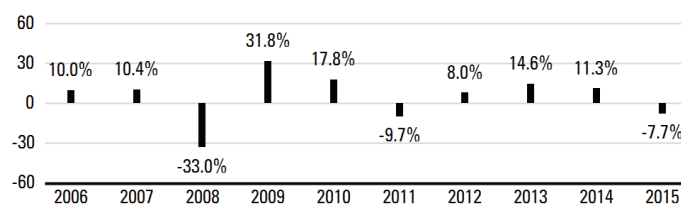
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



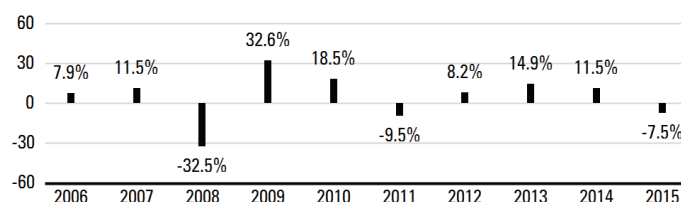
Series F (%)



Series I (%)



Series O (%)





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, 2015, 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	-9.4	3.7	1.0	3.0	—
Benchmark	-8.3	4.6	2.3	4.4	—
Advisor Series	-9.3	3.7	1.0	3.1	—
Benchmark	-8.3	4.6	2.3	4.4	—
Series D	-8.6	4.6	1.8	—	1.4
Benchmark	-8.3	4.6	2.3	—	2.2
Series F	-8.3	4.9	2.1	4.2	—
Benchmark	-8.3	4.6	2.3	4.4	—
Series I	-7.7	5.6	2.8	—	4.0
Benchmark	-8.3	4.6	2.3	—	3.8
Series O	-7.5	5.8	3.0	—	4.3
Benchmark	-8.3	4.6	2.3	—	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.

Series D units have been available for sale to unitholders since July 3, 2007, Series O units since September 5, 2006, and Series I units since August 8, 2006.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Financials	40.8
Energy	19.4
Industrials	7.5
Consumer Discretionary	6.1
Materials	5.6
Telecommunication Services	5.3
Consumer Staples	4.8
Investment Funds	4.3
Information Technology	2.1
Health Care	1.7
Utilities	1.7
Cash/Other	0.7

Top 25 Holdings

	% of Net Asset Value
Royal Bank of Canada	7.0
Toronto-Dominion Bank	6.8
Bank of Nova Scotia	4.8
Suncor Energy Inc.	4.4
RBC Canadian Small & Mid-Cap Resources Fund	4.3
Canadian National Railway Co.	3.4
Bank of Montreal	3.1
Brookfield Asset Management Inc., Class A	3.1
Canadian Natural Resources Ltd.	3.0
Manulife Financial Corporation	2.8
Enbridge Inc.	2.5
Canadian Imperial Bank of Commerce	2.3
BCE Inc.	2.1
TransCanada Corp.	2.0
Canadian Pacific Railway Ltd.	1.9
TELUS Corp.	1.7
Power Corporation of Canada	1.7
Sun Life Financial Inc.	1.7
Alimentation Couche-Tard Inc.	1.6
Loblaw Companies Ltd.	1.6
Thomson Corp.	1.5
Rogers Communications Inc., Class B	1.5
Cenovus Energy Inc.	1.4
Potash Corporation of Saskatchewan Inc.	1.3
Brookfield Property Partners LP	1.2
Top 25 Holdings	68.7

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.



CANADIAN EQUITY FUND

RBC QUBE CANADIAN EQUITY FUND

December 31, 2015

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 4, 2016.

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/reports 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 \$1.0 billion as of December 31, 2015, from \$685 million at the end of 2014. The increase was due to net inflows.

Over the past 12 months, the Fund's Series O units lost 6.8%, which outperformed the 8.3% decline in the benchmark. The Fund's return is after the deduction of 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 any other series, which may vary because of differences in management fees and expenses.

The Energy, Telecommunication Services and Consumer Staples sectors contributed to the Fund's performance during the period, with both strong stock selection and sector weightings contributing to returns. The Financials, Consumer Discretionary and Health Care sectors had a negative impact on returns due to poor stock selection.

The individual stock that contributed the most to the Fund's returns was supermarket chain Metro Inc. On the negative side, a lack of relative exposure to Bank of Montreal in the Financials sector hurt returns most, as the stock performed well during 2015.

Recent Developments

Stocks experienced significant volatility in 2015 driven by uncertainty about the direction of global economic growth. Most equity markets moved sideways or down in 2015, as valuations moderated and earnings estimates fell modestly.

The risk of continued declines in stocks persists, creating a challenging environment for investors. Nonetheless, the sell-off in many equity markets over the past few months has bolstered the long-term potential for stock gains. Expanding valuations have been the key driver of rising stock prices since the financial crisis, and may now offer less support for equity returns. In the view of the portfolio manager, higher valuation levels mean that earnings growth will likely be the key driver of further gains in stocks.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 \$394,000 (2014 – \$12,000) or 71% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:



Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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 O												
Dec. 31, 2015	10.92	0.33	—	(0.25)	(0.98)	(0.90)	(0.01)	(0.23)	—	—	(0.24)	9.94
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
Series O							
Dec. 31, 2015	9.94	1 038 489	104 465	0.02	0.02	52.28	0.07
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 manager 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, 2015, 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	-6.8	—	—	—	7.8
Benchmark	-8.3	—	—	—	5.9

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.

Series 0 units have been available for sale to unitholders since June 27, 2013.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Financials	39.0
Energy	16.2
Materials	9.1
Consumer Discretionary	7.4
Consumer Staples	6.5
Industrials	6.2
Telecommunication Services	4.7
Information Technology	4.5
Utilities	3.4
Health Care	2.9
Cash/Other	0.1

Top 25 Holdings

	% of Net Asset Value
Bank of Nova Scotia	6.1
Suncor Energy Inc.	5.2
Royal Bank of Canada	4.7
BCE Inc.	4.3
Toronto-Dominion Bank	4.1
Canadian Imperial Bank of Commerce	3.9
Sun Life Financial Inc.	3.3
Canadian National Railway Co.	2.8
Canadian Natural Resources Ltd.	2.8
National Bank of Canada	2.8
Magna International Inc., Class A	2.8
Valeant Pharmaceuticals International Inc.	2.7
Constellation Software Inc.	2.1
Emera Inc.	2.1
Manulife Financial Corporation	2.0
Metro Inc., Class A	2.0
Alimentation Couche-Tard Inc.	1.8
Dollarama Inc.	1.8
George Weston Ltd.	1.7
Potash Corporation of Saskatchewan Inc.	1.7
Brookfield Asset Management Inc., Class A	1.6
Power Corporation of Canada	1.5
Ritchie Bros. Auctioneers Inc.	1.4
H&R Real Estate Investment Trust	1.4
CI Financial Corp.	1.3
Top 25 Holdings	67.9

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 QUBE LOW VOLATILITY
CANADIAN EQUITY FUND**

December 31, 2015

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 4, 2016.

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.

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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 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 \$1.3 billion as of December 31, 2015, from \$868 million at the end of 2014. The increase was due to net inflows.

Over the past year, the Fund's Series A units lost 3.0%, which outperformed the 8.3% 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 any other series, which may vary because of differences in management fees and expenses.

The Consumer Staples, Materials and Utilities sectors contributed to the Fund's performance. In the Consumer Staples sector, food-retailing stocks had the most significant positive impact on returns. The Energy sector was the Fund's worst-performing sector over the period as the price of oil extended declines.

Individual stocks that contributed the most to the Fund's returns were Alimentation Couche-Tard and George Weston in the Consumer Staples sector. In the Materials sector, specialty-packaging company CCL Industries was one of the top holdings. The stock that hurt returns most was Shaw Communications in the Telecommunication Services sector. Shaw declined on concern about the debt taken on to finance its planned acquisition of Wind Mobile.

Recent Developments

Stocks experienced significant volatility in 2015 driven by uncertainty about the direction of global economic growth. Most equity markets moved sideways or down in 2015, as valuations moderated and earnings estimates fell modestly.

The risk of continued declines in stocks persists, creating a challenging environment for investors. Nonetheless, the sell-off in many equity markets over the past few months has bolstered the long-term potential for stock gains. Expanding valuations have been the key driver of rising stock prices since the financial crisis, and may now offer less support for equity returns. In the view of the portfolio manager, higher valuation levels mean that earnings growth will likely be the key driver of further gains in stocks.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 \$112,000 (2014 – \$71,000) or 24% (2014 – 35%) 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	12.74	0.37	(0.26)	0.24	(0.80)	(0.45)	(0.01)	(0.07)	(0.20)	—	(0.28)	12.09
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, 2015	12.68	0.38	(0.25)	0.24	(0.80)	(0.43)	(0.01)	(0.07)	(0.21)	—	(0.29)	12.02
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, 2015	12.68	0.35	(0.22)	0.22	(0.75)	(0.40)	(0.01)	(0.10)	(0.21)	—	(0.32)	12.02
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, 2015	12.86	0.38	(0.15)	0.24	(0.81)	(0.34)	(0.02)	(0.16)	(0.21)	—	(0.39)	12.20
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, 2015	12.64	0.37	(0.11)	0.23	(0.79)	(0.30)	(0.02)	(0.20)	(0.21)	—	(0.43)	11.98
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, 2015	12.80	0.36	(0.09)	0.22	(0.76)	(0.27)	(0.02)	(0.22)	(0.21)	—	(0.45)	12.15
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



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 O												
Dec. 31, 2015	13.75	0.41	—	0.26	(0.87)	(0.20)	(0.03)	(0.32)	(0.23)	—	(0.58)	13.03
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.

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, 2015	12.09	45 115	3 733	2.04	2.04	34.78	0.04
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, 2015	12.02	3 938	328	1.97	1.97	34.78	0.04
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, 2015	12.02	390	32	1.79	1.79	34.78	0.04
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, 2015	12.20	10 350	848	1.21	1.21	34.78	0.04
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, 2015	11.98	3 045	254	0.91	0.91	34.78	0.04
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, 2015	12.15	250	21	0.73	0.73	34.78	0.04
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



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, 2015	13.03	1 214 143	93 160	0.02	0.02	34.78	0.04
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.

Management Fees

RBC GAM is the manager, trustee and portfolio manager 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.

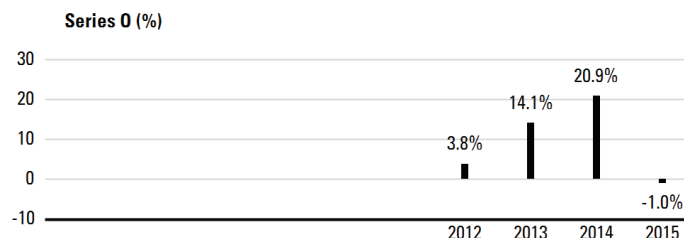
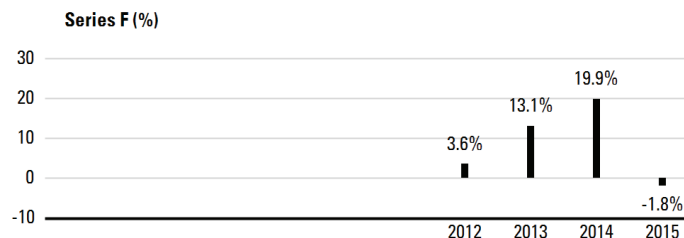
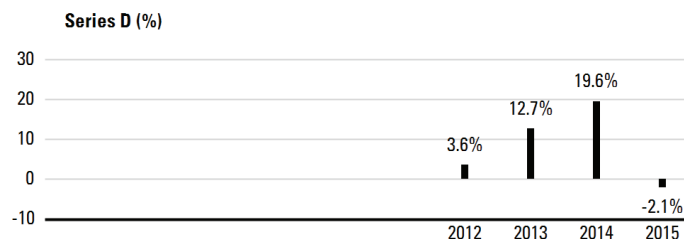
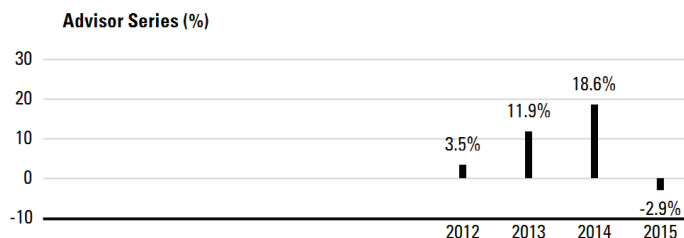
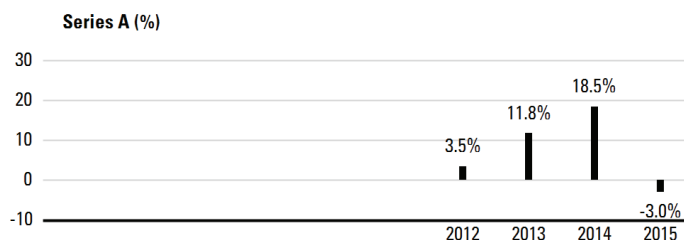


PAST PERFORMANCE

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, 2015, 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	-3.0	8.7	—	—	9.6
Benchmark	-8.3	4.6	—	—	5.2
Advisor Series	-2.9	8.8	—	—	9.7
Benchmark	-8.3	4.6	—	—	5.2
Series H	-2.7	—	—	—	9.9
Benchmark	-8.3	—	—	—	4.3
Series D	-2.1	9.7	—	—	10.5
Benchmark	-8.3	4.6	—	—	5.2
Series F	-1.8	10.0	—	—	10.9
Benchmark	-8.3	4.6	—	—	5.2
Series I	-1.6	—	—	—	11.1
Benchmark	-8.3	—	—	—	4.3
Series O	-1.0	11.0	—	—	11.8
Benchmark	-8.3	4.6	—	—	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.

Series H and Series I units have been available for sale to unitholders since August 12, 2013, and Series A, Advisor Series, Series D, Series F and Series O units since November 19, 2012.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Financials	28.0
Consumer Staples	16.6
Consumer Discretionary	15.3
Utilities	11.5
Telecommunication Services	7.9
Energy	7.8
Industrials	6.9
Materials	2.8
Information Technology	1.9
Health Care	0.8
Cash/Other	0.5

Top 25 Holdings

	% of Net Asset Value
George Weston Ltd.	4.0
Fortis Inc.	4.0
TELUS Corp.	4.0
Royal Bank of Canada	4.0
Alimentation Couche-Tard Inc.	4.0
BCE Inc.	3.9
Intact Financial Corp.	3.8
Saputo Group Inc.	3.8
TransCanada Corp.	3.6
Canadian National Railway Co.	3.6
Shaw Communications Inc., Class B	3.6
Dollarama Inc.	3.5
Bank of Montreal	3.5
RioCan Real Estate Investment Trust	3.2
Emera Inc.	2.9
Toronto-Dominion Bank	2.8
Imperial Oil Ltd.	2.7
Canadian Tire Corp. Ltd., Class A	2.6
Empire Co. Ltd., Class A	2.2
CI Financial Corp.	2.2
Cineplex Inc.	2.0
Bank of Nova Scotia	1.9
Constellation Software Inc.	1.8
H&R Real Estate Investment Trust	1.8
Magna International Inc., Class A	1.7
Top 25 Holdings	77.1

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 JANTZI CANADIAN EQUITY FUND

December 31, 2015

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 4, 2016.

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/reports 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 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 fell to \$35 million as of December 31, 2015, from \$39 million at the end of 2014. The decrease was due to a combination of net redemptions and investment losses.

Over the past year, the Fund’s Series A units lost 8.3%, which matched the 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 any other series, which may vary because of differences in management fees and expenses.

The S&P/TSX Composite Index, Canada’s equity benchmark, underperformed most other global indexes during the period. Declining commodity prices weighed on many global markets, but the resource-heavy Canadian index was especially impacted. The price of crude oil declined further in 2015 as the market struggled with excess supply. This weighed on Canadian energy stocks, which account for about a fifth of the S&P/TSX market capitalization. Global growth concerns also deepened throughout the year after economic data out of a number of large economies, most notably China, indicated the possibility of slower growth going forward. These factors prompted the Bank of Canada (the “BOC”) to unexpectedly cut its overnight lending rate twice throughout the year. Meanwhile, the U.S. Federal Reserve (the “Fed”) felt the U.S. economy was on solid enough footing to finally embark on a long-anticipated tightening cycle, although measured.

In 2015, positive relative performance in the Consumer Discretionary, Health Care, Financials and Utilities sectors was offset by weaker relative performance in the Energy, Industrials and Consumer Staples sectors.

Outperformance in the Consumer Discretionary sector was driven by stock selection. A position in Cara Operations benefited the Fund’s performance. The food service company went public in the first half of 2015 and was well received by investors given its attractive growth potential, underutilized balance sheet and potential to participate in industry consolidation.

In the Energy sector, an overweight position in Encana weighed on performance, while a lack of exposure to Enbridge aided returns.

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 Element Financial also contributed positively to relative performance after the company announced it will acquire most of General Electric’s fleet business.

In the Health Care sector, overweight exposure to Amica Mature Lifestyles aided performance as the company was acquired by BayBridge Seniors Housing at a significant premium to its share price.

In the Industrials sector, an overweight position in WestJet Airlines weighed on the Fund’s performance. Investor concern over rising capacity, softening airfares and exposure to Alberta’s weak economy caused shares to fall despite record earnings.

Sustainalytics conducted two reviews covering the Fund’s holdings in 2015. 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

An improvement in the performance of Canadian equity markets will require a bigger contribution from stocks in the Financials and Energy sectors. For that to happen, energy prices will have to move higher, in the view of the portfolio manager. Energy prices, specifically oil, are difficult to forecast, and it now appears prices will be lower on average and more volatile than in the recent past, although an eventual rebalancing of the market is likely to see prices move higher from current levels. For growth, Canada also depends on the U.S., where a stronger labour market, improving housing market, and lower commodity prices indicate an improving economy. The interest-rate policy divergence between the Fed and the BOC is likely to widen if commodity prices remain weak, which could add further pressure to the Canadian dollar.

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Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 \$3,000 (2014 – \$2,000) or 10% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	12.26	0.37	(0.25)	0.40	(1.53)	(1.01)	—	(0.04)	(0.02)	—	(0.06)	11.19
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
Advisor Series												
Dec. 31, 2015	12.30	0.37	(0.25)	0.40	(1.53)	(1.01)	—	(0.05)	(0.02)	—	(0.07)	11.22
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
Series D												
Dec. 31, 2015	12.76	0.38	(0.15)	0.42	(1.60)	(0.95)	—	(0.15)	(0.02)	—	(0.17)	11.64
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
Series F												
Dec. 31, 2015	12.90	0.39	(0.12)	0.42	(1.62)	(0.93)	—	(0.18)	(0.02)	—	(0.20)	11.78
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
Series I												
Dec. 31, 2015	13.16	0.40	(0.09)	0.43	(1.65)	(0.91)	—	(0.23)	(0.03)	—	(0.26)	11.99
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

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, 2015	11.19	26 731	2 389	2.09	2.10	31.91	0.08
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
Advisor Series							
Dec. 31, 2015	11.22	3 709	330	2.03	2.04	31.91	0.08
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
Series D							
Dec. 31, 2015	11.64	2 594	223	1.21	1.22	31.91	0.08
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
Series F							
Dec. 31, 2015	11.78	1 619	137	0.94	0.95	31.91	0.08
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
Series I							
Dec. 31, 2015	11.99	245	20	0.65	0.66	31.91	0.08
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

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 manager 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%

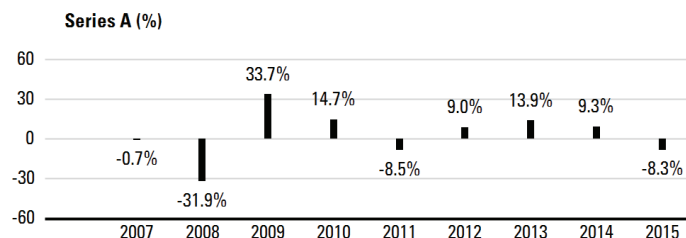
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

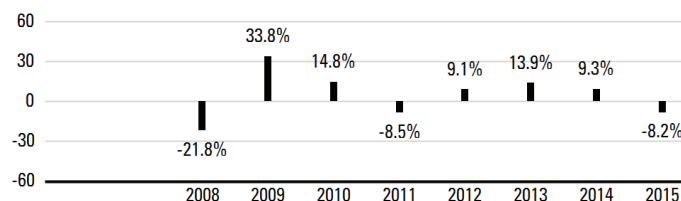
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional 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 (%)

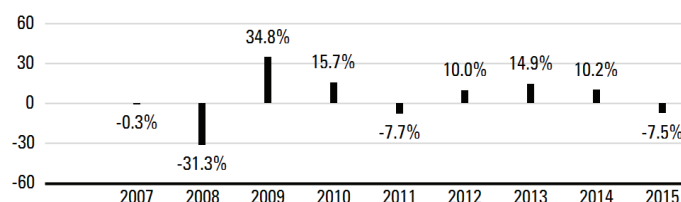
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



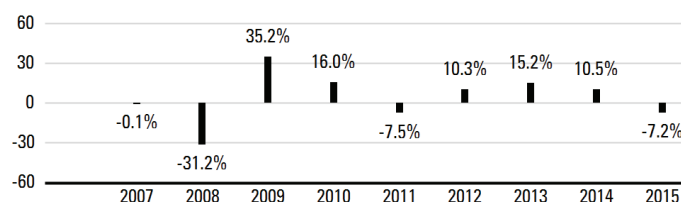
Advisor Series (%)



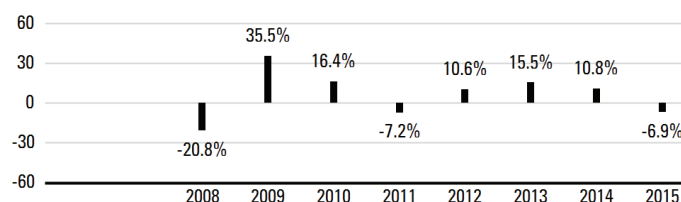
Series D (%)



Series F (%)



Series I (%)





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, 2015, 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	-8.3	4.5	2.6	—	2.0
Benchmark	-8.3	4.6	2.3	—	2.2
Advisor Series	-8.2	4.6	2.7	—	4.0
Benchmark	-8.3	4.6	2.3	—	2.9
Series D	-7.5	5.4	3.5	—	2.9
Benchmark	-8.3	4.6	2.3	—	2.2
Series F	-7.2	5.7	3.8	—	3.1
Benchmark	-8.3	4.6	2.3	—	2.2
Series I	-6.9	6.0	4.1	—	5.5
Benchmark	-8.3	4.6	2.3	—	2.9

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.

Advisor Series and Series I units have been available for sale to unitholders since January 21, 2008, and Series A, Series D and Series F units since July 3, 2007.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Financials	39.9
Energy	16.9
Consumer Discretionary	8.8
Materials	8.1
Industrials	7.0
Telecommunication Services	5.5
Utilities	3.6
Information Technology	3.6
Consumer Staples	3.1
Health Care	0.3
Cash/Other	3.2

Top 25 Holdings

	% of Net Asset Value
Royal Bank of Canada	6.9
Toronto-Dominion Bank	6.6
Canadian National Railway Co.	4.6
Bank of Nova Scotia	4.4
Bank of Montreal	3.3
Manulife Financial Corporation	3.2
Suncor Energy Inc.	3.2
Cash & Cash Equivalents	3.1
Brookfield Asset Management Inc., Class A	3.1
Canadian Imperial Bank of Commerce	2.2
BCE Inc.	2.2
Canadian Natural Resources Ltd.	2.2
TELUS Corp.	1.9
Thomson Corp.	1.8
Magna International Inc., Class A	1.6
CGI Group Inc., Class A	1.6
Sun Life Financial Inc.	1.6
Loblaw Companies Ltd.	1.6
Power Corporation of Canada	1.6
Rogers Communications Inc., Class B	1.4
Canadian Pacific Railway Ltd.	1.3
Agrium Inc.	1.2
Cenovus Energy Inc.	1.2
Element Financial Corp.	1.1
Gildan Activewear Inc., Class A	1.1
Top 25 Holdings	64.0

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.



CANADIAN EQUITY FUND

RBC CANADIAN INDEX FUND

December 31, 2015

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 4, 2016.

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/reports 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 fell to \$600 million as of December 31, 2015, from \$681 million at the end of 2014. The decrease was due mainly to investment losses.

Over the past year, the Fund's Series A units lost 9.0%, which underperformed the 8.3% 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 any other series, 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 240 issues as of December 31, 2015.

The top-performing sectors in 2015 were Consumer Staples, Information Technology and Telecommunication Services. The worst-performing sectors were Energy, Materials and Financials.

Recent Developments

The sub-advisor has no recent developments to report.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 \$7,000 (2014 – \$3,000) or 19% (2014 – 18%) 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.



The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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	
		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	Year/Period
Series A												
Dec. 31, 2015	27.28	0.81	(0.19)	0.20	(3.22)	(2.40)	—	(0.56)	—	—	(0.56)	24.28
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

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, 2015	24.28	599 779	24 708	0.72	0.72	4.95	0.01
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

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 manager 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	0.50%	20%	80%

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

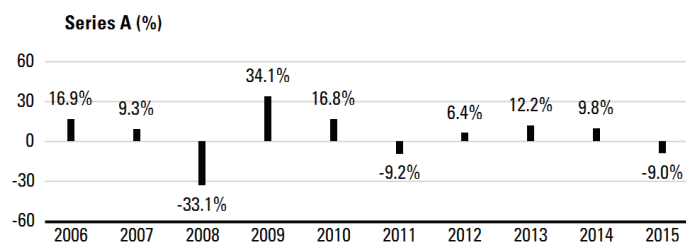


PAST PERFORMANCE

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, 2015, 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	-9.0	3.9	1.6	3.8	—
Benchmark	-8.3	4.6	2.3	4.4	—

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.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Financials	38.1
Energy	18.4
Materials	9.5
Industrials	8.2
Consumer Discretionary	6.8
Telecommunication Services	5.4
Consumer Staples	4.5
Health Care	3.2
Information Technology	3.2
Utilities	2.3
Cash/Other	0.4

Top 25 Holdings

	% of Net Asset Value
Royal Bank of Canada	6.7
Toronto-Dominion Bank	6.1
Bank of Nova Scotia	4.1
Canadian National Railway Co.	3.7
Suncor Energy Inc.	3.1
Bank of Montreal	3.1
BCE Inc.	2.8
Valeant Pharmaceuticals International Inc.	2.8
Manulife Financial Corporation	2.5
Enbridge Inc.	2.4
Brookfield Asset Management Inc., Class A	2.3
Canadian Imperial Bank of Commerce	2.2
Canadian Natural Resources Ltd.	2.0
TransCanada Corp.	2.0
Sun Life Financial Inc.	1.6
Alimentation Couche-Tard Inc.	1.6
Canadian Pacific Railway Ltd.	1.5
TELUS Corp.	1.4
Magna International Inc., Class A	1.3
Potash Corporation of Saskatchewan Inc.	1.2
Rogers Communications Inc., Class B	1.0
Agrium Inc.	1.0
Thomson Corp.	1.0
CGI Group Inc., Class A	0.9
Cenovus Energy Inc.	0.9
Top 25 Holdings	59.2

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.



CANADIAN EQUITY FUND

**RBC O'SHAUGHNESSY
CANADIAN EQUITY FUND**

December 31, 2015

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 4, 2016.

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/reports 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 consistently strong stock price 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 \$774 million as of December 31, 2015, from \$949 million at the end of 2014. The decrease was due mainly to net redemptions.

Over the past year, the Fund's Series A units lost 6.1%, which outperformed the 8.3% 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 any other series, which may vary because of differences in management fees and expenses.

Volatility in the global markets characterized 2015, with Canadian markets significantly underperforming U.S. and other developed markets. The Canadian market was down about 8% for the year as a whole while U.S. and international markets fell only slightly, and a strong U.S. dollar bolstered U.S. returns measured in Canadian dollars. The U.S. dollar's strength and falling commodity prices were among the major global market developments of 2015, with plunging oil prices leading to an overall decline in earnings.

Stocks with strong price momentum, like those favoured by the sub-advisor, outperformed and were a main driver of returns during the period. Stocks with low valuations also generally outperformed during the period. Among momentum stocks, the sub-advisor favours stocks with lower price volatility. This emphasis on low volatility aided relative returns. Additionally, the sub-advisor's emphasis on high-quality stocks, which excludes companies with poor financial strength and earnings quality, contributed to performance.

Sector allocation and stock selection were positive for returns during the period. An underweight allocation to the Energy sector and an overweight allocation to Consumer Discretionary contributed to returns. This was partially offset by an underweight allocation to Telecommunication Services and overweight exposure to Materials, which both had a negative impact. Stock selection in the Materials and Industrials sectors contributed to returns, while stock selection in Information Technology and Consumer Staples were negatives. Concordia Healthcare in the Health Care sector and Metro Inc. in the Consumer Staples sector were the largest contributors to performance. Valeant Pharmaceuticals and Cipher Pharmaceuticals, both in the Health Care sector, hurt returns the most.

Due to the Fund's investment process and market conditions over the course of 2015, the Fund decreased allocations to the Energy sector and increased allocations to Financials stocks.

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

The sub-advisor has no recent developments to report.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 \$51,000 (2014 – \$87,000) or 6% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	20.22	0.51	(0.31)	0.59	(1.96)	(1.17)	—	(0.14)	—	—	(0.14)	18.85
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
Advisor Series												
Dec. 31, 2015	20.87	0.53	(0.31)	0.61	(2.02)	(1.19)	—	(0.15)	—	—	(0.15)	19.45
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
Series D												
Dec. 31, 2015	20.41	0.52	(0.24)	0.60	(1.98)	(1.10)	—	(0.21)	—	—	(0.21)	19.03
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
Series F												
Dec. 31, 2015	20.22	0.52	(0.19)	0.59	(1.97)	(1.05)	—	(0.26)	—	—	(0.26)	18.85
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

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, 2015	18.85	719 841	38 193	1.54	1.54	59.39	0.10
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
Advisor Series							
Dec. 31, 2015	19.45	1 754	90	1.51	1.51	59.39	0.10
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
Series D							
Dec. 31, 2015	19.03	46 176	2 427	1.21	1.21	59.39	0.10
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
Series F							
Dec. 31, 2015	18.85	6 192	328	0.94	0.94	59.39	0.10
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

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 manager 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.

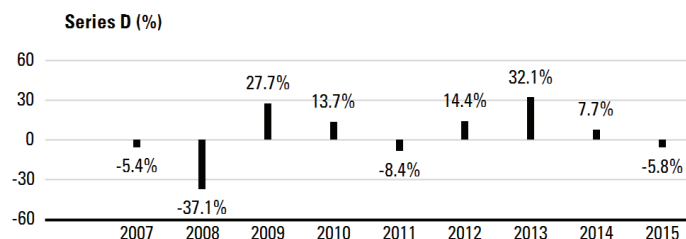
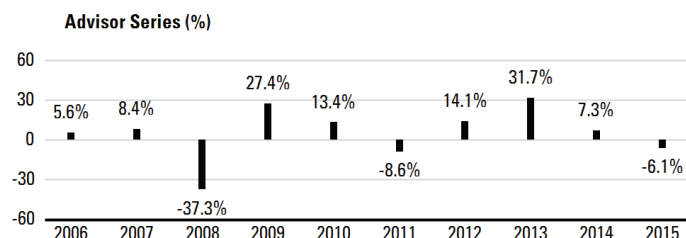
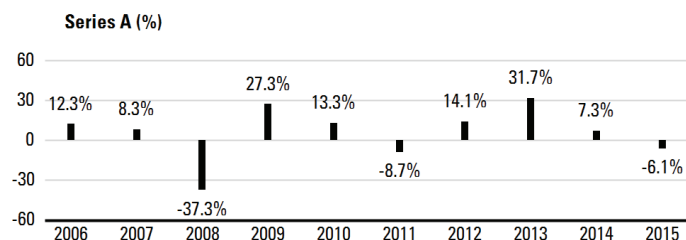


PAST PERFORMANCE

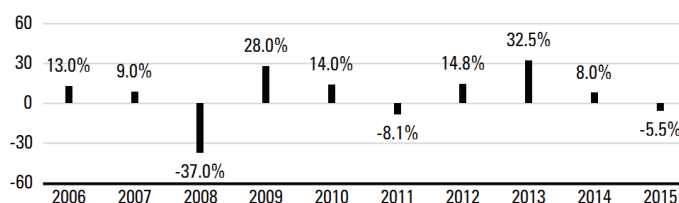
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional 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.



Series F (%)



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, 2015, 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	-6.1	9.9	6.7	4.3	—
Benchmark	-8.3	4.6	2.3	4.4	—
Advisor Series	-6.1	9.9	6.7	—	3.9
Benchmark	-8.3	4.6	2.3	—	3.8
Series D	-5.8	10.3	7.1	—	2.3
Benchmark	-8.3	4.6	2.3	—	2.2
Series F	-5.5	10.6	7.4	4.9	—
Benchmark	-8.3	4.6	2.3	4.4	—

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.

Series D units have been available for sale to unitholders since July 3, 2007, and Advisor Series units since August 28, 2006.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Financials	32.0
Consumer Discretionary	13.6
Industrials	13.0
Materials	12.2
Consumer Staples	10.5
Energy	5.5
Information Technology	4.7
Health Care	4.0
Telecommunication Services	1.5
Utilities	1.4
Foreign Equities	0.8
Cash/Other	0.8

Top 25 Holdings

	% of Net Asset Value
Metro Inc., Class A	5.0
Great-West Lifeco Inc.	4.3
Royal Bank of Canada	3.8
Magna International Inc., Class A	3.4
Sun Life Financial Inc.	3.3
Bank of Montreal	3.1
Linamar Corp.	3.1
Manulife Financial Corporation	2.8
Intact Financial Corp.	2.8
New Flyer Industries Inc.	2.7
CCL Industries, Class B	2.1
Industrial Alliance Insurance & Financial Services Inc.	2.0
Finning International Inc.	1.8
CGI Group Inc., Class A	1.7
Fairfax Financial Holdings Ltd.	1.7
Winpak Ltd.	1.7
Empire Co. Ltd., Class A	1.7
Cash & Cash Equivalents	1.7
Northrop Grumman Corp.	1.6
George Weston Ltd.	1.6
Chorus Aviation Inc.	1.5
Sienna Senior Living Inc.	1.4
TELUS Corp.	1.3
Suncor Energy Inc.	1.3
Husky Energy Inc.	1.2
Top 25 Holdings	58.6

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.



CANADIAN EQUITY FUND

**RBC O'SHAUGHNESSY
ALL-CANADIAN EQUITY FUND**

December 31, 2015

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 4, 2016.

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/reports 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 fell to \$440 million as of December 31, 2015, from \$492 million at the end of 2014. The decrease was due mainly to net redemptions.

Over the past year, the Fund's Series A units lost 1.0%, which outperformed the 8.3% 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 any other series, which may vary because of differences in management fees and expenses.

Volatility in the global markets characterized 2015, with Canadian markets significantly underperforming U.S. and other developed markets. The Canadian market was down about 8% for the year as a whole while U.S. and international markets fell only slightly, and a strong U.S. dollar bolstered U.S. returns measured in Canadian dollars. The U.S. dollar's strength and falling commodity prices were among the major global market developments of 2015, with plunging oil prices leading to an overall decline in earnings.

Stocks with strong price momentum, like those favoured by the sub-advisor, outperformed and were a main driver of returns for the period. Stocks with low valuations also generally outperformed during the period. Among momentum stocks, the sub-advisor favoured stocks with lower price volatility, and this preference aided

relative returns. Additionally, the sub-advisor emphasizes high-quality stocks by excluding companies with poor financial strength and earnings quality. Stocks with high financial strength and earnings quality generally outperformed for the period.

Sector allocation and stock selection had a positive effect on returns for the period. An underweight allocation to the Energy sector and an overweight allocation to Consumer Discretionary contributed to returns, while underweight allocations to Health Care and Financials hurt relative performance. Security selection in the Industrials and Health Care sectors contributed to returns, partially offset by security selection in Financials and Consumer Staples. Transcontinental in the Industrials sector and Dollarama in the Consumer Discretionary sector were the largest contributors to performance. Jean Coutu in the Consumer Staples sector and Western Forest Products in the Materials sector hurt relative returns the most.

Due to the Fund's investment process and market conditions over the course of 2015, the Fund increased allocations to the Materials sector and decreased allocations to Energy stocks.

Recent Developments

The sub-advisor has no recent developments to report.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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.

[®] Registered trademark of Royal Bank of Canada. Used under licence.



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 \$22,000 (2014 – \$47,000) or 3% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	13.38	0.40	(0.24)	0.54	(0.82)	(0.12)	—	(0.13)	(0.42)	—	(0.55)	12.70
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
Advisor Series												
Dec. 31, 2015	13.44	0.40	(0.24)	0.54	(0.82)	(0.12)	—	(0.14)	(0.42)	—	(0.56)	12.75
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
Series D												
Dec. 31, 2015	13.65	0.41	(0.17)	0.55	(0.84)	(0.05)	—	(0.22)	(0.42)	—	(0.64)	12.95
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
Series F												
Dec. 31, 2015	13.65	0.41	(0.13)	0.55	(0.84)	(0.01)	—	(0.25)	(0.43)	—	(0.68)	12.95
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
Series O												
Dec. 31, 2015	14.33	0.43	—	0.58	(0.88)	0.13	—	(0.40)	(0.45)	—	(0.85)	13.59
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

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, 2015	12.70	206 136	16 238	1.82	1.82	67.35	0.14
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
Advisor Series							
Dec. 31, 2015	12.75	5 719	449	1.78	1.78	67.35	0.14
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
Series D							
Dec. 31, 2015	12.95	20 662	1 595	1.21	1.21	67.35	0.14
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
Series F							
Dec. 31, 2015	12.95	6 935	536	0.94	0.94	67.35	0.14
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
Series O							
Dec. 31, 2015	13.59	200 629	14 763	0.02	0.02	67.35	0.14
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

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 manager 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.

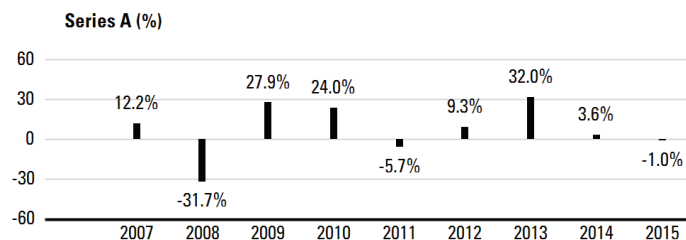
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

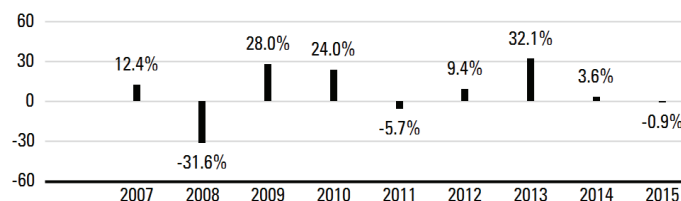
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional 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 (%)

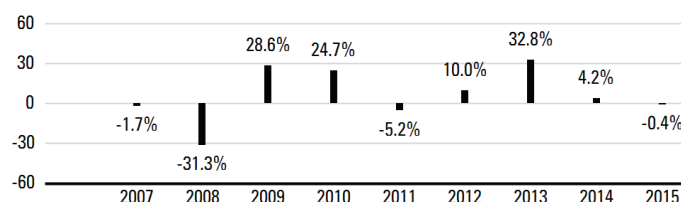
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



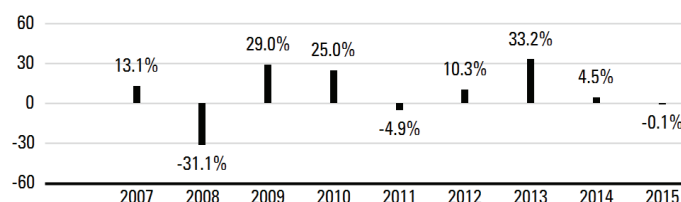
Advisor Series (%)



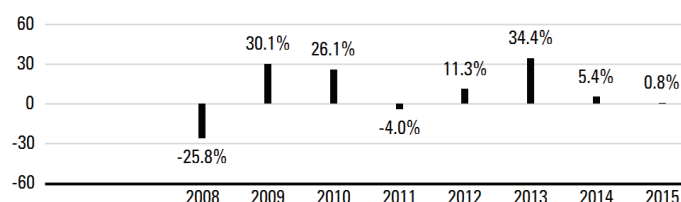
Series D (%)



Series F (%)



Series O (%)





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, 2015, 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	-1.0	10.6	6.9	—	6.1
Benchmark	-8.3	4.6	2.3	—	2.9
Advisor Series	-0.9	10.7	6.9	—	6.2
Benchmark	-8.3	4.6	2.3	—	2.9
Series D	-0.4	11.3	7.5	—	5.4
Benchmark	-8.3	4.6	2.3	—	2.2
Series F	-0.1	11.6	7.8	—	7.0
Benchmark	-8.3	4.6	2.3	—	2.9
Series O	0.8	12.6	8.8	—	8.7
Benchmark	-8.3	4.6	2.3	—	2.4

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.

Series O units have been available for sale to unitholders since July 18, 2008, Series D units since July 3, 2007, and Series A, Advisor Series and Series F units since January 22, 2007.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Financials	21.6
Industrials	17.8
Materials	17.3
Consumer Discretionary	15.0
Consumer Staples	9.4
Information Technology	5.1
Utilities	4.7
Health Care	4.4
Energy	1.6
Telecommunication Services	1.6
Cash/Other	1.5

Top 25 Holdings

	% of Net Asset Value
Metro Inc., Class A	4.2
Transcontinental Inc., Class A	3.5
Chorus Aviation Inc.	3.3
Uni-Select Inc.	3.2
Bird Construction Inc.	3.0
CCL Industries, Class B	3.0
RONA Inc.	2.9
Manulife Financial Corporation	2.9
Royal Bank of Canada	2.8
Nevsun Resources Ltd.	2.8
Great-West Lifeco Inc.	2.6
New Flyer Industries Inc.	2.6
Just Energy Group Inc.	2.5
Sun Life Financial Inc.	2.5
Genworth MI Canada Inc.	2.4
Dollarama Inc.	2.3
Thomson Corp.	2.1
Intact Financial Corp.	2.1
Sienna Senior Living Inc.	2.1
Finning International Inc.	2.1
Magna International Inc., Class A	2.0
OceanaGold Corp.	2.0
Alimentation Couche-Tard Inc.	1.9
Emera Inc.	1.8
Cascades Inc.	1.7
Top 25 Holdings	64.3

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, 2015

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 4, 2016.

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 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 fell to \$3.3 billion as of December 31, 2015, from \$4.2 billion at the end of 2014. The decrease was due to a combination of net redemptions and investment losses.

Over the past year, the Fund's Series A units lost 10.4%, which underperformed the 8.3% 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 any other series, 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 2015. For the year, the Fund made distributions of about \$1.31 per Series A unit, consisting of 76 cents per unit of capital gains and 55 cents per unit from dividends. The annual payout included an additional year-end distribution.

The S&P/TSX Composite Index, Canada's equity benchmark, underperformed most other global indexes during the period. Declining commodity prices weighed on many global markets, but the resource-heavy Canadian index was especially impacted. The price of crude oil declined further in 2015 as the market struggled with excess supply. This weighed on Canadian energy stocks, which account for about a fifth of the S&P/TSX market capitalization. Global growth concerns also deepened throughout the year after economic data out of a number of large economies, most notably China,

indicated the possibility of slower growth going forward. These factors prompted the Bank of Canada (the "BOC") to unexpectedly cut its overnight lending rate twice throughout the year. Meanwhile, the U.S. Federal Reserve (the "Fed") felt the U.S. economy was on solid enough footing to finally embark on a long-anticipated tightening cycle, although measured.

Positive relative performance in the Financials and Utilities sectors was offset by weaker performance in the Energy sector.

In Financials, an overweight position in Brookfield Property Partners aided returns. Early in the year, the company and a consortium of partners were successful in their bid to acquire Songbird Estates, the majority owner of a large portfolio of properties in London's Canary Wharf district. This portfolio of properties has an array of development opportunities that could provide meaningful returns to the company in the future. An overweight position in Element Financial also benefited performance as shares rose after the company announced that they had acquired General Electric's leasing business. In the Utilities sector, an overweight position in Northland Power and Brookfield Infrastructure Partners contributed to performance.

An overweight position in the Energy sector hindered returns as lower oil prices continued to be an overhang to companies in the sector. Overweight allocations to Newalta and Gibson Energy were the main distractors from performance. Newalta stock, like many other energy and related companies, has suffered from the large decline in commodity prices due to the potential implications that a continued low oil-price environment has on drilling activity and production.

Recent Developments

An improvement in the performance of Canadian equity markets will require a bigger contribution from stocks in the Financials and Energy sectors. For that to happen, energy prices will have to move higher, in the view of the portfolio manager. Energy prices, specifically oil, are difficult to forecast, and it now appears prices will be lower on average and more volatile than in the recent past, although an eventual rebalancing of the market is likely to see prices move higher from current levels. For growth, Canada also depends on the U.S., where a stronger labour market, improving housing market and lower commodity prices indicate an improving economy. The interest-rate policy divergence between the Fed and the BOC is likely to widen if commodity prices remain weak, which could add further pressure to the Canadian dollar.



Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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, 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 \$554,000 (2014 – \$699,000) or 10% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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	
		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	End of Year/Period	
Series A													
Dec. 31, 2015	26.48	0.97	(0.53)	0.55	(3.62)	(2.63)	—	(0.55)	(0.76)	—	(1.31)	22.51	
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	
Advisor Series													
Dec. 31, 2015	26.64	0.98	(0.52)	0.55	(3.65)	(2.64)	—	(0.55)	(0.76)	—	(1.31)	22.67	
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	
Series H													
Dec. 31, 2015	26.71	0.98	(0.48)	0.56	(3.66)	(2.60)	—	(0.55)	(0.75)	—	(1.30)	22.76	
Dec. 31, 2014 ³	28.99 [†]	0.32	(0.22)	0.66	0.02	0.78	—	(0.17)	(1.30)	—	(1.47)	26.71	
Series D													
Dec. 31, 2015	28.58	1.06	(0.33)	0.60	(3.93)	(2.60)	—	(0.56)	(0.77)	—	(1.33)	24.59	
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	
Series F													
Dec. 31, 2015	29.60	1.10	(0.26)	0.62	(4.08)	(2.62)	—	(0.57)	(0.79)	—	(1.36)	25.57	
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	
Series I													
Dec. 31, 2015	29.58	1.10	(0.22)	0.62	(4.09)	(2.59)	—	(0.57)	(0.79)	—	(1.36)	25.59	
Dec. 31, 2014 ³	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	Total	
		Series O										
Dec. 31, 2015	28.62	1.07	(0.01)	0.60	(3.97)	(2.31)	—	(0.55)	(0.78)	—	(1.33)	24.94
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, 2015	22.51	1 504 191	66 832	2.08	2.08	66.46	0.14
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
Advisor Series							
Dec. 31, 2015	22.67	710 826	31 354	2.02	2.02	66.46	0.14
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
Series H							
Dec. 31, 2015	22.76	25 423	1 117	1.89	1.89	66.46	0.14
Dec. 31, 2014 ⁴	26.71	26 845	1 005	1.98	1.98	70.40	0.16
Series D							
Dec. 31, 2015	24.59	231 129	9 398	1.20	1.20	66.46	0.14
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
Series F							
Dec. 31, 2015	25.57	252 483	9 876	0.93	0.93	66.46	0.14
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



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, 2015	25.59	12 838	502	0.76	0.76	66.46	0.14
Dec. 31, 2014 ⁴	29.58	14 111	477	0.79	0.79	70.40	0.16
Series O							
Dec. 31, 2015	24.94	530 183	21 260	0.02	0.02	66.46	0.14
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 manager 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.

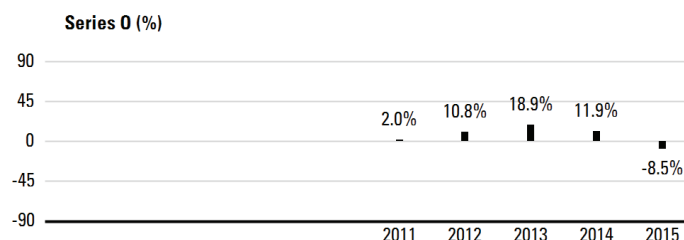
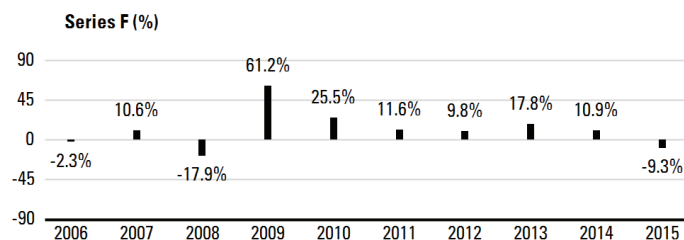
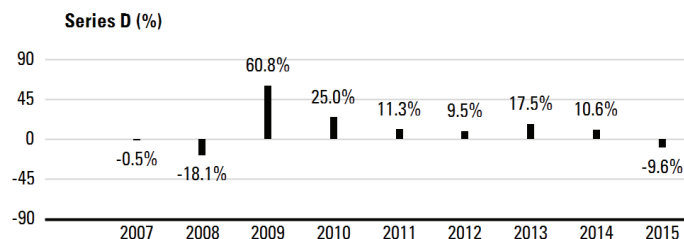
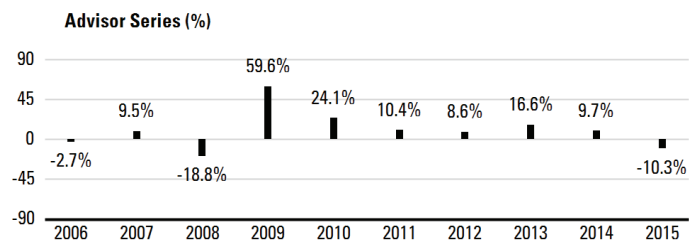
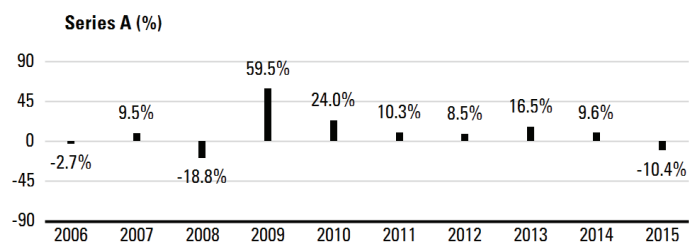


PAST PERFORMANCE

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, 2015, 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	-10.4	4.6	6.5	—	9.5
Benchmark	-8.3	4.6	2.3	—	3.8
Advisor Series	-10.3	4.7	6.6	—	9.6
Benchmark	-8.3	4.6	2.3	—	3.8
Series H	-10.2	—	—	—	-9.3
Benchmark	-8.3	—	—	—	-10.1
Series D	-9.6	5.5	7.4	—	10.6
Benchmark	-8.3	4.6	2.3	—	2.2
Series F	-9.3	5.8	7.7	—	10.8
Benchmark	-8.3	4.6	2.3	—	3.8
Series I	-9.2	—	—	—	-8.3
Benchmark	-8.3	—	—	—	-10.1
Series O	-8.5	6.8	—	—	7.4
Benchmark	-8.3	4.6	—	—	3.2

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.

Series H and Series I units have been available for sale to unitholders since August 11, 2014, Series O units since July 11, 2011, Series D units since July 3, 2007, and Series A, Advisor Series and Series F units since August 28, 2006.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Financials	42.1
Energy	24.4
Utilities	10.0
Industrials	7.6
Materials	4.1
Telecommunication Services	4.0
Consumer Staples	2.9
Consumer Discretionary	2.7
Health Care	0.5
Cash/Other	1.7

Top 25 Holdings

	% of Net Asset Value
Royal Bank of Canada	7.1
Bank of Nova Scotia	4.6
TransCanada Corp.	3.6
Enbridge Inc.	3.5
Suncor Energy Inc.	3.1
Manulife Financial Corporation	3.0
Brookfield Asset Management Inc., Class A	2.6
Brookfield Property Partners LP	2.6
TELUS Corp.	2.5
Toronto-Dominion Bank	2.3
Bank of Montreal	2.3
Canadian Natural Resources Ltd.	2.1
Canadian Imperial Bank of Commerce	2.0
Canadian National Railway Co.	2.0
Pembina Pipeline Corp.	1.9
Canadian Pacific Railway Ltd.	1.9
Boardwalk Real Estate Investment Trust	1.7
Fortis Inc.	1.6
Sun Life Financial Inc.	1.4
Cash & Cash Equivalents	1.4
Canadian Real Estate Investment Trust	1.3
Pattern Energy Group Inc.	1.2
Brookfield Canada Office Properties	1.2
Boralex Inc., Class A	1.1
Potash Corporation of Saskatchewan Inc.	1.1
Top 25 Holdings	59.1

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 CANADIAN SMALL & MID-CAP
RESOURCES FUND**

December 31, 2015

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 4, 2016.

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/reports 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 \$281 million as of December 31, 2015, from \$410 million at the end of 2014. The decrease was due mainly to investment losses.

Over the past year, the Fund's Series O units lost 30.7%, which underperformed the 13.3% decline in the benchmark. The Fund's return is after the deduction of 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 any other series, which may vary because of differences in management fees and expenses.

Commodity prices extended their declines in 2015 as a worsening economic-growth outlook in emerging markets weakened demand for oil and industrial metals. China, by far the largest emerging market, experienced slower growth as the country shifted focus to consumer-led growth from resource-heavy industrial and infrastructure projects. The Fund's underperformance stemmed from security selection in the Materials sector, one of the Fund's two investment areas.

Crude-oil prices continued to fall as global supply growth outpaced demand, swelling inventories. The price for Brent crude, the global benchmark, fell to a seven-year low of US\$37 per barrel as OPEC continued to increase production and investors anticipated that Iran would further raise supplies when it adds supply in early 2016. West Texas Intermediate, the North American benchmark price, followed a similar path to close near US\$36 per barrel. Natural gas prices dropped significantly as well to end the year near US\$2.20 per million cubic feet, as growing supplies from basins in the U.S. Northeast quickly satisfied growing demand and a mild start to the North American winter filled storage tanks.

Within the Fund's Energy segment, overweight positions in well capitalized oil producers including Raging River and Parex Resources helped performance, while highly indebted Baytex Energy hurt relative returns. An above-benchmark position in Bankers Petroleum was negative for performance after a tax dispute with the Albanian government sent the share price sharply lower later in the year. Lower exposure to energy-services companies helped relative performance.

The Materials sector hurt performance due largely to stock selection in metals and mining. Two copper producers in the Fund, HudBay Minerals and Lundin Mining, held back returns. A lack of exposure to Turquoise Hill was a drag on performance as the stock performed well. Offsetting this weakness was exposure to container and packaging company CCL Industries, a label maker that had improved profitability.

Recent Developments

With metals prices in decline, mining companies continued to focus on elements within their control, such as reducing administrative and operating expenses and improving productivity. The steep decline in oil and diesel prices has helped some mining companies, and producers with foreign operations have benefited from the falling operating costs provided by weaker local currencies. The portfolio manager believes that some base and precious-metals producers could boost profit margins in 2016 even if commodity prices stagnate.

Early signs indicate that the balance between the supply and demand for oil may begin to tighten in 2016, given declines in capital spending and drilling-rig activity in North America and expectations that demand will increase with the improving global economic outlook. Geopolitical risks to supply are also present with increased tensions in OPEC countries. However, crude prices could remain under pressure until investors get a better handle on the impact of Iran's new supplies and the willingness of North American suppliers to curb production. The portfolio manager's approach remains to invest in companies with high-quality assets, strong management teams and the ability to finance growth projects.



Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 \$55,000 (2014 – \$144,000) or 6% (2014 – 7%) 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015³	10.00[†]	0.16	(0.15)	(2.08)	(0.54)	(2.61)	—	(0.07)	—	—	(0.07)	6.27
Series D												
Dec. 31, 2015³	10.00[†]	0.17	(0.09)	(2.09)	(0.55)	(2.56)	—	(0.12)	—	—	(0.12)	6.28
Series F												
Dec. 31, 2015³	10.00[†]	0.17	(0.08)	(2.09)	(0.55)	(2.55)	—	(0.13)	—	—	(0.13)	6.26
Series O												
Dec. 31, 2015	7.87	0.16	—	(2.03)	(0.53)	(2.40)	—	(0.17)	—	—	(0.17)	5.28
Dec. 31, 2014	10.59	0.22	—	0.54	(2.40)	(1.64)	—	(0.21)	(0.63)	—	(0.84)	7.87
Dec. 31, 2013 ⁴	10.00 [†]	0.06	—	0.06	0.63	0.75	—	(0.04)	(0.07)	—	(0.11)	10.58

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 February 13, 2015.

⁴ From October 3, 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, 2015⁴	6.27	390	62	2.09	2.09	52.85	0.25
Series D							
Dec. 31, 2015⁴	6.28	856	136	1.30	1.30	52.85	0.25
Series F							
Dec. 31, 2015⁴	6.26	22	4	1.06	1.06	52.85	0.25
Series O							
Dec. 31, 2015	5.28	280 059	53 027	0.02	0.02	52.85	0.25
Dec. 31, 2014	7.87	410 095	52 089	0.02	0.02	85.79	0.35
Dec. 31, 2013 ⁵	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 February 13, 2015.

⁵ From October 3, 2013.

Management Fees

RBC GAM is the manager, trustee and portfolio manager 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%
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.

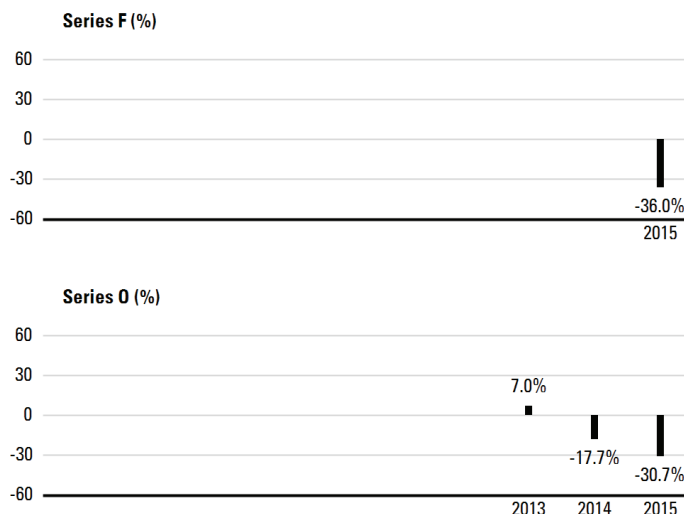
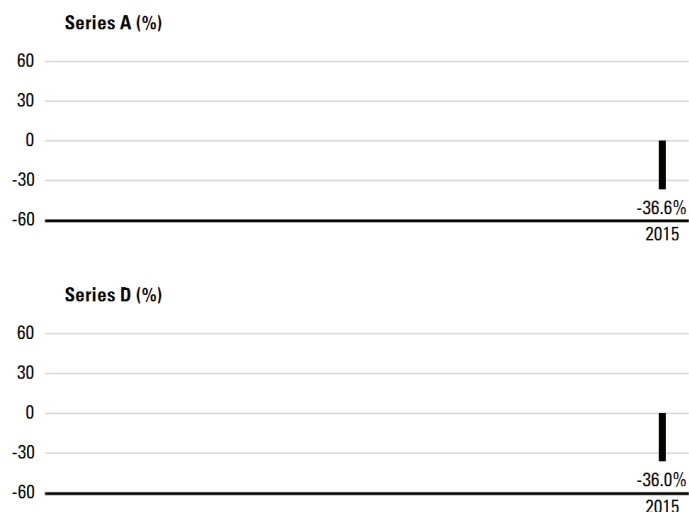


PAST PERFORMANCE

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, 2015, 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 A	—	—	—	—	-36.6
Benchmark	—	—	—	—	-19.4
Series D	—	—	—	—	-36.0
Benchmark	—	—	—	—	-19.4
Series F	—	—	—	—	-36.0
Benchmark	—	—	—	—	-19.4
Series O	-30.7	—	—	—	-19.8
Benchmark	-13.3	—	—	—	-6.2

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.

Series A, Series D and Series F units have been available for sale to unitholders since February 17, 2015 and Series O units since October 3, 2013.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Oil, Gas and Consumable Fuels	53.8
Energy Equipment and Services	11.9
Containers and Packaging	11.4
Paper and Forest Products	7.8
Metals and Mining	7.7
Chemicals	4.4
Cash/Other	3.0

Top 25 Holdings

	% of Net Asset Value
CCL Industries, Class B	11.5
Vermilion Energy Inc.	7.1
Peyto Exploration & Development Corp.	6.0
Tourmaline Oil Corp.	5.3
Parex Resources Inc.	4.9
West Fraser Timber Co. Ltd.	4.8
Whitecap Resources Inc.	4.7
Methanex Corp.	4.4
Seven Generations Energy Ltd.	4.0
Lundin Mining Corp.	4.0
PrairieSky Royalty Ltd.	4.0
Precision Drilling Corp.	3.9
Raging River Exploration Inc.	3.8
Baytex Energy Corp.	3.2
Cash & Cash Equivalents	2.8
ShawCor Ltd.	2.8
Turquoise Hill Resources Ltd.	2.8
Nuvista Energy Ltd.	1.9
Pason Systems Inc.	1.8
Spartan Energy Corp.	1.7
Norbord Inc.	1.7
Enerplus Corp.	1.5
Enerflex Ltd.	1.4
MEG Energy Corp.	1.4
Bankers Petroleum Ltd.	1.4
Top 25 Holdings	92.8

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.



NORTH AMERICAN EQUITY FUND

RBC NORTH AMERICAN VALUE FUND

December 31, 2015

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 4, 2016.

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/reports 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 \$2.4 billion as of December 31, 2015, from \$2.3 billion at the end of 2014. The increase was due to net inflows.

Over the past year, the Fund's Series A units lost 0.3%, which underperformed the 20.7% rise in the S&P 500 Total Return Index and outperformed the 8.3% decline 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 any other series, which may vary because of differences in management fees and expenses.

The S&P/TSX Composite Index, Canada's equity benchmark, underperformed most other global indices during the period. Declining commodity prices weighed on many global markets, but the resource-heavy Canadian index was especially impacted. The price of crude oil declined further in 2015 as the market struggled with excess supply. This weighed on Canadian energy stocks, which account for about a fifth of the S&P/TSX market capitalization. Global growth concerns also deepened throughout the year after economic data out of a number of large economies, most notably China, indicated the possibility of slower growth going forward. These factors prompted the Bank of Canada (the "BOC") to cut its overnight lending rate twice throughout the year. Meanwhile, the U.S. Federal Reserve (the "Fed") felt the U.S. economy was on solid enough footing to finally embark on a long-anticipated tightening cycle, although the cadence of future increases is likely to be measured.

In 2015, the Fund benefited from positive relative performance in the Canadian Financials sector, along with strong relative performance in the U.S. Health Care and Canadian Materials sectors. Offsetting this was weaker relative performance in the Canadian Energy sector and U.S. Information Technology sector.

In the Financials sector, an overweight position in Brookfield Asset Management proved beneficial as increased assets under management bolstered the outlook for fee revenue. Positions in JPMorgan Chase and E*TRADE Financial Corporation also boosted the Fund's performance.

In the Energy sector, overweight positions in Gear Energy and Husky Energy had the largest negative impact on relative performance.

In the Canadian Materials sector, a lack of relative exposure to Teck Resources aided returns. The company's stock declined as prices for coal used in steel-making dropped due to oversupply.

Below-benchmark exposure to the U.S. Information Technology sector weighed on performance. An allocation to semiconductor manufacturer Micron Technology held back returns after a slowdown in demand for personal computers. An underweight position in Facebook also hindered relative performance.

As of December 31, 2015, 49% of the Fund was invested in Canadian equities and 45% in U.S. equities. The remaining 6% was held in cash.

Recent Developments

An improvement in the performance of Canadian equity markets will require a bigger contribution from stocks in the Financials and Energy sectors. For that to happen, energy prices will have to move higher, in the view of the portfolio manager. Energy prices, specifically oil, are difficult to forecast, and it now appears prices will be lower on average and more volatile than in the recent past, although an eventual rebalancing of the market is likely to see prices move higher from current levels. For growth, Canada also depends on the U.S., where a stronger labour market and improving housing market indicate an improving economy. The interest-rate policy divergence between the Fed and the BOC is likely to widen if commodity prices remain weak, which could add further pressure to the Canadian dollar.



Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 \$182,000 (2014 – \$294,000) or 7% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	20.94	0.53	(0.45)	0.53	(0.71)	(0.10)	—	(0.03)	(0.20)	—	(0.23)	20.65
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
Advisor Series												
Dec. 31, 2015	21.35	0.54	(0.45)	0.54	(0.72)	(0.09)	—	(0.04)	(0.21)	—	(0.25)	21.05
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
Advisor T5 Series												
Dec. 31, 2015	21.18	0.54	(0.45)	0.54	(0.72)	(0.09)	—	(0.06)	(0.43)	(0.57)	(1.06)	20.09
Dec. 31, 2014 ³	21.35 [†]	0.45	(0.44)	1.27	1.25	2.53	—	—	(1.12)	—	(1.12)	21.18
Series T5												
Dec. 31, 2015	21.19	0.52	(0.44)	0.52	(0.70)	(0.10)	—	(0.06)	(0.24)	(0.76)	(1.06)	20.08
Dec. 31, 2014 ³	21.35 [†]	0.16	(0.18)	0.46	0.45	0.89	—	—	(1.11)	—	(1.11)	21.19
Series H												
Dec. 31, 2015	21.36	0.54	(0.42)	0.54	(0.72)	(0.06)	—	(0.06)	(0.21)	—	(0.27)	21.06
Dec. 31, 2014 ³	21.35 [†]	0.16	(0.17)	0.46	0.45	0.90	—	—	(0.95)	—	(0.95)	21.36
Series D												
Dec. 31, 2015	22.28	0.57	(0.27)	0.57	(0.76)	0.11	—	(0.23)	(0.21)	—	(0.44)	21.97
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
Series F												
Dec. 31, 2015	24.02	0.61	(0.23)	0.61	(0.82)	0.17	—	(0.31)	(0.23)	—	(0.54)	23.68
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



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 FT5												
Dec. 31, 2015	23.92	0.59	(0.23)	0.59	(0.79)	0.16	—	(0.31)	(0.31)	(0.57)	(1.19)	22.94
Dec. 31, 2014 ³	23.92 [†]	0.18	(0.09)	0.51	0.50	1.10	—	(0.08)	(1.10)	—	(1.18)	23.92
Series I												
Dec. 31, 2015	24.14	0.61	(0.19)	0.62	(0.82)	0.22	—	(0.35)	(0.24)	—	(0.59)	23.79
Dec. 31, 2014 ³	23.92 [†]	0.18	(0.08)	0.52	0.51	1.13	—	—	(0.98)	—	(0.98)	24.14
Series O												
Dec. 31, 2015	22.28	0.57	(0.01)	0.57	(0.76)	0.37	—	(0.51)	(0.22)	—	(0.73)	21.95
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, 2015	20.65	1 462 301	70 829	2.10	2.10	70.55	0.11
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
Advisor Series							
Dec. 31, 2015	21.05	464 488	22 062	2.06	2.06	70.55	0.11
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
Advisor T5 Series							
Dec. 31, 2015	20.09	1 048	52	2.11	2.11	70.55	0.11
Dec. 31, 2014 ⁴	21.18	162	8	2.09	2.09	129.63	0.22
Series T5							
Dec. 31, 2015	20.08	630	31	2.12	2.12	70.55	0.11
Dec. 31, 2014 ⁴	21.19	124	6	2.09	2.09	129.63	0.22
Series H							
Dec. 31, 2015	21.06	18 786	892	1.95	1.95	70.55	0.11
Dec. 31, 2014 ⁴	21.36	13 111	614	1.98	1.98	129.63	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 D							
Dec. 31, 2015	21.97	73 657	3 352	1.20	1.20	70.55	0.11
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
Series F							
Dec. 31, 2015	23.68	149 803	6 326	0.94	0.94	70.55	0.11
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
Series FT5							
Dec. 31, 2015	22.94	717	31	0.96	0.96	70.55	0.11
Dec. 31, 2014 ⁴	23.92	91	4	0.96	0.96	129.63	0.22
Series I							
Dec. 31, 2015	23.79	6 061	255	0.77	0.77	70.55	0.11
Dec. 31, 2014 ⁴	24.14	3 777	156	0.79	0.79	129.63	0.22
Series O							
Dec. 31, 2015	21.95	202 868	9 242	0.02	0.02	70.55	0.11
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.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio manager 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.

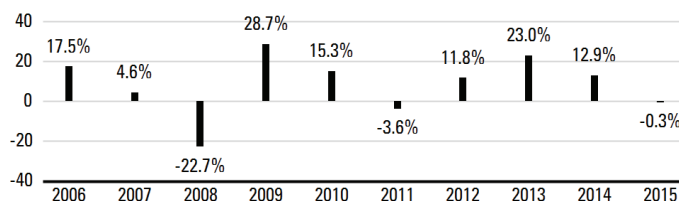
PAST PERFORMANCE

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.

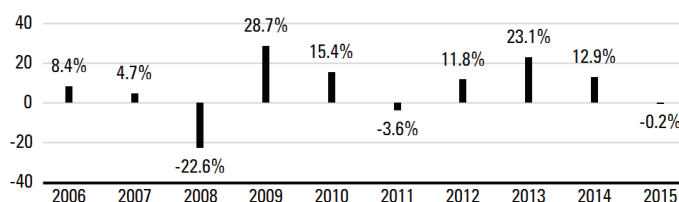
Year-by-Year Returns (%)

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.

Series A (%)



Advisor Series (%)



Advisor T5 Series (%)



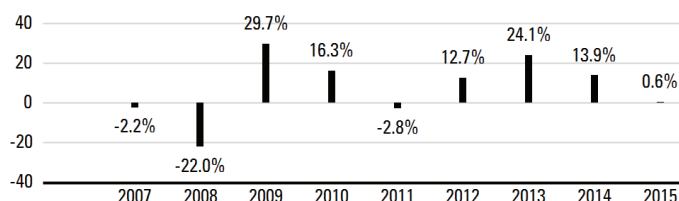
Series T5 (%)



Series H (%)

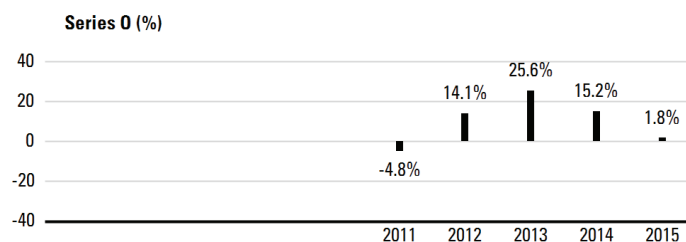
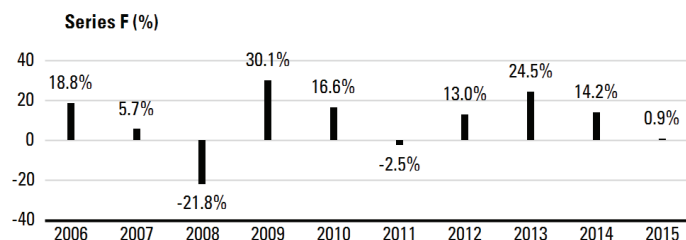


Series D (%)





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, 2015, 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	-0.3	11.5	8.3	7.7	—
Benchmark 1	20.7	28.6	20.2	9.2	—
Benchmark 2	-8.3	4.6	2.3	4.4	—
Advisor Series	-0.2	11.5	8.4	—	7.4
Benchmark 1	20.7	28.6	20.2	—	9.8
Benchmark 2	-8.3	4.6	2.3	—	3.8
Advisor T5 Series	-0.2	—	—	—	3.1
Benchmark 1	20.7	—	—	—	24.2
Benchmark 2	-8.3	—	—	—	-10.1
Series T5	-0.3	—	—	—	3.0
Benchmark 1	20.7	—	—	—	24.2
Benchmark 2	-8.3	—	—	—	-10.1
Series H	-0.1	—	—	—	3.1
Benchmark 1	20.7	—	—	—	24.2
Benchmark 2	-8.3	—	—	—	-10.1
Series D	0.6	12.5	9.3	—	7.1
Benchmark 1	20.7	28.6	20.2	—	9.8
Benchmark 2	-8.3	4.6	2.3	—	2.2
Series F	0.9	12.7	9.6	8.9	—
Benchmark 1	20.7	28.6	20.2	9.2	—
Benchmark 2	-8.3	4.6	2.3	4.4	—
Series FT5	0.8	—	—	—	4.2
Benchmark 1	20.7	—	—	—	24.2
Benchmark 2	-8.3	—	—	—	-10.1
Series I	1.0	—	—	—	4.4
Benchmark 1	20.7	—	—	—	24.2
Benchmark 2	-8.3	—	—	—	-10.1
Series O	1.8	13.8	—	—	11.1
Benchmark 1	20.7	28.6	—	—	23.3
Benchmark 2	-8.3	4.6	—	—	3.2

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 indexes.

Advisor T5 Series, Series T5, Series H, Series FT5 and Series I units have been available for sale to unitholders since August 11, 2014, Series O units since July 11, 2011, Series D units since July 3, 2007, and Advisor Series units since August 28, 2006.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix – Sectors

	% of Net Asset Value
Financials	31.7
Energy	13.8
Health Care	11.4
Industrials	9.4
Information Technology	8.2
Consumer Discretionary	7.1
Consumer Staples	5.1
Telecommunication Services	3.2
Materials	3.0
Utilities	1.3
Cash/Other	5.8

Investment Mix – Countries/Regions

	% of Net Asset Value
Canada	50.7
United States	43.3
Cash/Other	6.0

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	6.7
Toronto-Dominion Bank	3.5
Royal Bank of Canada	3.3
Brookfield Asset Management Inc., Class A	2.6
Bank of Nova Scotia	2.5
Suncor Energy Inc.	2.2
Alphabet Inc., Class C	1.7
BCE Inc.	1.6
Apple Inc.	1.5
Microsoft Corp.	1.5
JPMorgan Chase & Co.	1.4
Canadian Natural Resources Ltd.	1.4
Canadian Pacific Railway Ltd.	1.3
Berkshire Hathaway Inc., Class B	1.3
Manulife Financial Corporation	1.3
Thermo Fisher Scientific Inc.	1.2
AmerisourceBergen Corp.	1.2
Ross Stores Inc.	1.2
Medtronic Plc.	1.2
Nike Inc.	1.1
D.R. Horton Inc.	1.1
Abbott Laboratories	1.1
TransCanada Corp.	1.1
Lowe's Companies	1.1
UnitedHealth Group Incorporated	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.



NORTH AMERICAN EQUITY FUND

RBC NORTH AMERICAN GROWTH FUND

December 31, 2015

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 4, 2016.

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/reports 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 fell to \$520 million as of December 31, 2015, from \$558 million at the end of 2014. The decrease was due to net redemptions.

Over the past year, the Fund's Series A units gained 1.6%, which underperformed the 20.7% rise in the S&P 500 Total Return Index and outperformed the 8.3% decline 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 any other series, which may vary because of differences in management fees and expenses.

Global equity markets experienced considerable volatility in 2015, with many indexes finishing lower. The Canadian stock benchmark, the S&P/TSX Composite Index, underperformed most markets including the S&P 500 Index, which itself ended the year essentially unchanged. This was largely due to the continued weakness in commodities prices, which account for over a quarter of the resource-heavy S&P/TSX's market capitalization. Global demand for commodities remained soft due to China's slowing economy and decelerating emerging-market demand growth, while OPEC's refusal to reduce oil production amid oversupply led to a continued fall in oil prices. Even in developed markets, economic growth was weaker than in past recoveries.

Expectations that the U.S. Federal Reserve (the "Fed") would raise interest rates led to volatile equity markets. The Bank of Canada cut its benchmark rate twice in 2015 due to the weak economy.

Within the Fund, stock selection in Canada added to relative returns. The best relative-performing sectors were Energy and Industrials, while Telecommunication Services and Information Technology underperformed. Stocks that contributed to performance included Cara Operations, Crius Energy Trust and Spin Master. Holdings in Callidus Capital, Tahoe Resources and Cardinal Energy negatively affected returns.

Stock selection in the U.S. performed in line with the S&P 500. The best-performing sectors relative to the benchmark were Energy and Consumer Discretionary, while Industrials and Information Technology lagged. Positions in Expedia, Skechers and Starbucks contributed to performance, while holdings in General Electric, Microsoft and Micron Technology negatively impacted returns.

The Canadian dollar depreciated significantly versus the U.S. dollar in 2015, as a result of rate cuts by the Bank of Canada and continued softness in commodity markets. The Fund continued to hedge a portion of its currency exposure to U.S. equities, which can limit returns when the Canadian dollar is falling.

As of December 31, 2015, 51% of the Fund was invested in Canadian equities and 47% in U.S. equities. The remaining 2% 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., the long wait for the Fed to raise short-term interest rates has finally ended, with a 0.25% increase in December. The Fed has indicated its intention to continue raising rates at a gradual pace as long as economic data is strong enough. However, interest rates globally continue to remain at historically low levels. A weaker Canadian dollar coupled with a stronger U.S. economy provides the potential for improving manufacturing exports in Canada. However, low commodities prices will likely remain a headwind for the Canadian economy.

Given relatively low interest rates and a year of sideways price action in the U.S. equity market, valuations are now somewhat more attractive. Revenue and earnings growth remains challenging but should improve if the U.S. dollar appreciation moderates and global growth becomes less sluggish.

Evidence of commodity-price stabilization, particularly in energy, will contribute to Canadian equity outperformance, in the view of the portfolio manager.



Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 \$31,000 (2014 – \$53,000) or 6% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

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

- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	30.22	0.73	(0.65)	1.52	(1.05)	0.55	—	(0.07)	(1.19)	—	(1.26)	29.43
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
Advisor Series												
Dec. 31, 2015	31.30	0.75	(0.66)	1.57	(1.08)	0.58	—	(0.09)	(1.22)	—	(1.31)	30.50
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
Series D												
Dec. 31, 2015	30.81	0.74	(0.39)	1.55	(1.07)	0.83	—	(0.35)	(1.22)	—	(1.57)	30.00
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
Series F												
Dec. 31, 2015	33.10	0.80	(0.32)	1.67	(1.15)	1.00	—	(0.47)	(1.31)	—	(1.78)	32.23
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
Series O												
Dec. 31, 2015	35.03	0.85	(0.01)	1.78	(1.23)	1.39	—	(0.83)	(1.40)	—	(2.23)	34.09
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

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, 2015	29.43	478 597	16 262	2.09	2.09	139.89	0.09
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
Advisor Series							
Dec. 31, 2015	30.50	3 238	106	2.05	2.05	139.89	0.09
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
Series D							
Dec. 31, 2015	30.00	30 982	1 033	1.21	1.21	139.89	0.09
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
Series F							
Dec. 31, 2015	32.23	4 291	133	0.94	0.94	139.89	0.09
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
Series O							
Dec. 31, 2015	34.09	2 755	81	0.02	0.02	139.89	0.09
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

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 manager 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.

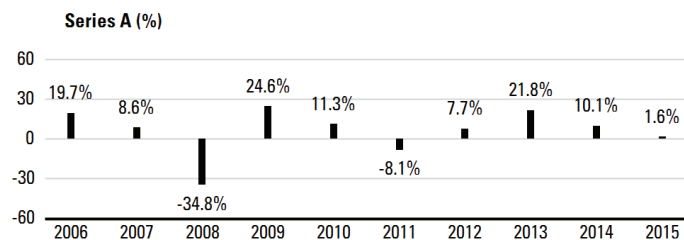
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

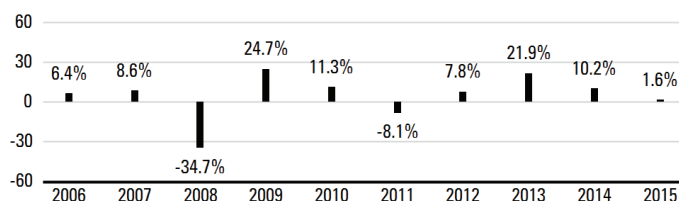
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional 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 (%)

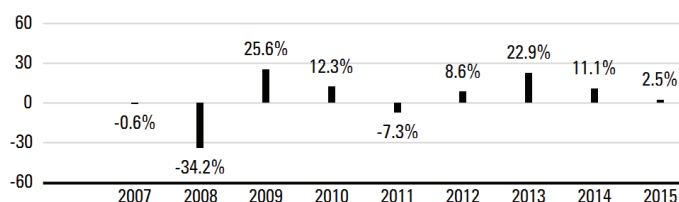
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



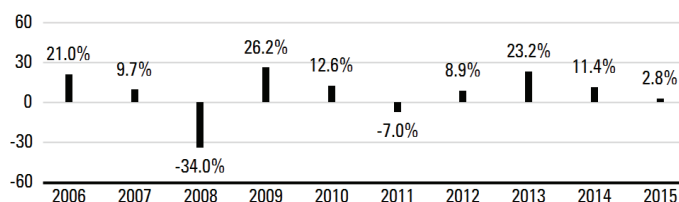
Advisor Series (%)



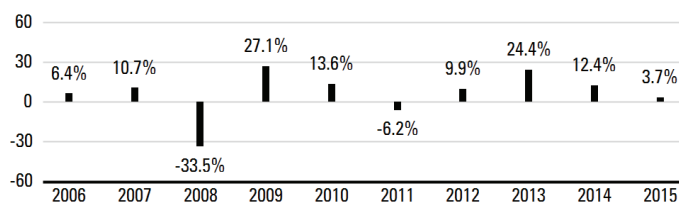
Series D (%)



Series F (%)



Series O (%)





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, 2015, 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	1.6	10.9	6.2	4.7	–
Benchmark 1	20.7	28.6	20.2	9.2	–
Benchmark 2	-8.3	4.6	2.3	4.4	–
Advisor Series	1.6	10.9	6.2	–	3.8
Benchmark 1	20.7	28.6	20.2	–	9.8
Benchmark 2	-8.3	4.6	2.3	–	3.8
Series D	2.5	11.9	7.1	–	3.1
Benchmark 1	20.7	28.6	20.2	–	9.8
Benchmark 2	-8.3	4.6	2.3	–	2.2
Series F	2.8	12.1	7.4	5.9	–
Benchmark 1	20.7	28.6	20.2	9.2	–
Benchmark 2	-8.3	4.6	2.3	4.4	–
Series O	3.7	13.2	8.4	–	5.8
Benchmark 1	20.7	28.6	20.2	–	9.5
Benchmark 2	-8.3	4.6	2.3	–	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 indexes.

Series D units have been available for sale to unitholders since July 3, 2007, Series O units since September 5, 2006, and Advisor Series units since August 28, 2006.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix – Sectors

	% of Net Asset Value
Financials	26.0
Information Technology	12.7
Consumer Discretionary	11.7
Energy	10.7
Industrials	8.4
Health Care	7.3
Consumer Staples	6.9
Materials	5.2
Telecommunication Services	2.2
Utilities	2.0
Cash/Other	6.9

Investment Mix – Countries/Regions

	% of Net Asset Value
Canada	50.6
United States	42.8
Cash/Other	6.6

Top 25 Holdings

	% of Net Asset Value
Royal Bank of Canada	3.9
Toronto-Dominion Bank	3.7
Canadian National Railway Co.	2.6
Bank of Nova Scotia	2.4
Cash & Cash Equivalents	2.1
Alphabet Inc., Class A	2.0
Suncor Energy Inc.	2.0
Bank of Montreal	1.8
Home Depot Inc.	1.5
Manulife Financial Corporation	1.5
Brookfield Asset Management Inc., Class A	1.4
Valeant Pharmaceuticals International Inc.	1.4
Canadian Imperial Bank of Commerce	1.4
Facebook Inc., Class A	1.4
Microsoft Corp.	1.3
Canadian Natural Resources Ltd.	1.3
Enbridge Inc.	1.3
TransCanada Corp.	1.3
BCE Inc.	1.2
General Electric Company	1.2
Apple Inc.	1.2
Magna International Inc., Class A	1.2
TELUS Corp.	1.1
Power Corporation of Canada	1.1
JPMorgan Chase & Co.	1.0
Top 25 Holdings	42.3

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. DIVIDEND FUND

December 31, 2015

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 4, 2016.

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/reports 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 \$2.6 billion as of December 31, 2015, from \$1.1 billion at the end of 2014. The increase was due mainly to net inflows.

Over the past year, the Fund's Series A units gained 16.4%, which underperformed the 20.7% 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 any other series, which may vary because of differences in management fees and expenses.

The S&P 500 Index struggled to make headway during 2015, finishing the year up only slightly. This weak performance was driven by slowing growth in China and other emerging-market economies, falling commodity prices and a strong U.S. dollar, which combined to pressure corporate earnings.

Performance was hurt by the Fund's position in the Information Technology sector, where a drop in demand for personal computers hurt financial results, particularly at Seagate Technology. The Fund's overweight position in the pharmaceuticals companies Merck & Co. and AbbVie also hurt returns as investors shunned companies that lacked faster earnings growth and were less likely to attract takeover offers. Poor stock selection in the Industrials sector hurt performance as railroad Union Pacific experienced declines in shipping volumes.

The Consumer Staples, Financials and Materials sectors were the best performing in the Fund during 2015, with notable help from the Industrials sector, which moved higher as General Electric completed the disposal of most of its financial-services business, and the stock increasingly reflected an improving outlook for the company's defence unit.

Underweight positions in the Energy and Utilities sectors aided returns. Strong stock selection in the Consumer Staples, Materials and Industrials sectors also contributed. Altria led the way in Consumer Staples boosted by its consistently high-single-digit earnings growth, high dividend yield and significant buyback. In the Materials sector, LyondellBasell, a maker of basic chemicals, generated solid returns thanks to exceptional cash flow and an aggressive stock-buyback program. In the Industrials sector, defence contractor Northrop Grumman stood out as the company won the right to make a new bomber for the U.S. Air Force. Other notable performers included fast-food restaurant chain McDonald's, media and entertainment company Disney and Microsoft, the software publisher.

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 stock market is priced as if we are in a more difficult stage in the economic cycle, in the portfolio manager's opinion. Recent economic data suggests the global economy is weakening, led by emerging markets. As long as the U.S. dollar remains strong and commodity prices fail to stabilize or recover, earnings will likely struggle to meet expectations in 2016. Even so, corporate financial performance has been good, particularly when the Energy sector is excluded.

The Fund has been positioned to perform better in a period of slowing economic growth, with increased exposure to companies in the Consumer Staples and Health Care sectors. Meanwhile, the portfolio manager has decreased exposure to some areas of the Materials and Industrials sectors.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 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 \$257,000 (2014 – \$127,000) or 9% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	21.63	0.63	(0.49)	1.96	2.11	4.21	—	(0.02)	(1.08)	—	(1.10)	24.07
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
Advisor Series												
Dec. 31, 2015	21.64	0.64	(0.49)	1.99	2.14	4.28	—	(0.02)	(1.08)	—	(1.10)	24.09
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
Advisor T5 Series												
Dec. 31, 2015	21.35	0.64	(0.49)	1.99	2.14	4.28	—	(0.07)	(1.37)	—	(1.44)	23.37
Dec. 31, 2014 ³	19.89 [†]	0.48	(0.43)	2.82	1.11	3.98	—	—	(1.33)	—	(1.33)	21.35
Series T5												
Dec. 31, 2015	21.41	0.62	(0.47)	1.91	2.05	4.11	—	(0.05)	(1.09)	—	(1.14)	23.72
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, 2015	10.77	0.30	(0.23)	0.94	1.01	2.02	—	(0.03)	(0.54)	(0.29)	(0.86)	11.63
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
Series H												
Dec. 31, 2015	21.65	0.61	(0.46)	1.89	2.04	4.08	—	(0.05)	(1.07)	—	(1.12)	24.11
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



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 D												
Dec. 31, 2015	22.15	0.65	(0.29)	2.01	2.16	4.53	—	(0.21)	(1.10)	—	(1.31)	24.69
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
Series F												
Dec. 31, 2015	23.68	0.70	(0.24)	2.15	2.31	4.92	—	(0.29)	(1.17)	—	(1.46)	26.40
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
Series FT5												
Dec. 31, 2015	23.43	0.62	(0.23)	1.93	2.07	4.39	—	(0.31)	(1.48)	—	(1.79)	25.72
Dec. 31, 2014 ³	21.79 [†]	0.18	(0.10)	1.05	0.41	1.54	—	(0.03)	(1.48)	—	(1.51)	23.43
Series I												
Dec. 31, 2015	23.84	0.69	(0.20)	2.14	2.30	4.93	—	(0.33)	(1.18)	—	(1.51)	26.58
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, 2015	23.23	0.54	(0.01)	1.66	1.79	3.98	—	(0.51)	(1.16)	—	(1.67)	25.89
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

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.



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 A							
Dec. 31, 2015	24.07	746 420	31 013	2.09	2.09	205.51	0.17
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
Advisor Series							
Dec. 31, 2015	24.09	287 795	11 947	2.07	2.07	205.51	0.17
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
Advisor T5 Series							
Dec. 31, 2015	23.37	1 109	47	1.94	1.94	205.51	0.17
Dec. 31, 2014 ⁴	21.35	121	6	2.09	2.09	299.68	0.24
Series T5							
Dec. 31, 2015	23.72	3 903	165	2.04	2.04	205.51	0.17
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
Series T8							
Dec. 31, 2015	11.63	8 221	707	2.04	2.04	205.51	0.17
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
Series H							
Dec. 31, 2015	24.11	9 725	403	1.95	1.95	205.51	0.17
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, 2015	24.69	54 023	2 188	1.19	1.19	205.51	0.17
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
Series F							
Dec. 31, 2015	26.40	136 453	5 170	0.93	0.93	205.51	0.17
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
Series FT5							
Dec. 31, 2015	25.72	611	24	0.90	0.90	205.51	0.17
Dec. 31, 2014 ⁴	23.43	22	1	0.89	0.89	299.68	0.24



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, 2015	26.58	11 002	414	0.77	0.77	205.51	0.17
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, 2015	25.89	1 378 762	53 260	0.02	0.02	205.51	0.17
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

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.

Management Fees

RBC GAM is the manager, trustee and portfolio manager 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.

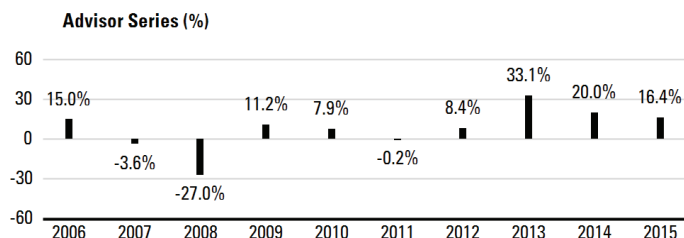
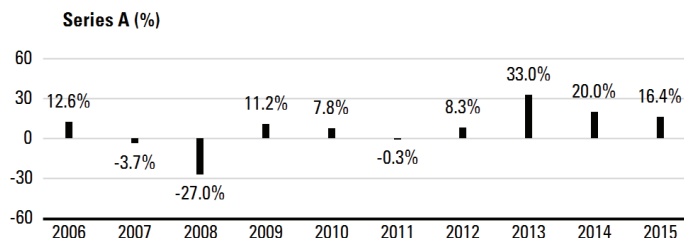


PAST PERFORMANCE

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 (%)

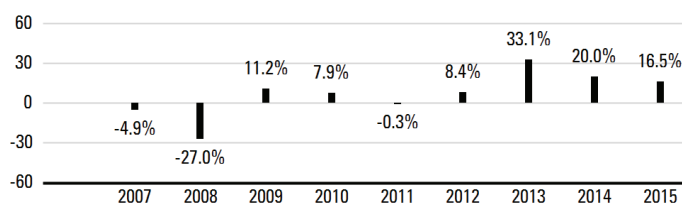
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



Series T5 (%)



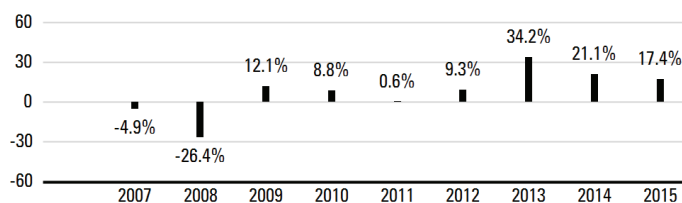
Series T8 (%)



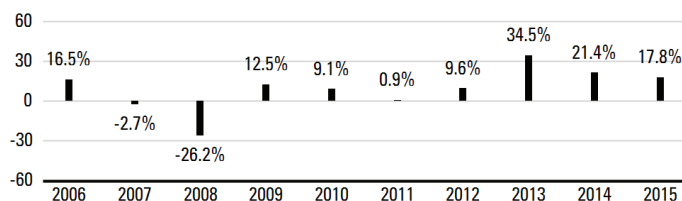
Series H (%)



Series D (%)

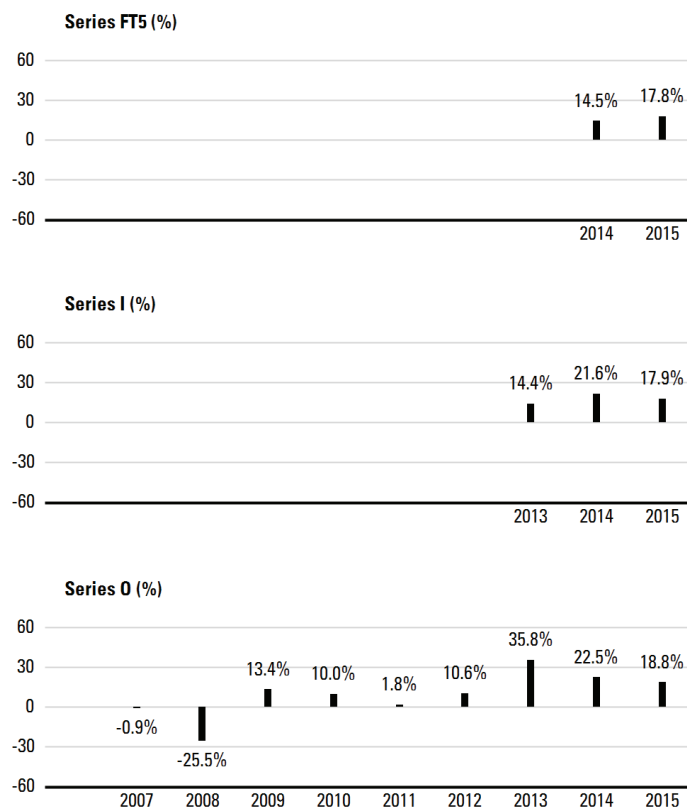


Series F (%)





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, 2015, 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	16.4	22.9	15.0	—	7.0
Benchmark	20.7	28.6	20.2	—	9.7
Advisor Series	16.4	23.0	15.0	6.9	—
Benchmark	20.7	28.6	20.2	9.2	—
Advisor T5 Series	16.6	—	—	—	22.7
Benchmark	20.7	—	—	—	24.2
Series T5	16.5	23.0	—	—	20.5
Benchmark	20.7	28.6	—	—	26.4
Series T8	16.5	23.0	15.0	—	6.3
Benchmark	20.7	28.6	20.2	—	9.8
Series H	16.6	—	—	—	21.6
Benchmark	20.7	—	—	—	26.4
Series D	17.4	24.0	16.0	—	7.1
Benchmark	20.7	28.6	20.2	—	9.8
Series F	17.8	24.3	16.3	8.1	—
Benchmark	20.7	28.6	20.2	9.2	—
Series FT5	17.8	—	—	—	24.0
Benchmark	20.7	—	—	—	24.2
Series I	17.9	—	—	—	23.1
Benchmark	20.7	—	—	—	26.4
Series O	18.8	25.5	17.3	—	9.1
Benchmark	20.7	28.6	20.2	—	10.8

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.

Advisor T5 Series and Series FT5 units have been available for sale to unitholders since August 11, 2014, Series H and Series I units since August 12, 2013, Series T5 units since September 24, 2012, Series O units since October 1, 2007, Series T8 and Series D units since July 3, 2007, and Series A units since July 4, 2006.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Health Care	18.9
Information Technology	16.0
Consumer Staples	15.6
Financials	14.1
Consumer Discretionary	10.5
Industrials	8.2
Energy	6.4
Utilities	3.1
Materials	2.6
Telecommunication Services	2.2
Cash/Other	2.4

Top 25 Holdings

	% of Net Asset Value
Altria Group Inc.	4.2
Microsoft Corp.	3.8
Apple Inc.	3.3
Johnson & Johnson	3.1
Pfizer Inc.	3.1
PepsiCo Inc.	3.1
General Electric Company	3.1
JPMorgan Chase & Co.	3.0
Wells Fargo & Company	3.0
Intel Corp.	2.7
CVS Health Corp.	2.7
UnitedHealth Group Incorporated	2.6
Cisco Systems Inc.	2.6
Cash & Cash Equivalents	2.3
Chevron Corp.	2.3
AT&T Inc.	2.2
Target Corporation	2.1
Anthem Inc.	2.1
The Coca-Cola Co.	2.1
Occidental Petroleum Corp.	2.1
Cardinal Health Inc.	2.1
Merck & Co. Inc.	2.0
McDonald's Corp.	1.9
Medtronic Plc.	1.9
Philip Morris International Inc.	1.8
Top 25 Holdings	65.2

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, 2015

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 4, 2016.

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/reports 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 \$1.7 billion as of December 31, 2015, from \$3.7 billion at the end of 2014. The decrease was due mainly to net redemptions.

Over the past year, the Fund's Series A units gained 13.9%, which underperformed the 20.7% 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 any other series, which may vary because of differences in management fees and expenses.

U.S. equity markets traded in a range during 2015 as worries about weaker growth in Europe and emerging markets, especially China, largely offset the positive impact of modest economic growth in the U.S. This investment environment was further compromised by falling U.S. corporate earnings hurt by a stronger U.S. dollar and the collapse of profits in the Energy sector as oil prices plunged. Excluding the Energy sector, earnings remained relatively robust and the employment picture improved steadily, enabling the U.S. Federal Reserve to boost its benchmark interest rate in December for the first time in almost a decade.

The Fund's underperformance was due to subpar stock selection in the Information Technology, Health Care and Financials sectors, along with below-benchmark exposure to the Utilities sector, which performed well. On the positive side, the Fund benefited from underweight exposure to the Energy sector and an above-benchmark allocation to the Consumer Discretionary sector. Additionally, stock selection in the Industrials sector contributed to the Fund's performance.

Companies with larger stock-market capitalizations, which tend to serve multiple markets with multiple product lines, performed better than smaller companies that generally remain focused on the U.S. This trend reflected a belief that the U.S. economy may be beginning to slow, and that stock markets could take a breather after rising steadily since the end of the financial crisis in 2009.

Stocks in the portfolio that had a positive impact on performance included Nike, Alphabet (formerly Google) and Starbucks. Stocks that had a negative effect on returns were AbbVie, Union Pacific and Viacom.

Portfolio turnover is normally high for this Fund, as the portfolio manager attempts to generate better returns through active sector and stock selection.

Effective November 27, 2015, the RBC Private U.S. Equity Pool merged into the Fund and unitholders of the RBC Private U.S. Equity Pool received units of the Fund on a dollar-for-dollar, tax-deferred basis.

Recent Developments

The portfolio manager remains generally optimistic about U.S. equity markets amid improving corporate earnings, combined with low inflation and falling commodity prices. While U.S. companies are no longer as attractively valued as they were several years ago, current valuations should allow for moderate returns in the short to medium term, in the view of the portfolio manager.

At this point in the cycle, in the view of the portfolio manager, further market advances will be directly related to earnings growth as price/earnings multiples have probably seen their biggest rise and further market advances will be in line with growth in corporate earnings.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 \$366,000 (2014 – \$730,000) or 8% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	29.93	0.76	(0.67)	9.92	(4.03)	5.98	—	(6.44)	(0.28)	—	(6.72)	27.27
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
Advisor Series												
Dec. 31, 2015	30.07	0.78	(0.67)	10.11	(4.11)	6.11	—	(6.46)	(0.28)	—	(6.74)	27.39
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
Series H												
Dec. 31, 2015	30.06	0.69	(0.56)	8.95	(3.64)	5.44	—	(6.59)	(0.28)	—	(6.87)	27.37
Dec. 31, 2014 ³	30.13 [†]	0.20	(0.24)	2.60	(0.54)	2.02	—	—	(3.53)	—	(3.53)	30.06
Series D												
Dec. 31, 2015	31.44	0.83	(0.41)	10.71	(4.35)	6.78	—	(7.10)	(0.29)	—	(7.39)	28.60
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
Series F												
Dec. 31, 2015	33.78	0.87	(0.35)	11.24	(4.57)	7.19	—	(7.76)	(0.31)	—	(8.07)	30.70
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



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, 2015	34.14	0.96	(0.24)	12.49	(5.08)	8.13	—	(7.98)	(0.32)	—	(8.30)	30.97
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
Series O												
Dec. 31, 2015	32.61	0.67	(0.01)	8.66	(3.52)	5.80	—	(8.00)	(0.31)	—	(8.31)	29.46
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

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, 2015	27.27	558 417	20 478	2.10	2.10	216.79	0.19
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
Advisor Series							
Dec. 31, 2015	27.39	8 930	326	2.11	2.11	216.79	0.19
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
Series H							
Dec. 31, 2015	27.37	228	8	1.76	1.76	216.79	0.19
Dec. 31, 2014 ⁴	30.06	756	25	1.89	1.89	302.20	0.28
Series D							
Dec. 31, 2015	28.60	27 576	964	1.22	1.22	216.79	0.19
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



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, 2015	30.70	6 483	211	0.97	0.97	216.79	0.19
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
Series I							
Dec. 31, 2015	30.97	21 421	692	0.71	0.71	216.79	0.19
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
Series O							
Dec. 31, 2015	29.46	1 027 971	34 890	0.03	0.03	216.79	0.19
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

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 manager 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.

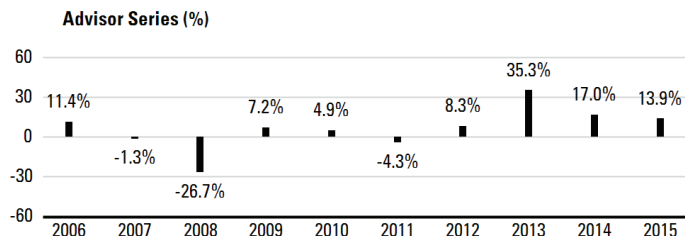
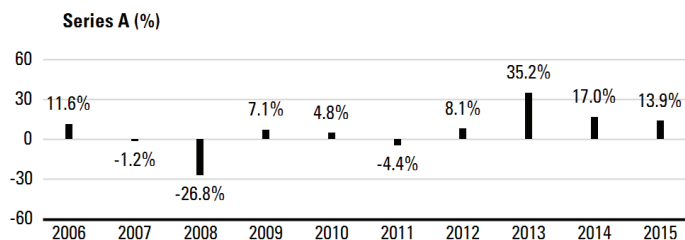


PAST PERFORMANCE

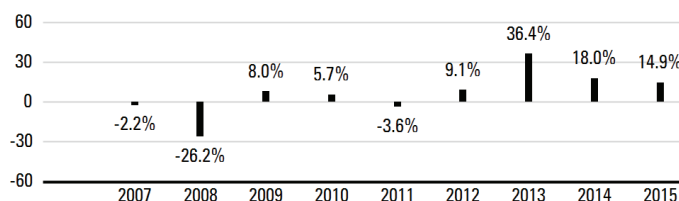
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional 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 (%)

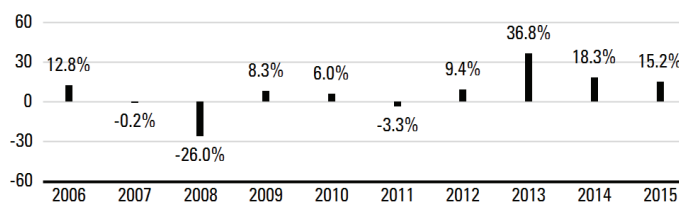
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



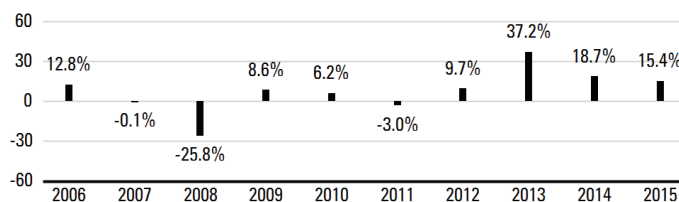
Series D (%)



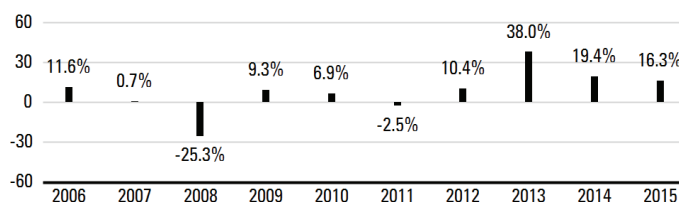
Series F (%)



Series I (%)



Series O (%)





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, 2015, 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	13.9	21.7	13.2	5.4	—
Benchmark	20.7	28.6	20.2	9.2	—
Advisor Series	13.9	21.7	13.3	5.4	—
Benchmark	20.7	28.6	20.2	9.2	—
Series H	14.3	—	—	—	19.0
Benchmark	20.7	—	—	—	24.2
Series D	14.9	22.7	14.2	—	5.7
Benchmark	20.7	28.6	20.2	—	9.8
Series F	15.2	23.1	14.5	6.6	—
Benchmark	20.7	28.6	20.2	9.2	—
Series I	15.4	23.4	14.9	—	7.2
Benchmark	20.7	28.6	20.2	—	9.8
Series O	16.3	24.2	15.6	—	7.8
Benchmark	20.7	28.6	20.2	—	9.5

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.

Series H units have been available for sale to unitholders since August 11, 2014, Series D units since July 3, 2007, Series O units since September 5, 2006, and Series I units since August 8, 2006.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Information Technology	19.8
Financials	15.1
Health Care	13.2
Consumer Discretionary	12.4
Industrials	10.2
Consumer Staples	9.7
United States Equity Funds	9.3
Energy	4.6
Materials	1.8
Utilities	1.8
Telecommunication Services	0.8
Cash/Other	1.3

Top 25 Holdings

	% of Net Asset Value
RBC U.S. Mid-Cap Equity Fund	4.2
RBC U.S. Mid-Cap Value Equity Fund	4.1
Microsoft Corp.	3.6
Alphabet Inc., Class A	3.2
Apple Inc.	2.7
Citigroup Inc.	2.2
General Electric Company	2.1
JPMorgan Chase & Co.	2.0
Wells Fargo & Company	1.7
Facebook Inc., Class A	1.6
Exxon Mobil Corp.	1.5
Amazon.com, Inc.	1.5
Intel Corp.	1.4
Bristol-Myers Squibb Co.	1.4
Equity Residential Properties Trust	1.4
Eli Lilly & Co.	1.4
Johnson & Johnson	1.4
Lockheed Martin Corporation	1.3
Home Depot Inc.	1.3
Cash & Cash Equivalents	1.2
Medtronic Plc.	1.2
Bank of New York Mellon Corp.	1.2
PepsiCo Inc.	1.2
The Goldman Sachs Group Inc.	1.2
American International Group Inc.	1.2
Top 25 Holdings	47.2

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.

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



U.S. EQUITY FUND

RBC U.S. EQUITY CURRENCY NEUTRAL FUND

December 31, 2015

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 4, 2016.

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/reports 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 rose to \$42 million as of December 31, 2015, from \$41 million at the end of 2014. The increase was due to net inflows.

Over the past year, the Fund's Series A units lost 3.7%, which underperformed the 1.4% 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 any other series, which may vary because of differences in management fees and expenses.

U.S. equity markets traded in a range during 2015 as worries about weaker growth in Europe and emerging markets, especially China, largely offset the positive impact of modest economic growth in the U.S. This investment environment was further compromised by falling U.S. corporate earnings hurt by a stronger U.S. dollar and the collapse of profits in the Energy sector as oil prices plunged. Excluding the Energy sector, earnings remained relatively robust and the employment picture improved steadily, enabling the U.S. Federal Reserve to boost its benchmark interest rate in December for the first time in almost a decade.

The Fund's underperformance was due to subpar stock selection in the Information Technology, Health Care and Financials sectors, along with below-benchmark exposure to the Utilities sector, which performed well. On the positive side, the Fund benefited from underweight exposure to the Energy sector and an above-benchmark allocation to the Consumer Discretionary sector. Additionally, stock selection in the Industrials sector contributed to the Fund's performance.

Companies with larger stock-market capitalizations, which tend to serve multiple markets with multiple product lines, performed better than smaller companies that generally remain focused on the U.S. This trend reflected a belief that the U.S. economy may be beginning to slow, and that stock markets could take a breather after rising steadily since the end of the financial crisis in 2009.

Stocks in the portfolio that had a positive impact on performance included Nike, Alphabet (formerly Google) and Starbucks. Stocks that had a negative effect on returns were AbbVie, Union Pacific and Viacom.

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 impact on the Fund in 2015, as unitholders did not benefit from the U.S. dollar's appreciation against the Canadian dollar.

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 amid improving corporate earnings, combined with low inflation and falling commodity prices. While U.S. companies are no longer as attractively valued as they were several years ago, current valuations should allow for moderate returns in the short to medium term, in the view of the portfolio manager.

At this point in the cycle, in the view of the portfolio manager, further market advances will be directly related to earnings growth as price/earnings multiples have probably seen their biggest rise and further market advances will be in line with growth in corporate earnings.



Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 \$5,000 (2014 – \$8,000) or 7% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	12.04	0.24	(0.25)	(0.52)	0.08	(0.45)	—	—	—	—	—	11.60
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
Advisor Series												
Dec. 31, 2015	12.69	0.25	(0.26)	(0.55)	0.09	(0.47)	—	—	—	—	—	12.23
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
Series D												
Dec. 31, 2015	12.78	0.25	(0.15)	(0.56)	0.09	(0.37)	—	—	—	—	—	12.42
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
Series F												
Dec. 31, 2015	13.25	0.26	(0.13)	(0.58)	0.09	(0.36)	—	—	—	—	—	12.91
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
Series O												
Dec. 31, 2015	13.80	0.27	—	(0.61)	0.10	(0.24)	—	—	—	—	—	13.58
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

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, 2015	11.60	32 605	2 811	2.11	2.12	192.68	0.18
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
Advisor Series							
Dec. 31, 2015	12.23	4 785	391	2.10	2.10	192.68	0.18
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
Series D							
Dec. 31, 2015	12.42	1 335	107	1.21	1.22	192.68	0.18
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
Series F							
Dec. 31, 2015	12.91	3 102	240	0.95	0.95	192.68	0.18
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
Series O							
Dec. 31, 2015	13.58	2	—	0.03	0.04	192.68	0.18
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

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 manager 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.

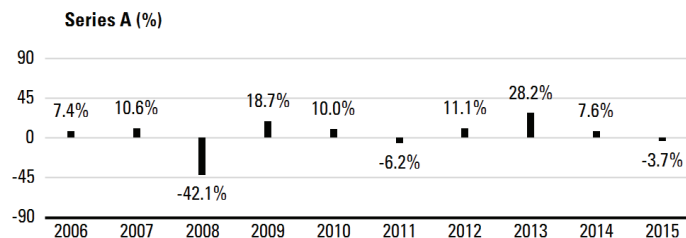
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

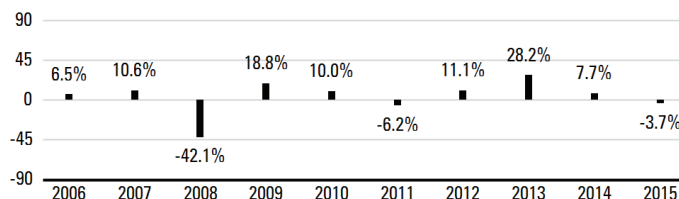
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional 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 (%)

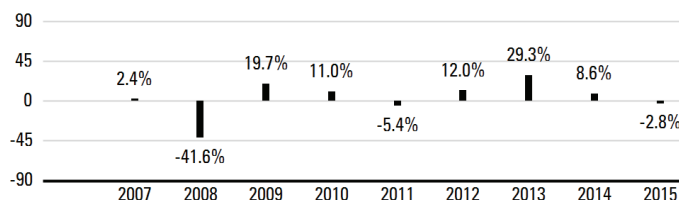
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



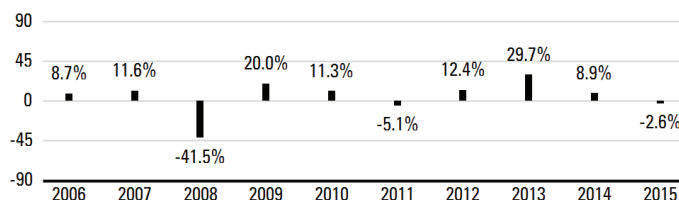
Advisor Series (%)



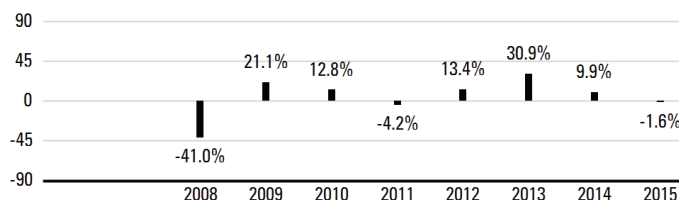
Series D (%)



Series F (%)



Series O (%)





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, 2015, 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	-3.7	9.9	6.7	—	2.2
Benchmark	1.4	15.1	12.6	—	7.1
Advisor Series	-3.7	10.0	6.7	—	2.3
Benchmark	1.4	15.1	12.6	—	7.2
Series D	-2.8	10.9	7.7	—	1.7
Benchmark	1.4	15.1	12.6	—	6.4
Series F	-2.6	11.2	8.0	—	3.4
Benchmark	1.4	15.1	12.6	—	7.1
Series O	-1.6	12.3	9.0	—	2.7
Benchmark	1.4	15.1	12.6	—	6.5

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.

Series O units have been available for sale to unitholders since December 31, 2007, Series D units since July 3, 2007, Advisor Series units since August 28, 2006, and Series A and Series F units since January 23, 2006.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Information Technology	20.7
Financials	15.9
Health Care	13.3
Consumer Discretionary	12.4
Industrials	10.5
Consumer Staples	10.1
United States Equity Funds	9.9
Energy	4.6
Utilities	2.0
Materials	1.8
Telecommunication Services	0.8
Cash/Other	(2.0)

Top 25 Holdings

	% of Net Asset Value
RBC U.S. Mid-Cap Value Equity Fund	4.4
RBC U.S. Mid-Cap Equity Fund	4.4
Microsoft Corp.	3.8
Alphabet Inc., Class A	3.3
Apple Inc.	2.9
Citigroup Inc.	2.3
JPMorgan Chase & Co.	2.1
General Electric Company	2.1
Wells Fargo & Company	1.7
Facebook Inc., Class A	1.7
Exxon Mobil Corp.	1.6
Amazon.com, Inc.	1.6
Equity Residential Properties Trust	1.5
Intel Corp.	1.4
Lockheed Martin Corporation	1.4
Eli Lilly & Co.	1.4
Bristol-Myers Squibb Co.	1.4
Home Depot Inc.	1.4
Johnson & Johnson	1.4
Medtronic Plc.	1.3
Bank of New York Mellon Corp.	1.3
American International Group Inc.	1.3
NiSource Inc.	1.3
PepsiCo Inc.	1.3
The Goldman Sachs Group Inc.	1.3
Top 25 Holdings	49.6

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.

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



U.S. EQUITY FUND

RBC QUBE U.S. EQUITY FUND

December 31, 2015

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 4, 2016.

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/reports 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 \$2.7 billion as of December 31, 2015, from \$1.3 billion at the end of 2014. The increase was due mainly to net inflows.

Over the past year, the Fund's Series O units gained 20.1%, which underperformed the 20.7% rise in the benchmark. The Fund's return is after the deduction of 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 any other series, which may vary because of differences in management fees and expenses.

The Consumer Staples, Energy and Industrials sectors contributed to the Fund's performance during the period. Both strong stock selection and sector allocation contributed to returns. The Information Technology, Financials and Materials sectors had a negative impact on relative performance due to poor stock selection.

In the Consumer Staples sector, supermarket chain Kroger was the largest contributor to performance due to strong sales growth and cost controls. Among the stocks that had the most negative impact on returns was Morgan Stanley, a Financials sector company that reported disappointing earnings.

Recent Developments

Stocks experienced significant volatility in 2015 driven by uncertainty about the direction of global economic growth. Most equity markets moved sideways or down in 2015, as valuations moderated and earnings estimates fell modestly.

The risk of continued declines in stocks persists, creating a challenging environment for investors. Nonetheless, the sell-off in many equity markets over the past few months has bolstered the long-term potential for stock gains. Expanding valuations have been the key driver of rising stock prices since the financial crisis, and may now offer less support for equity returns. In the view of the portfolio manager, higher valuation levels mean that earnings growth will likely be the key driver of further gains in stocks.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 \$0 (2014 – \$1,000) or 0% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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 O												
Dec. 31, 2015	13.93	0.42	—	1.19	1.15	2.76	—	(0.34)	(0.99)	—	(1.33)	15.40
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
Series O							
Dec. 31, 2015	15.40	2 653 978	172 353	0.02	0.02	81.56	0.03
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 manager 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, 2015, 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 O	20.1	—	—	—	26.5
Benchmark	20.7	—	—	—	25.5

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.

Series O units have been available for sale to unitholders since June 28, 2013.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Information Technology	20.3
Financials	16.1
Consumer Discretionary	14.1
Health Care	12.1
Consumer Staples	11.4
Industrials	10.8
Utilities	5.4
Energy	4.5
Materials	3.1
Telecommunication Services	2.9
Cash/Other	(0.7)

Top 25 Holdings

	% of Net Asset Value
Apple Inc.	4.8
Citigroup Inc.	3.4
AT&T Inc.	2.7
Gilead Sciences Inc.	2.6
Cisco Systems Inc.	2.5
The Goldman Sachs Group Inc.	2.5
Alphabet Inc., Class C	2.5
General Dynamics Corp.	2.5
Microsoft Corp.	2.3
Altria Group Inc.	2.3
The Kroger Co.	2.3
AmerisourceBergen Corp.	2.3
American International Group Inc.	2.1
Bank of America Corp.	2.1
Target Corporation	2.0
Amazon.com, Inc.	2.0
Boeing Co.	1.9
Valero Energy Corp.	1.9
Eli Lilly & Co.	1.9
Lowe's Companies	1.7
JPMorgan Chase & Co.	1.6
Morgan Stanley	1.6
Public Service Enterprise Group	1.6
Accenture Plc., Class A	1.6
Archer Daniels Midland Co.	1.5
Top 25 Holdings	56.2

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 QUBE LOW VOLATILITY U.S. EQUITY FUND

December 31, 2015

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 4, 2016.

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/reports 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 \$1.0 billion as of December 31, 2015, from \$253 million at the end of 2014. The increase was due mainly to net inflows.

Over the past year, the Fund's Series A units gained 19.8%, which underperformed the 20.7% 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 any other series, which may vary because of differences in management fees and expenses.

The Consumer Staples, Utilities and Information Technology sectors contributed to the Fund's performance. In the Consumer Staples sector, beverages stocks had the most significant positive impact on returns. Materials was the Fund's worst-performing sector during the period, as the metals and mining industry continued to struggle.

In the Consumer Staples sector, individual stocks that contributed the most to the Fund's returns were Costco and PepsiCo. In the Utilities sector, energy-technology provider DTE Energy was one of the top holdings. The stock that had the most negative impact on returns was Royal Gold in the Materials sector. Royal Gold was hurt by price declines for precious metals.

Recent Developments

Stocks experienced significant volatility in 2015 driven by uncertainty about the direction of global economic growth. Most equity markets moved sideways or down in 2015, as valuations moderated and earnings estimates fell modestly.

The risk of continued declines in stocks persists, creating a challenging environment for investors. Nonetheless, the sell-off in many equity markets over the past few months has bolstered the long-term potential for stock gains. Expanding valuations have been the key driver of rising stock prices since the financial crisis, and may now offer less support for equity returns. In the view of the portfolio manager, higher valuation levels mean that earnings growth will likely be the key driver of further gains in stocks.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	16.17	0.41	(0.36)	0.48	2.25	2.78	—	—	(0.07)	—	(0.07)	19.31
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, 2015	16.00	0.42	(0.37)	0.49	2.32	2.86	—	—	(0.07)	—	(0.07)	19.10
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, 2015	16.23	0.38	(0.32)	0.44	2.09	2.59	—	—	(0.07)	—	(0.07)	19.43
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, 2015	16.32	0.44	(0.21)	0.51	2.40	3.14	—	(0.08)	(0.07)	—	(0.15)	19.58
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, 2015	16.25	0.42	(0.17)	0.49	2.32	3.06	—	(0.12)	(0.07)	—	(0.19)	19.50
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, 2015	16.38	0.44	(0.14)	0.51	2.41	3.22	—	(0.15)	(0.07)	—	(0.22)	19.66
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



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 O												
Dec. 31, 2015	16.44	0.40	—	0.47	2.21	3.08	—	(0.29)	(0.07)	—	(0.36)	19.73
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.

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, 2015	19.31	206 910	10 715	2.04	2.04	40.47	0.02
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, 2015	19.10	18 622	975	2.09	2.09	40.47	0.02
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, 2015	19.43	4 641	239	1.79	1.79	40.47	0.02
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, 2015	19.58	47 633	2 433	1.18	1.18	40.47	0.02
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, 2015	19.50	29 794	1 528	0.92	0.92	40.47	0.02
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, 2015	19.66	6 131	312	0.75	0.75	40.47	0.02
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



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, 2015	19.73	731 735	37 084	0.02	0.02	40.47	0.02
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 manager 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.

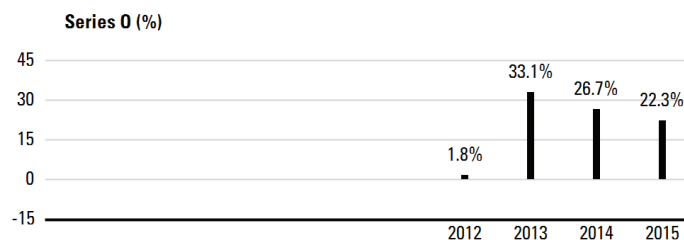
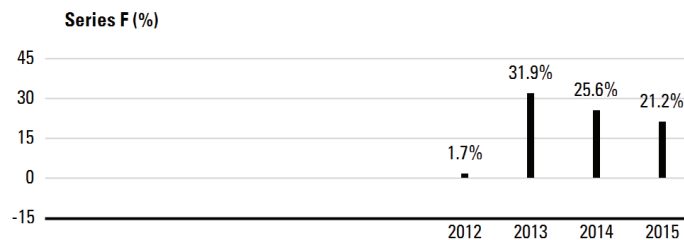
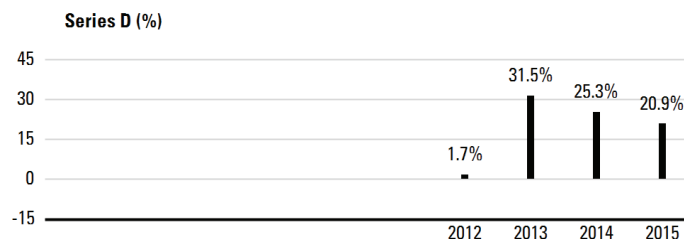
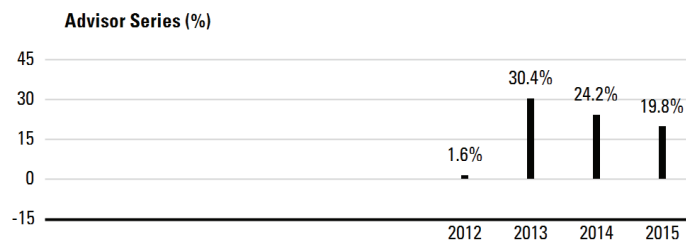
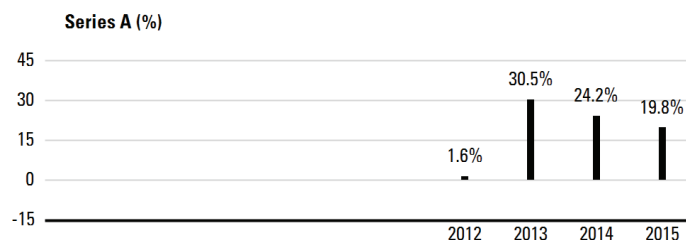


PAST PERFORMANCE

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, 2015, 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	19.8	24.8	—	—	24.4
Benchmark	20.7	28.6	—	—	28.1
Advisor Series	19.8	24.7	—	—	24.3
Benchmark	20.7	28.6	—	—	28.1
Series H	20.1	—	—	—	22.0
Benchmark	20.7	—	—	—	26.4
Series D	20.9	25.8	—	—	25.4
Benchmark	20.7	28.6	—	—	28.1
Series F	21.2	26.2	—	—	25.8
Benchmark	20.7	28.6	—	—	28.1
Series I	21.4	—	—	—	23.2
Benchmark	20.7	—	—	—	26.4
Series O	22.3	27.3	—	—	26.9
Benchmark	20.7	28.6	—	—	28.1

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.

Series H and Series I units have been available for sale to unitholders since August 12, 2013, and Series A, Advisor Series, Series D, Series F and Series O units since November 19, 2012.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Consumer Staples	20.1
Utilities	17.1
Information Technology	14.4
Financials	14.3
Consumer Discretionary	10.8
Health Care	9.7
Industrials	8.5
Telecommunication Services	2.6
Materials	1.2
Energy	1.2
Cash/Other	0.1

Top 25 Holdings

	% of Net Asset Value
Johnson & Johnson	3.0
PepsiCo Inc.	3.0
3M Co.	2.4
Wells Fargo & Company	2.4
Costco Wholesale Corp.	2.4
Home Depot Inc.	2.4
Berkshire Hathaway Inc., Class B	2.2
Colgate-Palmolive Company	2.2
McDonald's Corp.	2.1
Cardinal Health Inc.	2.1
American Financial Group Inc.	1.9
TJX Companies Inc.	1.9
DTE Energy Company	1.8
U.S. Bancorp	1.8
Wal-Mart Stores, Inc.	1.7
General Mills Inc.	1.7
Consolidated Edison Inc.	1.6
The Procter & Gamble Co.	1.6
Southern Co.	1.4
Sempra Energy	1.4
Altria Group Inc.	1.4
Xcel Energy Inc.	1.4
AT&T Inc.	1.4
Automatic Data Processing Inc.	1.4
Accenture Plc., Class A	1.3
Top 25 Holdings	47.9

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, 2015

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 4, 2016.

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/reports 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's net asset value rose to \$38 million as of December 31, 2015, from \$29 million at the end of 2014. The increase was due to a combination of investment gains and net inflows.

Over the past year, the Fund's Series A units gained 15.9%, which underperformed the 20.7% 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 any other series, which may vary because of differences in management fees and expenses.

U.S. equity markets traded in a range during 2015 and closed in modestly positive territory on a total return basis (including dividends). Worries about weaker growth in Europe and emerging markets, especially China, largely offset the positive impact of modest economic growth domestically. This investment environment was further compromised by falling U.S. corporate earnings hurt by a stronger U.S. dollar and the collapse of profits in the Energy sector as crude oil prices declined. Excluding the Energy sector, earnings remained relatively robust and the employment picture improved steadily, enabling the U.S. Federal Reserve (the "Fed") to finally embark on a long-anticipated tightening cycle, although the cadence of future increases is likely to be measured.

In 2015, stronger performance in the Materials and Industrials sectors offset weaker relative performance in the Health Care, Energy and Consumer Discretionary sectors.

Positive relative returns in the Industrials sector were aided by an overweight position in Masco, and an underweight position in Union Pacific.

An underweight position in Freeport-McMoRan aided returns in the Materials sector as its exposure to resource and oil prices hindered returns.

In the Health Care sector, an overweight position in AbbVie hindered returns as new treatments set to hit the market were expected to hinder sales of its best-selling drug, Humira. Offsetting this, an overweight position in insurer Aetna aided returns.

In the Energy sector, an overweight position in Range Resources hindered returns. Offsetting this, a zero-weighted position in Kinder Morgan aided returns as Moody's Investor Services changed the outlook on the company from stable to negative.

In the Consumer Discretionary sector, not holding Amazon had a negative impact on relative performance after the Internet retailer reported better-than-expected financial results.

Portfolio turnover is high for the Fund as the portfolio manager attempts to generate better returns through active fund management.

Recent Developments

The portfolio manager remains generally optimistic about prospects for U.S. stocks given low inflation and lower commodity prices for the foreseeable future. While valuations for U.S. companies are less attractive than they were a few years ago, the portfolio manager believes they are still at levels that allow for moderate returns. However, the portfolio manager believes that current valuations do warrant greater care in stock selection. The portfolio manager continues to believe that the Fed will have to strike a policy balance that keeps the economy's momentum in place, while remaining mindful that the economy will eventually have to function with less aid from the central bank.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	11.25	0.26	(0.25)	1.21	0.51	1.73	—	(0.01)	(0.64)	—	(0.65)	12.39
Dec. 31, 2014 ³	10.00 [†]	0.14	(0.18)	0.07	1.46	1.49	—	—	(0.03)	—	(0.03)	11.25
Advisor Series												
Dec. 31, 2015	11.25	0.26	(0.25)	1.21	0.51	1.73	—	(0.01)	(0.64)	—	(0.65)	12.40
Dec. 31, 2014 ³	10.00 [†]	0.15	(0.17)	0.08	1.54	1.60	—	—	(0.03)	—	(0.03)	11.25
Series H												
Dec. 31, 2015	11.27	0.26	(0.22)	1.21	0.51	1.76	—	(0.02)	(0.64)	—	(0.66)	12.42
Dec. 31, 2014 ³	10.00 [†]	0.15	(0.16)	0.08	1.58	1.65	—	—	(0.03)	—	(0.03)	11.27
Series D												
Dec. 31, 2015	11.31	0.26	(0.15)	1.21	0.51	1.83	—	(0.11)	(0.65)	—	(0.76)	12.45
Dec. 31, 2014 ³	10.00 [†]	0.15	(0.11)	0.08	1.55	1.67	—	(0.02)	(0.02)	—	(0.04)	11.31
Series F												
Dec. 31, 2015	11.33	0.26	(0.12)	1.22	0.51	1.87	—	(0.14)	(0.65)	—	(0.79)	12.48
Dec. 31, 2014 ³	10.00 [†]	0.14	(0.08)	0.07	1.42	1.55	—	(0.02)	(0.03)	—	(0.05)	11.33
Series I												
Dec. 31, 2015	11.32	0.27	(0.10)	1.22	0.52	1.91	—	(0.16)	(0.67)	—	(0.83)	12.45
Dec. 31, 2014 ³	10.00 [†]	0.14	(0.07)	0.08	1.52	1.67	—	(0.04)	(0.03)	—	(0.07)	11.32
Series O												
Dec. 31, 2015	11.34	0.27	—	1.23	0.52	2.02	—	(0.27)	(0.67)	—	(0.94)	12.46
Dec. 31, 2014 ³	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, 2015	12.39	14 303	1 154	2.03	2.04	127.76	0.12
Dec. 31, 2014 ⁴	11.25	9 917	881	2.06	2.07	106.63	0.14
Advisor Series							
Dec. 31, 2015	12.40	5 446	439	2.01	2.02	127.76	0.12
Dec. 31, 2014 ⁴	11.25	3 678	327	2.04	2.05	106.63	0.14
Series H							
Dec. 31, 2015	12.42	1 154	93	1.84	1.85	127.76	0.12
Dec. 31, 2014 ⁴	11.27	1 456	129	1.88	1.89	106.63	0.14
Series D							
Dec. 31, 2015	12.45	3 046	245	1.22	1.23	127.76	0.12
Dec. 31, 2014 ⁴	11.31	1 585	140	1.24	1.25	106.63	0.14
Series F							
Dec. 31, 2015	12.48	6 476	519	0.94	0.95	127.76	0.12
Dec. 31, 2014 ⁴	11.33	2 585	228	0.95	0.96	106.63	0.14
Series I							
Dec. 31, 2015	12.45	3 310	266	0.79	0.80	127.76	0.12
Dec. 31, 2014 ⁴	11.32	3 020	267	0.77	0.78	106.63	0.14
Series O							
Dec. 31, 2015	12.46	4 728	379	0.02	0.03	127.76	0.12
Dec. 31, 2014 ⁴	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 manager 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.



Series D (%)



Series F (%)



Series I (%)



Series O (%)





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, 2015, 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	15.9	—	—	—	16.0
Benchmark	20.7	—	—	—	22.0
Advisor Series	16.0	—	—	—	16.0
Benchmark	20.7	—	—	—	22.0
Series H	16.2	—	—	—	16.2
Benchmark	20.7	—	—	—	22.0
Series D	16.9	—	—	—	16.9
Benchmark	20.7	—	—	—	22.0
Series F	17.2	—	—	—	17.2
Benchmark	20.7	—	—	—	22.0
Series I	17.4	—	—	—	17.4
Benchmark	20.7	—	—	—	22.0
Series O	18.3	—	—	—	18.3
Benchmark	20.7	—	—	—	22.0

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.

Series A, Advisor Series, Series H, Series D, Series F, Series I and Series O units have been available for sale to unitholders since March 10, 2014.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Information Technology	21.2
Financials	16.6
Health Care	14.0
Industrials	12.1
Consumer Staples	10.5
Consumer Discretionary	8.3
Energy	5.2
Materials	2.9
Utilities	1.9
Telecommunication Services	0.5
Cash/Other	6.8

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	6.7
Microsoft Corp.	3.4
Apple Inc.	3.3
Alphabet Inc., Class A	2.4
Berkshire Hathaway Inc., Class B	2.1
The Procter & Gamble Co.	1.9
The Coca-Cola Co.	1.7
Pfizer Inc.	1.7
Bank of America Corp.	1.7
General Electric Company	1.7
JPMorgan Chase & Co.	1.5
Bristol-Myers Squibb Co.	1.4
Exxon Mobil Corp.	1.4
Nike Inc.	1.3
Honeywell International Inc.	1.3
Medtronic Plc.	1.3
Boeing Co.	1.2
UnitedHealth Group Incorporated	1.2
3M Co.	1.2
United Technologies Corp.	1.2
AbbVie Inc.	1.2
CVS Health Corp.	1.1
Mondelez International Inc.	1.1
Accenture Plc., Class A	1.1
Lowe's Companies	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.



U.S. EQUITY FUND

RBC U.S. INDEX FUND

December 31, 2015

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 4, 2016.

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 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 \$621 million as of December 31, 2015, from \$438 million at the end of 2014. The increase was due to a combination of investment gains and net inflows.

Over the past year, the Fund's Series A units gained 19.5%, which underperformed the 20.7% 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 any other series, which may vary because of differences in management fees and expenses.

The top-performing sectors were Information Technology, Health Care and Consumer Discretionary. The worst-performing sectors were Energy, Materials and Utilities.

Recent Developments

The sub-advisor has no recent developments to report.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	14.84	0.36	(0.12)	0.23	2.36	2.83	—	(0.22)	—	—	(0.22)	17.51
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

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, 2015	17.51	621 159	35 472	0.72	0.72	2.52	0.01
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

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 manager 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	0.50%	20%	80%

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

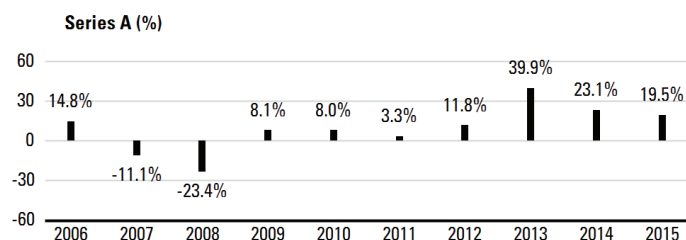


PAST PERFORMANCE

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, 2015, 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	19.5	27.2	18.9	8.1	—
Benchmark	20.7	28.6	20.2	9.2	—

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 index.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Information Technology	20.7
Financials	16.4
Health Care	15.0
Consumer Discretionary	12.9
Industrials	10.0
Consumer Staples	10.0
Energy	6.4
Utilities	2.9
Materials	2.8
Telecommunication Services	2.4
Cash/Other	0.5

Top 25 Holdings

	% of Net Asset Value
Apple Inc.	3.3
Microsoft Corp.	2.5
Exxon Mobil Corp.	1.8
General Electric Company	1.6
Johnson & Johnson	1.6
Amazon.com, Inc.	1.4
Wells Fargo & Company	1.4
Berkshire Hathaway Inc., Class B	1.4
JPMorgan Chase & Co.	1.4
Facebook Inc., Class A	1.3
Alphabet Inc., Class A	1.3
Alphabet Inc., Class C	1.3
The Procter & Gamble Co.	1.2
AT&T Inc.	1.2
Pfizer Inc.	1.1
Verizon Communications Inc.	1.0
Bank of America Corp.	1.0
Chevron Corp.	0.9
Home Depot Inc.	0.9
The Coca-Cola Co.	0.9
Intel Corp.	0.9
The Walt Disney Company	0.9
Citigroup Inc.	0.9
Visa Inc., Class A	0.8
Merck & Co. Inc.	0.8
Top 25 Holdings	32.8

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 U.S. INDEX CURRENCY NEUTRAL FUND

December 31, 2015

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 4, 2016.

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/reports 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 fell to \$318 million as of December 31, 2015, from \$345 million at the end of 2014. The decrease was mainly due to net redemptions.

Over the past year, the Fund's Series A units lost 0.1%, which underperformed the 1.4% 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 any other series, which may vary because of differences in management fees and expenses.

The top-performing sectors were Information Technology, Health Care and Consumer Discretionary. The worst-performing sectors were Energy, Materials and Utilities.

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 hurt returns in 2015, as unitholders did not benefit from the U.S. dollar's appreciation against the Canadian dollar.

Recent Developments

The sub-advisor has no recent developments to report.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.



The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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	
		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	Year/Period
Series A												
Dec. 31, 2015	9.62	0.07	(0.07)	—	—	—	(0.37)	—	—	—	(0.37)	9.23
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

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, 2015	9.23	317 771	34 421	0.72	0.72	n/a	—
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	—

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 manager 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	0.50%	20%	80%

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

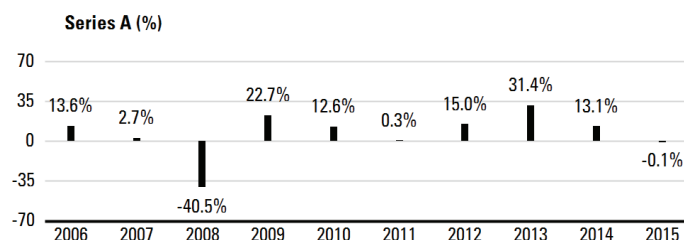


PAST PERFORMANCE

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, 2015, 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	-0.1	14.1	11.3	5.1	—
Benchmark	1.4	15.1	12.6	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.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Information Technology	20.7
Financials	16.5
Health Care	15.2
Consumer Discretionary	12.9
Consumer Staples	10.1
Industrials	10.0
Energy	6.5
Utilities	3.0
Materials	2.7
Telecommunication Services	2.4

Top 25 Holdings

	% of Net Asset Value
Apple Inc.	3.3
Microsoft Corp.	2.5
Exxon Mobil Corp.	1.8
General Electric Company	1.6
Johnson & Johnson	1.6
Amazon.com, Inc.	1.5
Wells Fargo & Company	1.4
Berkshire Hathaway Inc., Class B	1.4
JP Morgan Chase & Co.	1.4
Facebook Inc., Class A	1.3
Alphabet Inc., Class A	1.3
Alphabet Inc., Class C	1.3
The Procter & Gamble Co.	1.2
AT&T Inc.	1.2
Pfizer Inc.	1.1
Verizon Communications Inc.	1.1
Bank of America Corp.	1.0
Chevron Corporation	0.9
The Coca-Cola Co.	0.9
Home Depot Inc.	0.9
Intel Corp.	0.9
The Walt Disney Company	0.9
Citigroup Inc.	0.9
Visa Inc., Class A	0.8
Merck & Co. Inc.	0.8
Top 25 Holdings	33.0

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 O'SHAUGHNESSY U.S. VALUE FUND

December 31, 2015

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 4, 2016.

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/reports 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 valuation 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 fell to \$1.7 billion as of December 31, 2015, from \$2.1 billion at the end of 2014. The decrease was due to a combination of net redemptions and investment losses.

Over the past year, the Fund's Series A units lost 8.9%, which underperformed the 3.8% decline in the benchmark. The broad-based index rose 0.9%. 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 any other series, which may vary because of differences in management fees and expenses.

Volatility in the global markets characterized 2015, with Canadian markets significantly underperforming U.S. and other developed markets. The Canadian market was down about 8% for the year as a whole while U.S. and international markets fell only slightly, and a strong U.S. dollar bolstered U.S. returns measured in Canadian dollars. The U.S. dollar's strength and falling commodity prices were among the major global market developments of 2015, with plunging oil prices leading to an overall decline in earnings.

Companies with attractive valuations and high shareholder yields, which are favoured by the sub-advisor, had a negative impact on performance during 2015. The sub-advisor's emphasis on high-quality stocks, which excludes companies with poor earnings growth and earnings quality, held back returns, while the exclusion of companies with poor financial strength contributed slightly.

Sector allocation hurt performance, while security selection contributed. Underweight allocations to the Financials and Health Care sectors had a negative impact on returns, the effect of which was partially offset by the positive impact of overweight allocations to Industrials and Utilities. Security selection in the Energy and Consumer Staples sectors contributed to returns, which was partially offset by the negative impact of security selection in Information Technology and Consumer Discretionary. Northrop Grumman in the Industrials sector and Marathon Petroleum in the Energy sector were the largest contributors to relative returns. Mosaic Co. in the Materials sector and Seagate Technology in the Information Technology sector hurt relative performance the most.

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.

Due to the Fund's investment process and market conditions over the course of 2015, the Fund decreased allocations to Energy stocks and increased allocations to Financials and Industrials stocks.

Recent Developments

The sub-advisor has no recent developments to report.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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.

® Registered trademark of Royal Bank of Canada. Used under licence.



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 \$79,000 (2014 – \$33,000) or 7% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	15.13	0.31	(0.23)	(0.17)	(1.19)	(1.28)	—	(0.08)	—	—	(0.08)	13.71
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
Advisor Series												
Dec. 31, 2015	15.29	0.32	(0.23)	(0.17)	(1.20)	(1.28)	—	(0.09)	—	—	(0.09)	13.85
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
Series D												
Dec. 31, 2015	15.18	0.31	(0.18)	(0.17)	(1.20)	(1.24)	—	(0.13)	—	—	(0.13)	13.75
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
Series F												
Dec. 31, 2015	15.61	0.32	(0.15)	(0.18)	(1.23)	(1.24)	—	(0.17)	—	—	(0.17)	14.13
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
Series I												
Dec. 31, 2015	15.30	0.32	(0.10)	(0.17)	(1.20)	(1.15)	—	(0.21)	—	—	(0.21)	13.86
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



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 O										
Dec. 31, 2015	15.43	0.32	—	(0.18)	(1.22)	(1.08)	—	(0.31)	—	—	(0.31)	13.97
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

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, 2015	13.71	1 015 117	74 062	1.55	1.55	54.36	0.06
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
Advisor Series							
Dec. 31, 2015	13.85	34 638	2 502	1.49	1.49	54.36	0.06
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
Series D							
Dec. 31, 2015	13.75	91 113	6 628	1.22	1.22	54.36	0.06
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
Series F							
Dec. 31, 2015	14.13	54 948	3 887	0.94	0.94	54.36	0.06
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
Series I							
Dec. 31, 2015	13.86	7 994	577	0.68	0.68	54.36	0.06
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



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, 2015	13.97	497 227	35 582	0.02	0.02	54.36	0.06
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

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 manager 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.

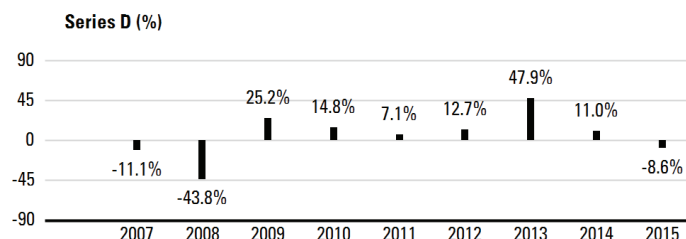
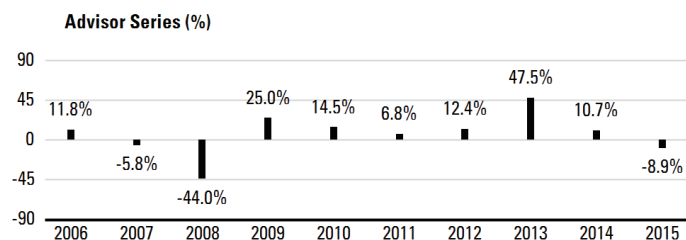
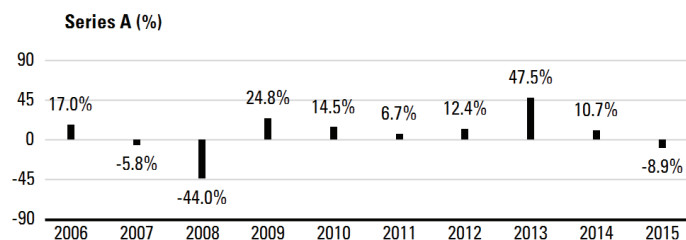


PAST PERFORMANCE

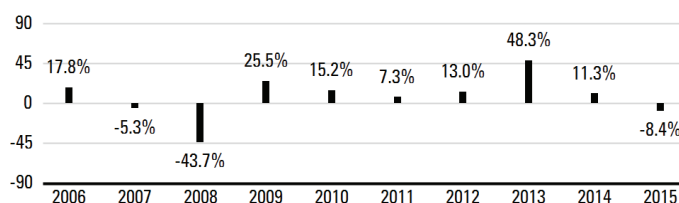
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional 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 (%)

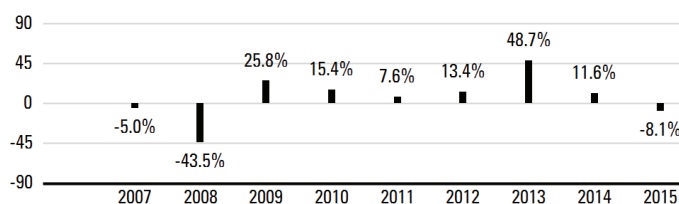
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



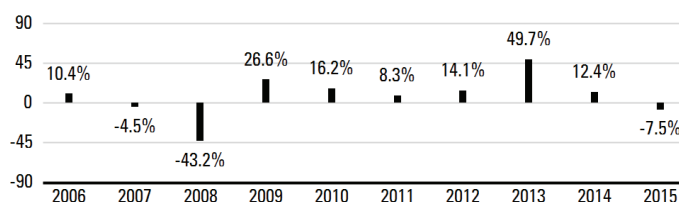
Series F (%)



Series I (%)



Series O (%)





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, 2015, 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 A	-8.9	14.1	12.3	4.6	—
Benchmark	-3.8	13.1	11.3	6.2	—
Broad-based index	0.9	15.0	12.4	7.4	—
Advisor Series	-8.9	14.2	12.3	—	4.5
Benchmark	-3.8	13.1	11.3	—	5.4
Broad-based index	0.9	15.0	12.4	—	7.3
Series D	-8.6	14.5	12.6	—	3.1
Benchmark	-3.8	13.1	11.3	—	4.7
Broad-based index	0.9	15.0	12.4	—	6.5
Series F	-8.4	14.8	12.9	5.2	—
Benchmark	-3.8	13.1	11.3	6.2	—
Broad-based index	0.9	15.0	12.4	7.4	—
Series I	-8.1	15.1	13.2	—	4.6
Benchmark	-3.8	13.1	11.3	—	4.2
Broad-based index	0.9	15.0	12.4	—	5.8
Series O	-7.5	15.9	14.0	—	5.8
Benchmark	-3.8	13.1	11.3	—	5.3
Broad-based index	0.9	15.0	12.4	—	7.1

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 indexes.

Series I units have been available for sale to unitholders since October 1, 2007, Series D units since July 3, 2007, Series O units since September 5, 2006, and Advisor Series units since August 28, 2006.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Industrials	22.6
Consumer Discretionary	15.9
Financials	14.9
Information Technology	14.3
Materials	10.4
Energy	10.0
Consumer Staples	8.5
Telecommunication Services	3.1
Health Care	2.8
Cash/Other	(2.5)

Top 25 Holdings

	% of Net Asset Value
Northrop Grumman Corp.	5.3
LyondellBasell Industries N.V.	5.1
Travelers Cos. Inc.	5.0
Illinois Tool Works Inc.	4.6
Coca-Cola Enterprises Inc.	4.5
Koninklijke Ahold N.V. ADR	3.7
Bed Bath & Beyond Inc.	3.5
The Mosaic Co.	3.3
Sandisk Corp.	2.8
Allstate Corp.	2.7
CenturyTel Inc.	2.7
Parker Hannifin Corp.	2.7
Viacom Inc.	2.6
Hess Corp.	2.6
XL Group Plc.	2.6
Tyco International Plc.	2.5
Corning Inc.	2.5
Marathon Petroleum Corp.	2.4
Xerox Corp.	2.3
National Oilwell Varco Inc.	2.3
Sirius XM Holdings Inc.	2.2
Hartford Financial Services Inc.	2.2
Phillips 66 Company	2.2
International Business Machines	2.1
FedEx Corporation	2.0
Top 25 Holdings	76.4

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.



U.S. EQUITY FUND

RBC U.S. MID-CAP EQUITY FUND

December 31, 2015

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 4, 2016.

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/reports 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 fell to \$625 million as of December 31, 2015, from \$1.2 billion at the end of 2014. The decrease was due to net outflows.

Over the past year, the Fund's Series A units gained 15.4%, which underperformed the 18.9% 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 any other series, which may vary because of differences in management fees and expenses.

U.S. equity markets fell in the third quarter of 2015 after posting modest gains during the first half of the year. Stocks recovered in the fourth quarter. The U.S. Federal Reserve boosted its benchmark interest rate late in the year – the first increase in 11 years.

At the index level, the Consumer Staples sector was the best-performing sector, followed by Health Care and Financials. The worst-performing sectors were Energy, Utilities and Materials. The portfolio benefited from positive security selection in the Energy, Consumer Discretionary and Materials sectors. Within the portfolio, an overall preference for stocks in the Health Care sector and a relative lack of exposure to the poorly performing Consumer Discretionary sector helped relative returns. Portfolio performance was hurt by the negative impact of stock selection in the Consumer Staples, Information Technology and Health Care sectors. A small overweight allocation to the Energy sector also hurt relative performance.

Verisign, HCC Insurance Holdings and O'Reilly Automotive were the individual stocks that contributed most to the Fund's performance.

The stocks that had the most negative impact on returns were United Natural Foods, PRA Group and Nordstrom. The Fund was well diversified by both sector and industry.

The Fund owned 78 stocks as of December 31, 2015. Exposure was highest in the Health Care, Industrials and Information Technology sectors, and lowest in the Energy and Materials sectors. The portfolio manager does not expect significant changes to portfolio holdings or sector weightings during the early stages of 2016 and remains on the lookout for highly profitable, well-managed companies.

Recent Developments

The U.S. economy continues to grow steadily, albeit modestly. Investors remain concerned about the impact of lower oil prices on emerging-market economies and areas of the U.S. Energy sector.

The Fund's holdings, with higher-than-average recurring revenues and earnings streams, offer investors a degree of safety in a market that appears to have become somewhat riskier. The portfolio manager expects positive earnings growth for companies in the portfolio, as healthy businesses offset the impact of the strong U.S. dollar.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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.

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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	26.51	0.19	(0.61)	10.32	(4.43)	5.47	—	—	(3.38)	—	(3.38)	27.18
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
Advisor Series												
Dec. 31, 2015	26.57	0.20	(0.61)	10.70	(4.59)	5.70	—	—	(3.39)	—	(3.39)	27.24
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
Series H												
Dec. 31, 2015	26.58	0.19	(0.52)	10.44	(4.48)	5.63	—	—	(3.40)	—	(3.40)	27.34
Dec. 31, 2014 ³	24.05 [†]	0.05	(0.18)	0.72	0.85	1.44	—	—	(0.44)	—	(0.44)	26.58
Series D												
Dec. 31, 2015	28.30	0.21	(0.38)	11.24	(4.82)	6.25	—	—	(3.60)	—	(3.60)	29.31
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
Series F												
Dec. 31, 2015	30.12	0.23	(0.32)	12.37	(5.30)	6.98	—	—	(3.87)	—	(3.87)	31.25
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
Series I												
Dec. 31, 2015	30.13	0.22	(0.26)	11.66	(5.00)	6.62	—	(0.05)	(3.90)	—	(3.95)	31.24
Dec. 31, 2014 ⁴	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	Total	
Series O												
Dec. 31, 2015	30.53	0.20	(0.01)	10.79	(4.63)	6.35	—	(0.26)	(3.97)	—	(4.23)	31.70
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

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, 2015	27.18	99 611	3 665	2.10	2.10	14.83	0.05
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
Advisor Series							
Dec. 31, 2015	27.24	2 284	84	2.07	2.07	14.83	0.05
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
Series H							
Dec. 31, 2015	27.34	1	—	1.84	1.84	14.83	0.05
Dec. 31, 2014 ⁴	26.58	1	—	1.98	1.98	22.88	0.02
Series D							
Dec. 31, 2015	29.31	11 132	380	1.20	1.20	14.83	0.05
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
Series F							
Dec. 31, 2015	31.25	3 686	118	0.94	0.94	14.83	0.05
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



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, 2015	31.24	3 270	105	0.76	0.76	14.83	0.05
Dec. 31, 2014 ⁵	30.13	3 965	132	0.78	0.78	22.88	0.02
Series O							
Dec. 31, 2015	31.70	504 958	15 931	0.02	0.02	14.83	0.05
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

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 manager 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.

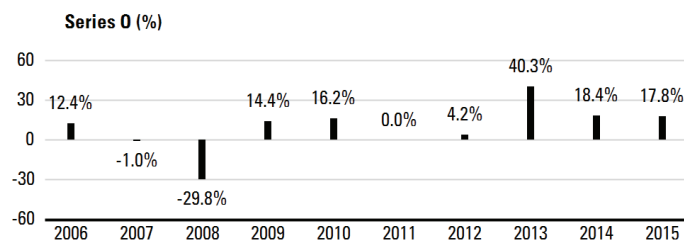
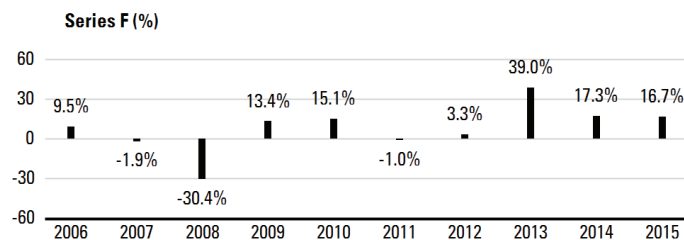
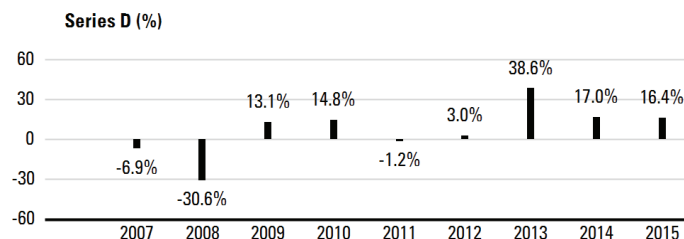
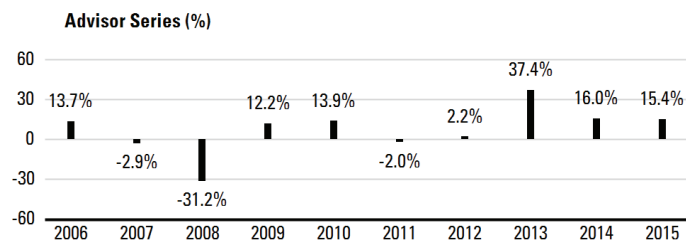
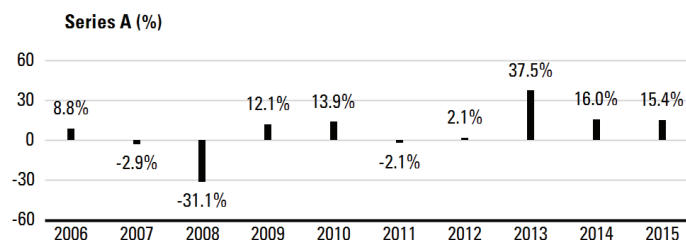


PAST PERFORMANCE

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, 2015, 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	15.4	22.5	13.0	5.5	—
Benchmark	18.9	28.3	19.1	10.1	—
Advisor Series	15.4	22.6	13.0	—	6.4
Benchmark	18.9	28.3	19.1	—	11.3
Series H	15.8	—	—	—	20.9
Benchmark	18.9	—	—	—	22.1
Series D	16.4	23.6	14.0	—	5.8
Benchmark	18.9	28.3	19.1	—	10.8
Series F	16.7	23.9	14.2	6.6	—
Benchmark	18.9	28.3	19.1	10.1	—
Series I	17.0	—	—	—	18.6
Benchmark	18.9	—	—	—	22.5
Series O	17.8	25.1	15.3	—	8.4
Benchmark	18.9	28.3	19.1	—	11.0

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.

Series H units have been available for sale to unitholders since August 11, 2014, Series I units since April 21, 2014, Series D units since July 3, 2007, Series O units since September 5, 2006, and Advisor Series units since August 28, 2006.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Information Technology	21.3
Health Care	20.7
Industrials	17.3
Consumer Discretionary	15.5
Financials	10.5
Consumer Staples	7.9
Materials	2.4
Energy	2.2
Cash/Other	2.2

Top 25 Holdings

	% of Net Asset Value
Henry Schein Inc.	2.3
Cash & Cash Equivalents	2.2
Signature Bank	2.2
O'Reilly Automotive Inc.	2.1
Under Armour Inc., Class A	2.1
Tractor Supply Co.	2.0
Parexel International Corp.	1.7
Verisign Inc.	1.7
Roper Technologies Inc.	1.7
Dollar Tree Inc.	1.7
Treehouse Foods Inc.	1.6
C.R. Bard Inc.	1.6
Autodesk Inc.	1.6
Church & Dwight Co. Inc.	1.6
Red Hat Inc.	1.6
Mettler-Toledo International Inc.	1.6
LKQ Corp.	1.6
Ross Stores Inc.	1.5
Factset Research Systems Inc.	1.5
Waters Corp.	1.5
Abiomed Inc.	1.5
IDEXX Laboratories Inc.	1.5
Ansys Inc.	1.5
Raymond James Financial Corp.	1.4
V.F. Corporation	1.4
Top 25 Holdings	42.7

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, 2015

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 4, 2016.

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/reports 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 \$11.6 million as of December 31, 2015, unchanged from the end of 2014.

Over the past year, the Fund's Series A units lost 2.7%, which underperformed the 0.2% 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 any other series, which may vary because of differences in management fees and expenses.

U.S. equity markets fell in the third quarter of 2015 after posting modest gains during the first half of the year. Stocks recovered in the fourth quarter. The U.S. Federal Reserve boosted its benchmark interest rate late in the year – the first increase in 11 years.

At the index level, the Consumer Staples sector was the best performing sector, followed by Health Care and Financials. The worst-performing sectors were Energy, Utilities and Materials. The portfolio benefited from positive security selection in the Energy, Consumer Discretionary and Materials sectors. Within the portfolio, an overall preference for stocks in the Health Care sector and a relative lack of exposure to the poorly performing Consumer Discretionary sector helped relative returns. Portfolio performance was hurt by the negative impact of stock selection in the Consumer Staples, Information Technology and Health Care sectors. A small overweight allocation to the Energy sector also hurt relative performance.

Verisign, HCC Insurance Holdings and O'Reilly Automotive were the individual stocks that contributed most to the Fund's performance.

The stocks that had the most negative impact on returns were United Natural Foods, PRA Group and Nordstrom. The Fund was well diversified by both sector and industry.

The Fund owned 78 stocks as of December 31, 2015. Exposure was highest in the Health Care, Industrials and Information Technology sectors, and lowest in the Energy and Materials sectors. The portfolio manager does not expect significant changes to portfolio holdings or sector weightings during the early stages of 2016 and remains on the lookout for highly profitable, well-managed companies.

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 impact on the Fund in 2015, as unitholders did not benefit from the U.S. dollar's appreciation against the Canadian dollar.

Recent Developments

The U.S. economy continues to grow steadily, albeit modestly. Investors remain concerned about the impact of lower oil prices on emerging-market economies and areas of the U.S. Energy sector.

The Fund's holdings, with higher-than-average recurring revenues and earnings streams, offer investors a degree of safety in a market that appears to have become somewhat riskier. The portfolio manager expects positive earnings growth for companies in the portfolio, as healthy businesses offset the impact of the strong U.S. dollar.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	11.96	0.08	(0.25)	(0.78)	0.61	(0.34)	—	—	—	—	—	11.64
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
Advisor Series												
Dec. 31, 2015	12.01	0.08	(0.25)	(0.78)	0.61	(0.34)	—	—	—	—	—	11.69
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
Series D												
Dec. 31, 2015	12.75	0.08	(0.16)	(0.83)	0.65	(0.26)	—	—	—	—	—	12.51
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
Series F												
Dec. 31, 2015	13.15	0.09	(0.13)	(0.85)	0.67	(0.22)	—	—	—	—	—	12.94
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

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, 2015	11.64	10 256	881	2.08	2.10	16.37	0.02
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
Advisor Series							
Dec. 31, 2015	11.69	350	30	2.02	2.05	16.37	0.02
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
Series D							
Dec. 31, 2015	12.51	399	32	1.22	1.25	16.37	0.02
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
Series F							
Dec. 31, 2015	12.94	621	48	0.96	0.98	16.37	0.02
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

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 manager 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.

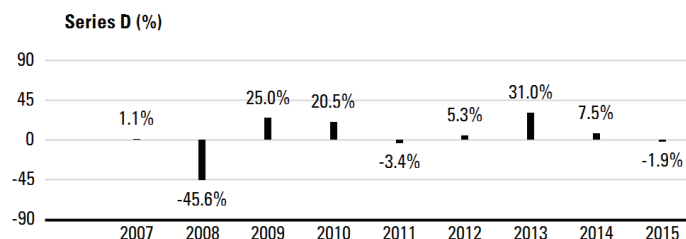
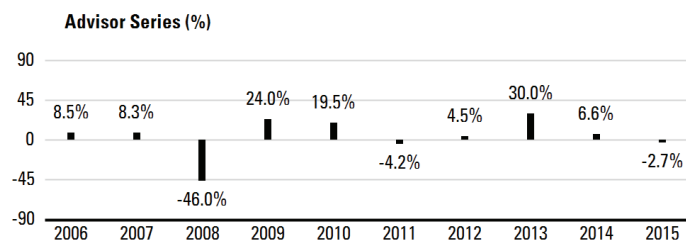
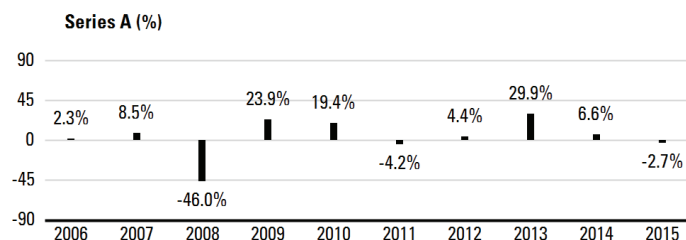


PAST PERFORMANCE

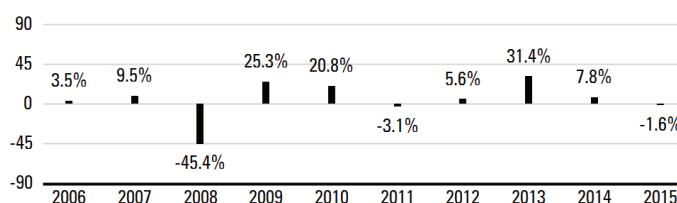
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional 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.



Series F (%)



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, 2015, 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	-2.7	10.4	6.1	—	1.8
Benchmark	-0.2	14.9	11.5	—	7.6
Advisor Series	-2.7	10.5	6.2	—	2.6
Benchmark	-0.2	14.9	11.5	—	8.6
Series D	-1.9	11.4	7.1	—	1.8
Benchmark	-0.2	14.9	11.5	—	7.4
Series F	-1.6	11.7	7.3	—	2.9
Benchmark	-0.2	14.9	11.5	—	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.

Series D units have been available for sale to unitholders since July 3, 2007, Advisor Series units since August 8, 2006, and Series A and Series F units since January 23, 2006.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Information Technology	22.3
Health Care	21.6
Industrials	18.1
Consumer Discretionary	16.1
Financials	11.0
Consumer Staples	8.3
Materials	2.5
Energy	2.3
Cash/Other	(2.2)

Top 25 Holdings

	% of Net Asset Value
Henry Schein Inc.	2.3
Signature Bank	2.3
O'Reilly Automotive Inc.	2.2
Under Armour Inc., Class A	2.1
Tractor Supply Co.	2.0
Parexel International Corp.	1.8
Roper Technologies Inc.	1.8
Verisign Inc.	1.8
Treehouse Foods Inc.	1.8
Dollar Tree Inc.	1.7
C.R. Bard Inc.	1.7
Red Hat Inc.	1.7
Mettler-Toledo International Inc.	1.7
Church & Dwight Co. Inc.	1.6
LKQ Corp.	1.6
Autodesk Inc.	1.6
Waters Corp.	1.6
Factset Research Systems Inc.	1.6
Ross Stores Inc.	1.6
Abiomed Inc.	1.5
Ansys Inc.	1.5
IDEXX Laboratories Inc.	1.5
V.F. Corporation	1.5
Raymond James Financial Corp.	1.5
Ingredion Inc.	1.5
Top 25 Holdings	43.5

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. MID-CAP VALUE EQUITY FUND

December 31, 2015

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 4, 2016.

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/reports 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. 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 \$482 million as of December 31, 2015, from \$253 million at the end of 2014. The increase was due mainly to net inflows.

Over the past year, the Fund's Series A units gained 10.9%, which underperformed the 13.4% 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 any other series, which may vary because of differences in management fees and expenses.

U.S. equity markets were flat in 2015 amid increased volatility due to macroeconomic and geopolitical concerns. Stocks came under pressure from renewed concerns about the sustainability of global growth and uncertainty about the timing of a long-anticipated interest-rate hike by the U.S. Federal Reserve. U.S. economic statistics showed strength in new-home sales, consumer confidence and a falling unemployment rate. U.S. mid-cap stocks performed better than the small-cap segments of the market while underperforming large-cap stocks.

The Fund's performance in 2015 was held back by stock selection in the Utilities and Industrials sectors. Dynegy, an energy company, and regional trucker Swift Transportation had a negative impact on performance. Sector selection had a positive impact on returns. A modest underweight position in the poorly performing Energy sector, a moderate overweight in the Information Technology sector and moderate underweight in Utilities all contributed to returns. Stocks that had a positive impact on returns included specialty-chemicals company Cytec Industries, global packaging company Avery Dennison, HCC Insurance Holdings and National General Holdings.

Portfolio turnover is high for the Fund as the portfolio manager attempts to generate better returns through active fund management.

Recent Developments

The portfolio manager seeks to invest in stocks of companies with strong balance sheets and growth prospects, and which are trading at a discount. The strategy emphasizes market leaders with proven products or services, sustainable competitive advantages and attractive cash flows. The portfolio manager expects stock selection to drive the Fund's relative returns. Recent market volatility has created attractive entry points for a number of new and existing holdings and portfolio positioning continues to reflect holdings with superior return on equity and expected earnings growth while also trading at a discount on most valuation metrics.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	12.61	0.19	(0.30)	2.08	(0.79)	1.18	—	—	(1.56)	—	(1.56)	12.39
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, 2015	12.63	0.19	(0.30)	2.09	(0.80)	1.18	—	—	(1.56)	—	(1.56)	12.42
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, 2015	13.04	0.19	(0.19)	2.17	(0.83)	1.34	—	—	(1.61)	—	(1.61)	12.93
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, 2015	13.19	0.20	(0.15)	2.23	(0.85)	1.43	—	—	(1.62)	—	(1.62)	13.13
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, 2015	13.29	0.19	(0.02)	2.13	(0.81)	1.49	—	(0.08)	(1.66)	—	(1.74)	13.27
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, 2015	12.39	29 134	2 351	2.15	2.15	153.85	0.33
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, 2015	12.42	36 679	2 953	2.14	2.14	153.85	0.33
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, 2015	12.93	12 305	952	1.33	1.33	153.85	0.33
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, 2015	13.13	9 278	706	1.05	1.05	153.85	0.33
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, 2015	13.27	394 578	29 737	0.11	0.11	153.85	0.33
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 manager 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.

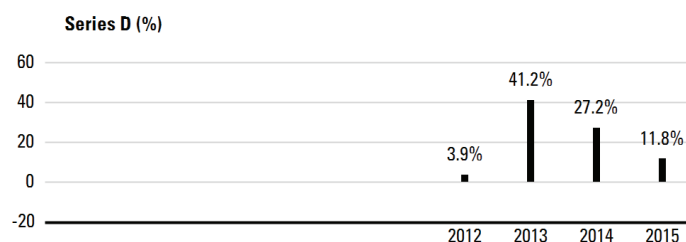
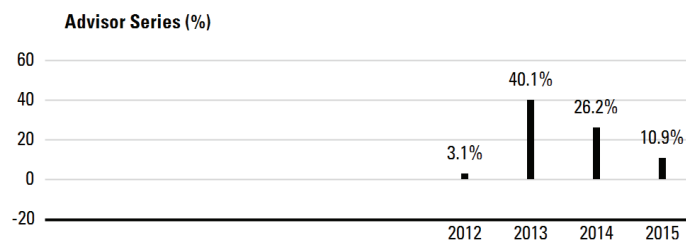
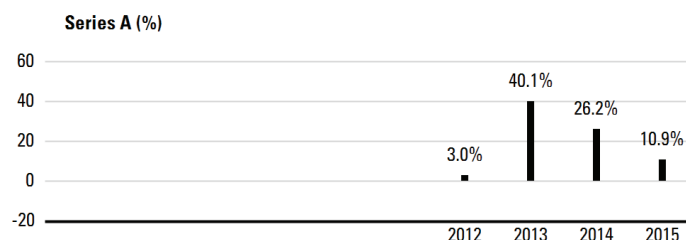


PAST PERFORMANCE

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.



Series F (%)



Series O (%)



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, 2015, 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	10.9	25.1	—	—	19.6
Benchmark	13.4	26.7	—	—	23.3
Advisor Series	10.9	25.2	—	—	19.7
Benchmark	13.4	26.7	—	—	23.3
Series D	11.8	26.2	—	—	20.7
Benchmark	13.4	26.7	—	—	23.3
Series F	12.1	26.5	—	—	21.0
Benchmark	13.4	26.7	—	—	23.3
Series O	13.2	27.7	—	—	22.1
Benchmark	13.4	26.7	—	—	23.3

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.

Series A, Advisor Series, Series D, Series F and Series O units have been available for sale to unitholders since January 30, 2012.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Financials	27.4
Consumer Discretionary	12.9
Information Technology	12.9
Industrials	10.1
Materials	9.5
Utilities	9.0
Energy	7.9
Health Care	6.9
Telecommunication Services	2.1
Cash/Other	1.3

Top 25 Holdings

	% of Net Asset Value
Calpine Corp.	4.4
Lam Research Corp.	4.2
National General Holdings Corp.	3.3
Jarden Corp.	3.3
Synchronoss Technologies Inc.	3.1
Lincoln National Corp.	3.0
Skyworks Solutions Inc.	2.9
WestRock Co.	2.7
Amtrust Financial Services Inc.	2.7
Dynegy Inc.	2.6
Centene Corp.	2.5
XL Group Plc.	2.3
Steel Dynamics Inc.	2.3
Ryder System Inc.	2.2
Pioneer Natural Resources Co.	2.2
Fifth Third Bancorp	2.2
Frontier Communications Corp.	2.1
Brunswick Corp.	2.1
Laboratory Corp. of America Holdings	2.0
Mylan N.V.	2.0
Crown Holdings Inc.	2.0
Concho Resources Inc.	2.0
Ascena Retail Group Inc.	2.0
Arrow Electronics Inc.	1.9
Columbia Property Trust Inc. Real Estate Investment Trust	1.9
Top 25 Holdings	63.9

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. SMALL-CAP CORE EQUITY FUND

December 31, 2015

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 4, 2016.

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/reports 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 \$155 million as of December 31, 2015, from \$144 million at the end of 2014. The increase was due to investment gains.

Over the past year, the Fund's Series A units gained 8.3%, which underperformed the 13.8% 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 any other series, which may vary because of differences in management fees and expenses.

U.S. equity markets were flat in 2015 amid increased volatility due to macroeconomic and geopolitical concerns. Stocks came under pressure from renewed concerns about the sustainability of global growth and uncertainty about the timing of a long-anticipated interest-rate hike by the U.S. Federal Reserve. U.S. economic statistics showed strength in new-home sales, consumer confidence and a falling unemployment rate. Small-cap stocks, which generally carry higher valuations, were held back in 2015 as investors gravitated to the perceived safety of larger-cap issues.

The Fund's underperformance in 2015 was driven by sector allocation, while stock selection had a neutral impact on performance.

Significant overweight positions in the poorly performing Industrials and Consumer Discretionary sectors, as well as a significant underweight in the Health Care sector, weighed on returns. Positive stock selection in the Consumer Discretionary and Energy sectors was only partially offset by the negative impact of stock selection in the Financials, Health Care and Materials sectors. In the Consumer Discretionary sector, firearm manufacturer Smith & Wesson and personal care and household-products manufacturer Helen of Troy led performance. In the Financials sector, foreign-exchange broker FXCM weighed on returns.

Recent Developments

As we head into 2016, the portfolio manager is encouraged by the strength of consumer confidence and improving U.S. economic statistics. The Fund is well positioned to benefit from faster economic growth but, in the event that such a scenario does not develop, the portfolio manager is confident about the Fund's long-term prospects based on the generally healthy financials and earnings outlook of the portfolio companies.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	16.15	0.23	(0.38)	0.96	0.56	1.37	—	—	—	—	—	17.49
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, 2015	16.16	0.23	(0.37)	0.96	0.56	1.38	—	—	—	—	—	17.51
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, 2015	16.56	0.24	(0.24)	0.99	0.58	1.57	—	—	—	—	—	18.08
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, 2015	16.67	0.24	(0.19)	1.00	0.58	1.63	—	(0.03)	—	—	(0.03)	18.23
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, 2015	16.72	0.24	(0.02)	1.00	0.59	1.81	—	(0.19)	—	—	(0.19)	18.29
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, 2015	17.49	11 786	674	2.16	2.16	30.18	0.06
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, 2015	17.51	4 107	235	2.16	2.16	30.18	0.06
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, 2015	18.08	5 499	304	1.33	1.33	30.18	0.06
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, 2015	18.23	9 434	518	1.06	1.06	30.18	0.06
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, 2015	18.29	124 539	6 808	0.11	0.11	30.18	0.06
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

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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 manager 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.

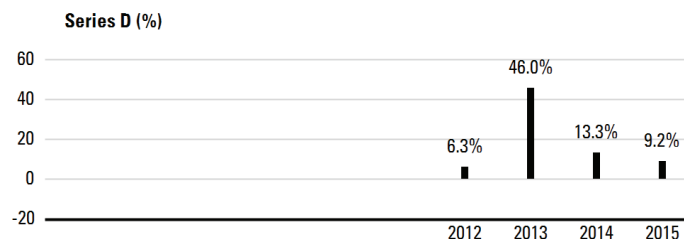
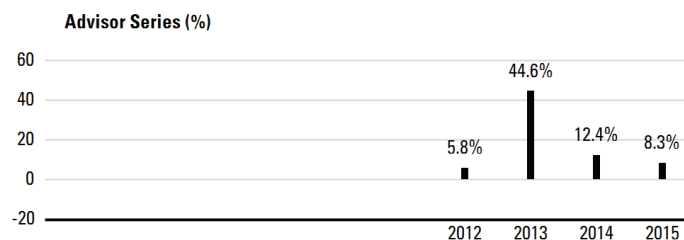
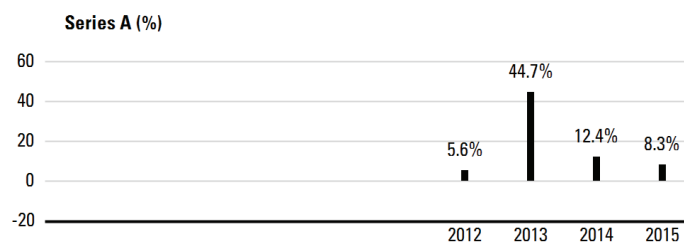


PAST PERFORMANCE

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.



Series F (%)



Series O (%)



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, 2015, compared with the following benchmark:

Russell 2000 Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A	8.3	20.8	—	—	17.2
Benchmark	13.8	24.7	—	—	20.7
Advisor Series	8.3	20.7	—	—	17.2
Benchmark	13.8	24.7	—	—	20.7
Series D	9.2	21.8	—	—	18.1
Benchmark	13.8	24.7	—	—	20.7
Series F	9.5	22.1	—	—	18.5
Benchmark	13.8	24.7	—	—	20.7
Series O	10.5	23.2	—	—	19.6
Benchmark	13.8	24.7	—	—	20.7

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.

Series A, Advisor Series, Series D, Series F and Series O units have been available for sale to unitholders since January 30, 2012.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Industrials	23.3
Consumer Discretionary	22.7
Financials	18.1
Information Technology	16.2
Health Care	8.0
Materials	4.3
Energy	3.4
Utilities	1.4
Consumer Staples	0.7
Cash/Other	1.9

Top 25 Holdings

	% of Net Asset Value
Universal Electronics Inc.	4.1
Tyler Technologies Inc.	3.6
Synaptics Inc.	3.2
Compass Diversified Holdings	3.1
Patrick Industries Inc.	3.0
Synchronoss Technologies Inc.	2.9
West Pharmaceutical Services Inc.	2.8
AZZ Inc.	2.7
Amerisafe Inc.	2.4
Astronics Corp.	2.4
Amtrust Financial Services Inc.	2.2
Smith & Wesson Holding Corp.	2.1
EnerSys	2.1
Grand Canyon Education Inc.	2.0
Cash & Cash Equivalents	1.9
Columbus McKinnon Corp.	1.9
U.S. Physical Therapy Inc.	1.9
Air Methods Corp.	1.9
Helen Of Troy Ltd.	1.9
Libbey Inc.	1.8
The Greenbrier Co. Inc.	1.8
Drew Industries Inc.	1.8
Destination XL Group Inc.	1.6
ACCO Brands Corp.	1.6
InterDigital Inc.	1.6
Top 25 Holdings	58.3

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
VALUE EQUITY FUND**

December 31, 2015

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 4, 2016.

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/reports 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 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 was launched on September 14, 2015, and its net asset value was \$40 million as of December 31, 2015. Investment performance is not provided for a fund that has been available for less than one year.

Recent Developments

As we head into 2016, the portfolio manager is encouraged by the strength of consumer confidence and improving U.S. economic statistics. The portfolio manager believes the Fund is well positioned to benefit from faster economic growth but, in the event that such a scenario does not develop, is confident about the Fund's long-term prospects based on the generally healthy financials and earnings outlook of the portfolio companies.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.



The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015³	10.00[†]	0.19	(0.07)	0.28	0.97	1.37	—	—	(0.10)	—	(0.10)	10.45
Advisor Series												
Dec. 31, 2015³	10.00[†]	0.31	(0.06)	0.47	1.63	2.35	—	—	(0.10)	—	(0.10)	10.46
Series D												
Dec. 31, 2015³	10.00[†]	0.14	(0.04)	0.20	0.71	1.01	—	—	(0.10)	—	(0.10)	10.47
Series F												
Dec. 31, 2015³	10.00[†]	0.11	(0.04)	0.16	0.56	0.79	—	—	(0.10)	—	(0.10)	10.49
Series O												
Dec. 31, 2015³	10.00[†]	0.08	—	0.11	0.39	0.58	—	(0.03)	(0.10)	—	(0.13)	10.48

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.

³ From September 1, 2015.

[†] 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, 2015⁴	10.45	229	22	2.20	2.21	10.83	0.22
Advisor Series							
Dec. 31, 2015⁴	10.46	1	—	2.20	2.21	10.83	0.22
Series D							
Dec. 31, 2015⁴	10.47	119	11	1.36	1.36	10.83	0.22
Series F							
Dec. 31, 2015⁴	10.49	27	3	1.07	1.08	10.83	0.22
Series O							
Dec. 31, 2015⁴	10.48	39 561	3 775	0.02	0.03	10.83	0.22

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 1, 2015.

Management Fees

RBC GAM is the manager, trustee and portfolio manager 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

Investment performance in respect of a fund that has been available for less than one year is not provided. Series A, Advisor Series, Series D, Series F and Series O units of this Fund were launched on September 14, 2015.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2015

Investment Mix

	% of Net Asset Value
Financials	41.0
Industrials	15.1
Consumer Discretionary	10.3
Utilities	8.3
Information Technology	8.2
Energy	4.3
Materials	4.2
Health Care	3.2
Consumer Staples	1.5
Cash/Other	3.9

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	3.7
Compass Diversified Holdings	3.4
The Laclede Group Inc.	3.0
NorthWestern Corp.	2.7
Portland General Electric Co.	2.6
Smith & Wesson Holding Corp.	2.3
Patrick Industries Inc.	2.2
American Financial Group Inc.	1.9
Amtrust Financial Services Inc.	1.9
Amerisafe Inc.	1.9
Synovus Financial Corp.	1.8
National General Holdings Corp.	1.8
Mercantile Bank Corp.	1.7
ACCO Brands Corp.	1.7
The Greenbrier Co. Inc.	1.6
GSI Group Inc.	1.6
Chemical Financial Corp.	1.6
PharMerica Corp.	1.6
Reinsurance Group of America Inc.	1.5
Coherent Inc.	1.5
John B. Sanfilippo & Son Inc.	1.5
United Community Banks Inc.	1.5
Sterling Bancorp	1.4
Hanmi Financial Corp.	1.4
Texas Capital Bancshares Inc.	1.3
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.



U.S. EQUITY FUND

**RBC O'SHAUGHNESSY
U.S. GROWTH FUND**

December 31, 2015

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 4, 2016.

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/reports 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 consistently strong stock price 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 \$128 million as of December 31, 2015, from \$155 million at the end of 2014. The decrease was due mainly to net redemptions.

Over the past year, the Fund's Series A units lost 4.0%, which underperformed the 1.4% decline in the benchmark. The broad-based index declined 4.4%. 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 any other series, which may vary because of differences in management fees and expenses.

Volatility in the global markets characterized 2015, with Canadian markets significantly underperforming U.S. and other developed markets. The Canadian market was down about 8% for the year as a whole while U.S. and international markets fell only slightly, and a strong U.S. dollar bolstered U.S. returns measured in Canadian dollars. The U.S. dollar's strength and falling commodity prices were among the major global market developments of 2015, with plunging oil prices leading to an overall decline in earnings.

Companies whose stocks exhibited strong momentum, like those invested in by the sub-advisor, generally outperformed. Within momentum, the sub-advisor favoured stocks with lower price volatility, and these outperformed during the period. Stocks with low valuations underperformed. Avoiding stocks with poor-quality

characteristics had a mixed effect on performance, while avoiding stocks with the lowest earnings quality and financial strength contributed to performance. Avoiding stocks with poor earnings growth had a negative impact on performance.

Allocation among sectors had a negative effect on returns, while security selection contributed. Underweight allocations to the Information Technology and Health Care sectors had a negative impact on returns, which was partially offset by the positive impact of an overweight allocation to the Financials sector and an underweight allocation to Energy. Security selection in the Industrials and Consumer Staples sectors contributed to returns, while security selection in Energy and Telecommunication Services hurt returns. Hackett Group in the Information Technology sector and Cal-Maine Foods in Consumer Staples were the largest contributors to returns. Zumiez in Consumer Discretionary and KMG Chemicals in Materials hurt returns most.

Due to the Fund's investment process and market conditions over the course of 2015, the Fund increased allocations to Financials stocks and decreased allocations to Consumer Discretionary stocks.

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.

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

The sub-advisor has no recent developments to report.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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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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 \$24,000 (2014 – \$11,000) or 10% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	13.84	0.23	(0.22)	0.44	(0.95)	(0.50)	—	—	—	—	—	13.29
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
Series D												
Dec. 31, 2015	14.18	0.23	(0.17)	0.45	(0.98)	(0.47)	—	—	—	—	—	13.66
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
Series F												
Dec. 31, 2015	15.12	0.25	(0.14)	0.48	(1.05)	(0.46)	—	—	—	—	—	14.61
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
Series O												
Dec. 31, 2015	15.48	0.26	—	0.49	(1.08)	(0.33)	—	—	—	—	—	15.10
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

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, 2015	13.29	114 897	8 644	1.55	1.55	101.16	0.17
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
Series D							
Dec. 31, 2015	13.66	6 817	499	1.21	1.21	101.16	0.17
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
Series F							
Dec. 31, 2015	14.61	6 713	459	0.92	0.92	101.16	0.17
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
Series O							
Dec. 31, 2015	15.10	1	—	0.02	0.02	101.16	0.17
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

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 manager 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.

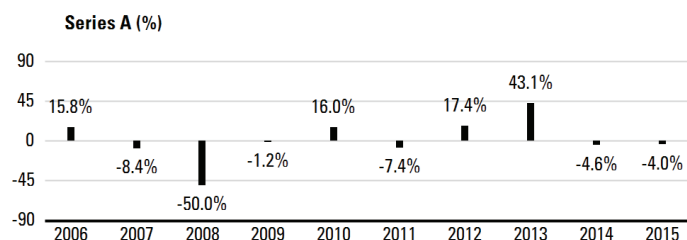
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

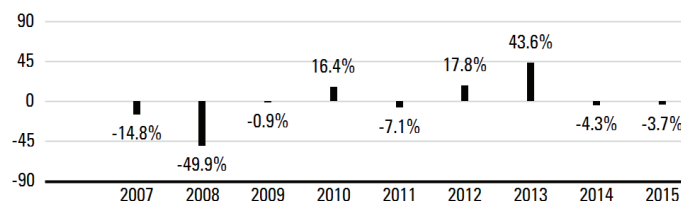
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional 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 (%)

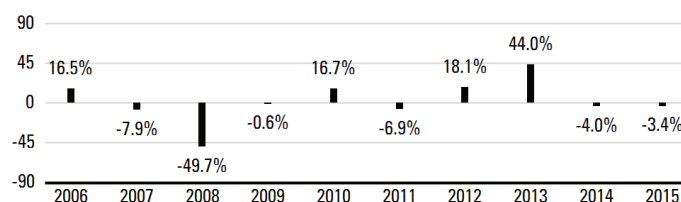
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



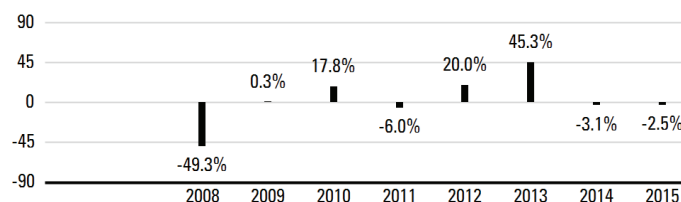
Series D (%)



Series F (%)



Series O (%)





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, 2015, 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	-4.0	9.5	7.3	-1.4	—
Benchmark	-1.4	14.3	10.7	8.0	—
Broad-based index	-4.4	11.7	9.2	6.8	—
Series D	-3.7	9.8	7.7	—	-3.9
Benchmark	-1.4	14.3	10.7	—	7.4
Broad-based index	-4.4	11.7	9.2	—	6.1
Series F	-3.4	10.1	8.0	-0.8	—
Benchmark	-1.4	14.3	10.7	8.0	—
Broad-based index	-4.4	11.7	9.2	6.8	—
Series O	-2.5	11.1	9.1	—	-0.9
Benchmark	-1.4	14.3	10.7	—	8.8
Broad-based index	-4.4	11.7	9.2	—	7.5

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.

Series O units have been available for sale to unitholders since January 1, 2008, and Series D units since July 3, 2007.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Financials	28.5
Industrials	20.3
Consumer Discretionary	20.2
Information Technology	12.0
Health Care	10.9
Consumer Staples	5.8
Materials	3.3
Telecommunication Services	2.0
Energy	0.3
Cash/Other	(3.3)

Top 25 Holdings

	% of Net Asset Value
Comfort Systems USA Inc.	2.1
American Woodmark Corp.	1.8
National Presto Industries Inc.	1.7
Controladora Vuela Cia de Aviacion S.A.B. de C.V. ADR	1.7
Heartland Financial USA Inc.	1.6
Culp Inc.	1.6
Amerisafe Inc.	1.5
FBL Financial Group Inc.	1.4
EarthLink Holdings Corp.	1.4
Diamond Hill Investment Group Inc.	1.3
Enterprise Financial Services Corp.	1.3
WNS Holdings Ltd. ADR	1.3
Global Brass & Copper Holdings Inc.	1.3
LHC Group Inc.	1.2
U.S. Physical Therapy Inc.	1.2
Argo Group International Holdings Ltd.	1.2
OSI Systems Inc.	1.2
Hooker Furniture Corp.	1.2
Credit Acceptance Corp.	1.2
The Hackett Group Inc.	1.1
Core-Mark Holding Co. Inc.	1.1
Winmark Corp.	1.1
Papa John's International Inc.	1.1
Ennis Inc.	1.1
Cash & Cash Equivalents	1.0
Top 25 Holdings	33.7

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 O'SHAUGHNESSY
U.S. GROWTH FUND II**

December 31, 2015

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 4, 2016.

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/reports 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 consistently strong stock price 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 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 \$41 million as of December 31, 2015, from \$51 million at the end of 2014. The decrease was due to net redemptions.

Over the past year, the Fund's Series A units lost 0.3%, which underperformed the 0.2% decline in the benchmark. The broad-based index declined 2.9%. 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 any other series, which may vary because of differences in management fees and expenses.

Volatility in the global markets characterized 2015, with Canadian markets significantly underperforming U.S. and other developed markets. The Canadian market was down about 8% for the year as a whole while U.S. and international markets fell only slightly, and a strong U.S. dollar bolstered U.S. returns measured in Canadian dollars. The U.S. dollar's strength and falling commodity prices were among the major global market developments of 2015, with plunging oil prices leading to an overall decline in earnings.

Companies whose stocks exhibited strong momentum, like those invested in by the sub-advisor, generally outperformed. Within momentum, the sub-advisor favoured stocks with lower price volatility, and these stocks also outperformed during the period. Stocks with low valuations had little impact on performance.

Exposure to stocks with high earnings quality contributed to returns, while exposure to stocks with high financial strength and earnings growth held back performance.

Allocation among sectors hurt returns, while security selection contributed. Underweight allocations to the Health Care and Information Technology sectors had a negative impact on returns, the effect of which was partially offset by an overweight allocation to the Financials sector and an underweight allocation to Energy. Security selection in the Financials and Consumer Staples sectors contributed to returns, while security selection in Telecommunication Services and Energy were negatives. Skyworks Solutions in the Information Technology sector and Cal-Maine Foods in the Consumer Staples sector were the largest contributors to returns. Knight Transportation in the Industrials sector and Marriott Vacations Worldwide in Consumer Discretionary hurt returns the most.

Due to the Fund's investment process and market conditions over the course of 2015, the Fund decreased allocations to the Industrials sector and increased allocations to Financials stocks.

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

The sub-advisor has no recent developments to report.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 \$5,000 (2014 – \$3,000) or 12% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	9.11	0.23	(0.21)	0.29	(0.28)	0.03	—	—	(0.09)	—	(0.09)	9.00
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
Advisor Series												
Dec. 31, 2015	9.17	0.23	(0.21)	0.29	(0.28)	0.03	—	—	(0.09)	—	(0.09)	9.05
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
Series D												
Dec. 31, 2015	9.68	0.24	(0.13)	0.31	(0.30)	0.12	—	—	(0.09)	—	(0.09)	9.64
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
Series F												
Dec. 31, 2015	9.87	0.25	(0.11)	0.32	(0.31)	0.15	—	—	(0.10)	—	(0.10)	9.85
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

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, 2015	9.00	35 165	3 908	2.21	2.22	79.29	0.09
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
Advisor Series							
Dec. 31, 2015	9.05	832	92	2.19	2.20	79.29	0.09
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
Series D							
Dec. 31, 2015	9.64	2 560	266	1.32	1.33	79.29	0.09
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
Series F							
Dec. 31, 2015	9.85	2 145	218	1.04	1.04	79.29	0.09
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

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Management Fees

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	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.

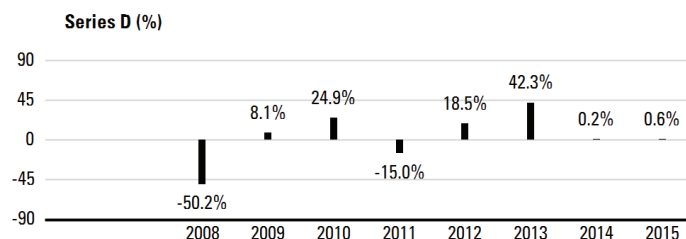
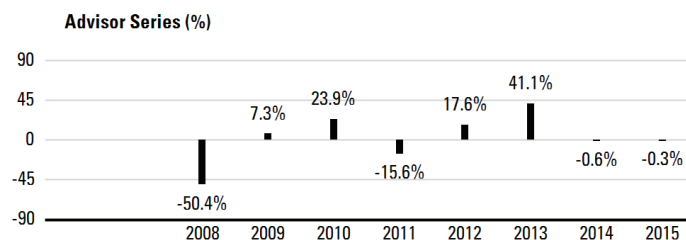
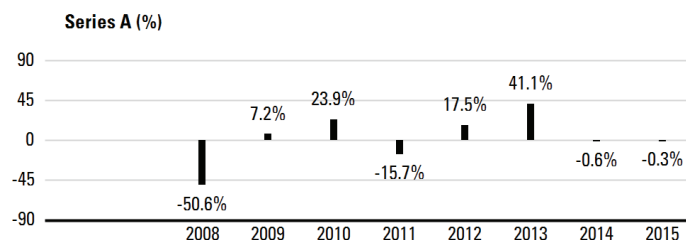


PAST PERFORMANCE

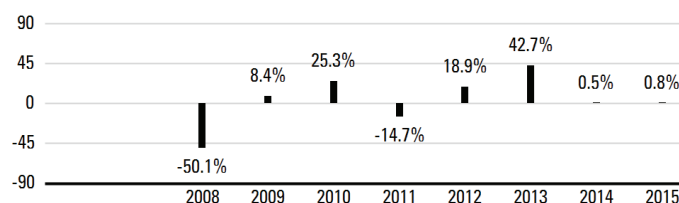
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Year-by-Year Returns (%)

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.



Series F (%)



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, 2015, 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	-0.3	11.8	6.7	—	-1.2
Benchmark	-0.2	14.5	11.4	—	9.1
Broad-based index	-2.9	12.5	10.3	—	8.3
Advisor Series	-0.3	11.8	6.8	—	-1.1
Benchmark	-0.2	14.5	11.4	—	9.1
Broad-based index	-2.9	12.5	10.3	—	8.3
Series D	0.6	12.8	7.7	—	-0.3
Benchmark	-0.2	14.5	11.4	—	9.1
Broad-based index	-2.9	12.5	10.3	—	8.3
Series F	0.8	13.1	8.0	—	-0.1
Benchmark	-0.2	14.5	11.4	—	9.1
Broad-based index	-2.9	12.5	10.3	—	8.3

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.

Series A, Advisor Series, Series D and Series F units have been available for sale to unitholders since January 14, 2008.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Consumer Discretionary	25.2
Financials	23.7
Industrials	18.4
Information Technology	14.5
Health Care	8.3
Consumer Staples	6.4
Materials	3.7
Telecommunication Services	0.6
Energy	0.6
Cash/Other	(1.4)

Top 25 Holdings

	% of Net Asset Value
Hologic Inc.	1.7
Total System Services Inc.	1.6
Eagle Bancorp Inc.	1.5
NICE Systems Ltd. ADR	1.5
Bright Horizons Family Solutions Inc.	1.5
Smith (A.O.) Corp.	1.4
INTL. FCStone Inc.	1.4
Enterprise Financial Services Corp.	1.4
Centene Corp.	1.4
Service Corp. International	1.3
MarketAxess Holdings Inc.	1.3
Leggett & Platt Inc.	1.3
National Presto Industries Inc.	1.3
BWX Technologies Inc.	1.2
First American Financial Corp.	1.2
Culp Inc.	1.2
Comfort Systems USA Inc.	1.1
Cash & Cash Equivalents	1.1
Factset Research Systems Inc.	1.1
Heartland Financial USA Inc.	1.1
Chemed Corp.	1.1
American Woodmark Corp.	1.0
Cintas Corp.	1.0
Vantiv Inc., Class A	1.0
Lennox International Inc.	1.0
Top 25 Holdings	31.7

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 LIFE SCIENCE AND TECHNOLOGY FUND

December 31, 2015

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 4, 2016.

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/reports 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 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 \$228 million as of December 31, 2015, from \$153 million at the end of 2014. The increase was due to a combination of net inflows and investment gains.

Over the past year, the Fund's Series A units gained 21.8%, which underperformed the 27.0% rise in the benchmark. The broad-based index rose 20.7%. 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 any other series, which may vary because of differences in management fees and expenses.

Health Care and Information Technology were two of the best-performing sectors in 2015, largely because investors sought fast-growing companies during a period of slowing global economic growth. Over the course of the year, the Fund's modest overweight position in the Health Care sector relative to Information Technology had a negative impact on returns. Offsetting the impact of sector allocation was strong stock selection, particularly in the areas of biotechnology, health-care providers and services, and semiconductors.

In the Health Care sector, the managed-care industry was the top-performing segment, driven by strong operations and a slew of mergers and acquisitions. The Fund's holdings in biotechnology were an important contributor to performance, as was above-benchmark exposure to health-care equipment and supplies. Stocks that had a positive impact on performance included Edwards Lifesciences, Bristol-Myers and Boston Scientific.

Fast-growing Internet and software stocks performed exceptionally well in 2015 in an environment where earnings growth slowed.

Stocks that had a positive impact on performance in the Fund included Facebook, Google and Activision Blizzard. Uncertainty about the global macroeconomic backdrop pressured producers of semiconductors and equipment, and hardware and communications equipment companies also lagged.

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 optimistic about prospects for the Information Technology and Health Care sectors in 2016. Information Technology should benefit from sustainable, albeit modest, economic growth and new-product rollouts, while Health Care takes advantage of services demanded by an aging population and the introduction of new treatments. The portfolio manager believes that the current economic environment warrants greater care in selecting stocks due to broadly higher equity valuations.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 \$13,000 (2014 – \$4,000) or 4% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	11.57	0.10	(0.30)	1.95	0.55	2.30	—	—	—	—	—	14.10
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
Series D												
Dec. 31, 2015	12.44	0.11	(0.18)	2.09	0.59	2.61	—	—	—	—	—	15.31
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
Series F												
Dec. 31, 2015	13.97	0.12	(0.15)	2.37	0.67	3.01	—	—	—	—	—	17.23
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

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, 2015	14.10	161 853	11 483	2.20	2.20	452.41	0.18
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
Series D							
Dec. 31, 2015	15.31	62 623	4 091	1.21	1.21	452.41	0.18
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
Series F							
Dec. 31, 2015	17.23	3 318	193	0.95	0.95	452.41	0.18
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

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 manager 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.

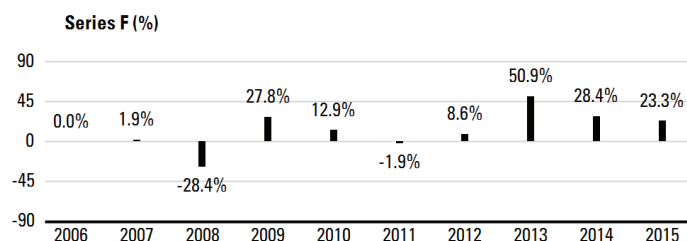
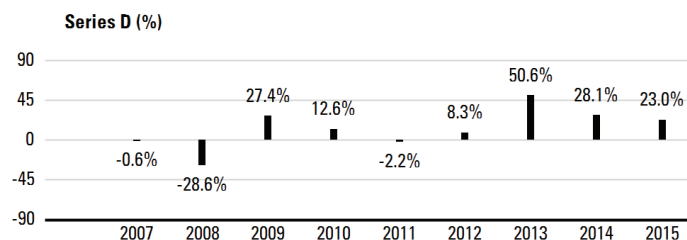
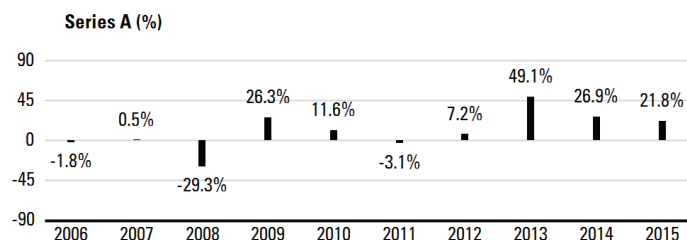


PAST PERFORMANCE

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, 2015, 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	21.8	32.1	19.1	8.9	—
Benchmark	27.0	35.0	25.2	12.2	—
Broad-based index	20.7	28.6	20.2	9.2	—
Series D	23.0	33.4	20.2	—	11.7
Benchmark	27.0	35.0	25.2	—	14.1
Broad-based index	20.7	28.6	20.2	—	9.8
Series F	23.3	33.7	20.6	10.4	—
Benchmark	27.0	35.0	25.2	12.2	—
Broad-based index	20.7	28.6	20.2	9.2	—

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.

Series D units have been available for sale to unitholders since July 3, 2007.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Software	18.8
Semiconductor Equipment and Products	15.6
Internet Software and Services	12.0
Health Care Equipment and Supplies	10.0
Pharmaceuticals	9.2
Biotechnology	8.4
IT Services	6.8
Technology Hardware, Storage and Peripherals	4.1
Health Care Providers and Services	4.1
Internet and Catalogue Retail	3.2
Life Sciences Tools and Services	2.5
Communications Equipment	2.1
Electronic Equipment and Instruments	0.9
Health Care Technology	0.5
Cash/Other	1.8

Top 25 Holdings

	% of Net Asset Value
Alphabet Inc., Class A	5.4
Microsoft Corp.	5.2
Apple Inc.	4.1
Facebook Inc., Class A	3.8
Intel Corp.	2.5
Johnson & Johnson	2.3
Cash & Cash Equivalents	1.9
Activision Blizzard Inc.	1.8
Bristol-Myers Squibb Co.	1.7
Netflix Inc.	1.6
Applied Materials Inc.	1.6
Amazon.com, Inc.	1.6
Salesforce.com Inc.	1.5
Nvidia Corp.	1.5
Texas Instruments Inc.	1.4
Eli Lilly & Co.	1.4
Amgen Inc.	1.4
ServiceNow Inc.	1.4
Cardinal Health Inc.	1.4
Jack Henry & Associates Inc.	1.3
Mylan N.V.	1.3
UnitedHealth Group Incorporated	1.2
Manhattan Associates Inc.	1.2
Boston Scientific Corp.	1.2
Xilinx Inc.	1.2
Top 25 Holdings	50.9

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.



INTERNATIONAL EQUITY FUND

RBC INTERNATIONAL DIVIDEND GROWTH FUND

December 31, 2015

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 4, 2016.

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/reports 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 rose to \$38 million as of December 31, 2015, from \$18 million at the end of 2014. The increase was due mainly to net inflows.

Over the past year, the Fund's Advisor Series units gained 24.8%, which outperformed the 19.0% 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 any other series, which may vary because of differences in management fees and expenses.

Japan and the Eurozone provided the best equity returns among international developed markets in 2015. The U.K. stock market, Europe's largest, ended broadly flat for the year, but sustained weakness in the Canadian dollar provided an additional boost to returns for Canadian investors.

The Fund benefited from an overweight allocation to the Eurozone, and good stock selection in the region. The European Central Bank's introduction in early 2015 of quantitative easing – large bond purchases aimed at holding down longer-term interest rates – led to Eurozone equity-market strength on investor expectations that monetary easing would spur a wave of corporate investment spending.

The performance of industry sectors varied widely in 2015. Consumer-oriented sectors including Health Care and Information Technology produced double-digit returns while energy- and other commodity-related stocks were held back by weaker demand and oversupply. Within the Fund, good contributions from Japanese automaker

Toyota Motor and China-based Shenzhou International, a clothing manufacturer whose customers include Nike and Adidas, helped returns in the Consumer Discretionary sector. The performance of the Fund's Consumer Staples holdings was held back by disappointing returns from Aryzta and Tate & Lyle, the bakery business and food-additives company, respectively. Both stocks were sold during the year.

A strong showing by Telecity, NICE Systems and Altran Technologies helped the Fund to produce returns more than double the Information Technology sector's benchmark. Similarly, in Telecommunication Services where the Fund is overweight, good performance from European telecommunications companies KPN and Deutsche Telekom, as well as Japanese mobile company KDDI, benefited overall returns.

The performance of the Fund's Health Care stocks was below the sector benchmark, as solid performances from Roche, the Swiss-based drug company, and Japanese Kaken Pharmaceutical, were offset by weakness in Sanofi, whose profit estimates were lowered and the CEO replaced. Sanofi was sold from the Fund during the year.

Recent Developments

The pace of global growth has slowed over the past 12 months although the threat of recession, in the developed world at least, seems modest. Inflation remains very low as the recent big commodity-price declines have supplanted a decade of high prices. A little more inflation, which the portfolio manager expects to see in 2016, would be desirable for many developed countries. While the U.S. has come to the end of a long period of monetary easing with the U.S. Federal Reserve's recent interest-rate rise, the first since 2006, monetary-stimulus measures are still in place in the Eurozone and Japan. The portfolio manager expects the significant monetary stimulus still in effect outside the U.S. to lead to faster economic activity.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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' 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.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$0 (2014 – \$2,000) or 0% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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	
Advisor Series												
Dec. 31, 2015	9.10	0.33	(0.24)	1.33	0.68	2.10	—	(0.14)	—	—	(0.14)	11.21
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
Series F												
Dec. 31, 2015	9.19	0.33	(0.11)	1.32	0.67	2.21	—	(0.18)	—	—	(0.18)	11.42
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
Series O												
Dec. 31, 2015	9.14	0.34	—	1.37	0.69	2.40	—	(0.21)	—	—	(0.21)	11.44
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

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, 2015	11.21	19 569	1 745	2.21	2.22	91.03	0.51
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
Series F							
Dec. 31, 2015	11.42	18 264	1 599	1.00	1.02	91.03	0.51
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
Series O							
Dec. 31, 2015	11.44	1	—	0.02	0.03	91.03	0.51
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

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 manager 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.

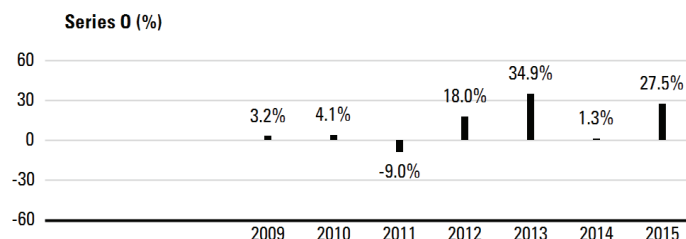
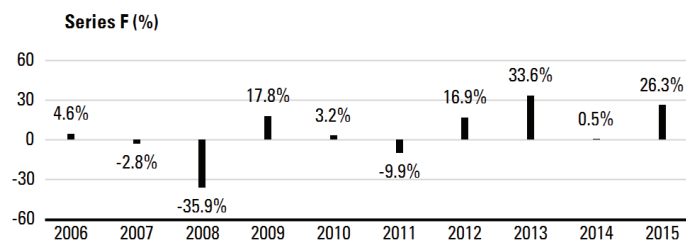
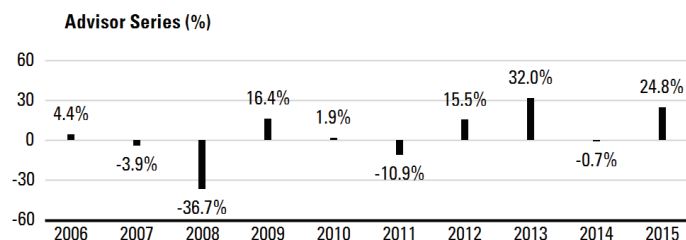


PAST PERFORMANCE

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, 2015, 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	24.8	17.8	11.0	—	2.6
Benchmark	19.0	17.3	10.8	—	3.3
Series F	26.3	19.2	12.3	—	3.9
Benchmark	19.0	17.3	10.8	—	3.3
Series O	27.5	20.3	13.3	—	12.0
Benchmark	19.0	17.3	10.8	—	9.2

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.

Series O units have been available for sale to unitholders since October 26, 2009, and Advisor Series and Series F units since November 6, 2006.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
United Kingdom	20.8
Japan	14.5
France	13.3
Germany	8.0
Belgium	7.9
Switzerland	7.1
China	4.6
Israel	4.2
Italy	3.9
Hong Kong	3.8
Netherlands	3.8
Finland	3.3
Singapore	2.0
Australia	1.2
Cash/Other	1.6

Top 25 Holdings

	% of Net Asset Value
Rio Tinto Plc.	4.3
Legal & General Group Plc.	4.2
Roche Holdings AG Genusscheine	4.1
Total S.A.	4.1
KBC Groep N.V.	4.0
InBev N.V.	3.9
Intesa Sanpaolo S.p.A.	3.9
Sampo OYJ	3.3
Toyota Motor Corp.	3.1
Koninklijke KPN N.V.	3.0
Altran Technologies S.A.	3.0
Novartis AG	3.0
Continental AG	3.0
Prudential Corporation Plc.	2.9
Babcock International Group	2.7
KDDI Corporation	2.6
ProSiebenSat.1 Media SE	2.6
Nippon Telegraph & Telephone Corp.	2.5
Deutsche Telekom AG	2.5
Mitsubishi UFJ Financial Group Inc.	2.5
Sinopharm Group Co.	2.5
easyJet Plc.	2.4
Intertek Group Plc.	2.3
NICE Systems Ltd. ADR	2.3
Safran S.A.	2.2
Top 25 Holdings	76.9

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.



INTERNATIONAL EQUITY FUND

RBC INTERNATIONAL EQUITY FUND

December 31, 2015

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 4, 2016.

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/reports 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 \$687 million as of December 31, 2015, from \$256 million at the end of 2014. The increase was due mainly to net inflows.

Over the past year, the Fund's Series A units gained 25.3%, which outperformed the 19.0% 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 any other series, which may vary because of differences in management fees and expenses.

The economic landscape in Europe in 2015 was largely characterized by varying economic-growth rates in individual countries. For example, Germany's economy, the continent's largest, outpaced that of France, the second largest. While the pace of economic expansion was modest, growth in the fourth quarter rose at the fastest pace in four and a half years and job creation reached the highest levels since 2011, helping to boost business confidence. Lower-than-target inflation prompted the European Central Bank to intensify its use of extraordinary monetary policies in a bid to combat disinflation and spur economic growth.

Weakness in the Chinese economy and the continued commodity sell-off led to the underperformance of large-cap, slower-growth European stocks this year. In Asia, equity markets stabilized after an abrupt sell-off that spanned April to August. The sharp drop in Chinese equities spurred aggressive policy intervention including state-directed stock purchases, bans on short selling and a raft of other measures aimed at resuscitating financial markets.

In Europe, smaller markets such as Ireland, Denmark and Belgium outperformed, largely because of a concentration of strong businesses in those markets. Paddy Power, an Irish bookmaker, was the biggest contributor to the Fund's performance during the year. Other companies that contributed to relative returns were Hargreaves Lansdown, a retail brokerage, and U.K. online services provider Moneysupermarket.com. A negative for the Fund was an investment in Royal Dutch Shell, which was hurt by weak oil prices.

In Asia, Tencent, China's dominant company in social media and mobile gaming, was among the best-performing technology positions. CSL Ltd., a health-care company that produces products derived from blood plasma, gained significantly toward year-end. HM Sampoerna, the Indonesian affiliate of tobacco company Philip Morris International, also performed well. Sysmex, a Japanese company that manufactures blood-testing devices used in laboratories, contributed to performance. Standard Chartered, a bank with significant emerging-market exposure, was the worst performer in Asia.

Effective November 27, 2015, the RBC Private International Equity Pool merged into the Fund and unitholders of the RBC Private International Equity Pool received units of the Fund on a dollar-for-dollar, tax-deferred basis.

Recent Developments

Equity markets have recently been dominated by macroeconomic headlines such as weaker growth in China, sensitivity to central-bank policies and declines in oil prices. In the view of the portfolio manager, volatility caused by these headlines may well continue to dominate over the coming quarters at the expense of company fundamentals such as earnings growth and balance-sheet strength.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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. These related-party commissions were \$46,000 (2014 – \$44,000) or 5% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	16.04	0.45	(0.42)	0.77	(0.07)	0.73	—	(0.01)	—	—	(0.01)	20.08
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
Advisor Series												
Dec. 31, 2015	15.91	0.42	(0.42)	0.72	(0.06)	0.66	—	(0.01)	—	—	(0.01)	19.93
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
Series H												
Dec. 31, 2015	15.92	0.45	(0.34)	0.77	(0.07)	0.81	—	—	—	—	—	20.02
Dec. 31, 2014 ³	15.62 [†]	0.12	(0.12)	0.39	(0.35)	0.04	—	(0.02)	—	—	(0.02)	15.92
Series D												
Dec. 31, 2015	16.37	0.46	(0.24)	0.78	(0.07)	0.93	—	(0.10)	—	—	(0.10)	20.60
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
Series F												
Dec. 31, 2015	17.76	0.41	(0.22)	0.71	(0.06)	0.84	—	(0.16)	—	—	(0.16)	22.35
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
Series I												
Dec. 31, 2015	17.88	0.42	(0.17)	0.73	(0.06)	0.92	—	(0.20)	—	—	(0.20)	22.54
Dec. 31, 2014 ³	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	Total	
Series O												
Dec. 31, 2015	16.91	0.44	—	0.75	(0.07)	1.12	—	(0.36)	—	—	(0.36)	21.29
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

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.

[†] 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, 2015	20.08	153 272	7 632	2.26	2.26	35.88	0.28
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
Advisor Series							
Dec. 31, 2015	19.93	3 899	196	2.25	2.25	35.88	0.28
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
Series H							
Dec. 31, 2015	20.02	1	—	1.94	1.94	35.88	0.28
Dec. 31, 2014 ⁴	15.92	1	—	0.85	0.85	68.87	0.40
Series D							
Dec. 31, 2015	20.60	58 812	2 854	1.26	1.26	35.88	0.28
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
Series F							
Dec. 31, 2015	22.35	19 309	864	1.02	1.02	35.88	0.28
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
Series I							
Dec. 31, 2015	22.54	94	4	0.79	0.79	35.88	0.28
Dec. 31, 2014 ⁴	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, 2015	21.29	452 076	21 232	0.02	0.02	35.88	0.28
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

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 manager 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.

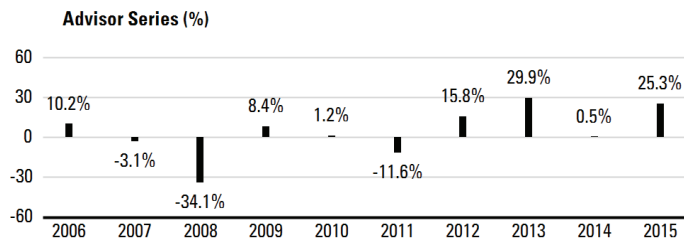
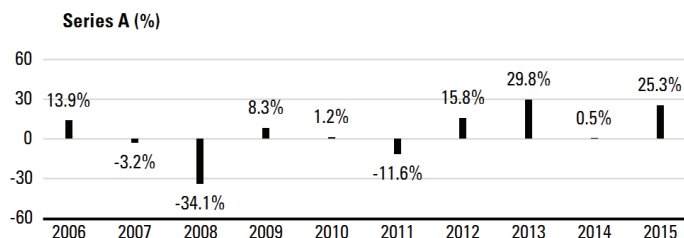


PAST PERFORMANCE

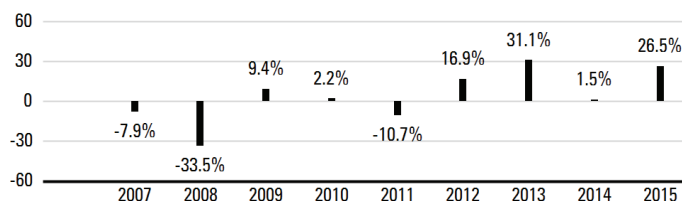
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional 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 (%)

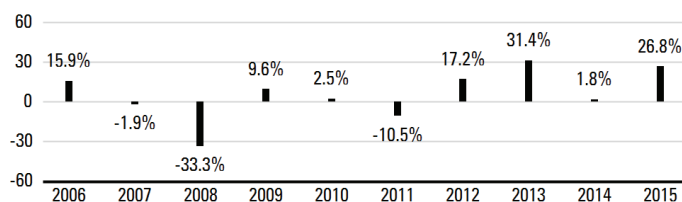
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



Series D (%)



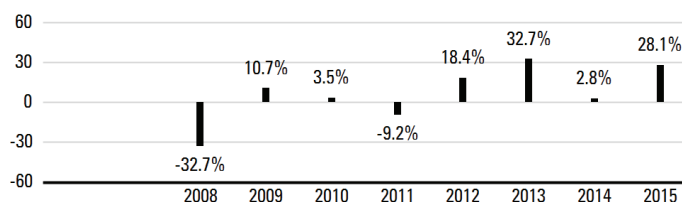
Series F (%)



Series I (%)



Series O (%)





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, 2015, 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	25.3	17.8	10.8	2.9	—
Benchmark	19.0	17.3	10.8	4.8	—
Advisor Series	25.3	17.8	10.9	—	2.8
Benchmark	19.0	17.3	10.8	—	4.3
Series H	25.8	—	—	—	19.7
Benchmark	19.0	—	—	—	13.1
Series D	26.5	19.0	11.9	—	2.2
Benchmark	19.0	17.3	10.8	—	2.9
Series F	26.8	19.2	12.2	4.2	—
Benchmark	19.0	17.3	10.8	4.8	—
Series I	27.2	—	—	—	21.0
Benchmark	19.0	—	—	—	13.1
Series O	28.1	20.4	13.4	—	4.7
Benchmark	19.0	17.3	10.8	—	4.9

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.

Series H and Series I units have been available for sale to unitholders since August 11, 2014, Series O units since January 1, 2008, Series D units since July 3, 2007, and Advisor Series units since August 28, 2006.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
United Kingdom	25.8
Japan	14.9
Germany	7.8
Ireland	6.8
Switzerland	6.0
Denmark	6.0
Australia	5.6
Netherlands	5.5
France	3.1
Hong Kong	3.0
Finland	2.8
Belgium	2.2
Italy	2.0
Other Countries	6.2
Cash/Other	2.3

Top 25 Holdings

	% of Net Asset Value
Roche Holdings AG Genusscheine	3.2
Unilever Plc.	3.2
Novo Nordisk A/S	3.0
Relx N.V.	2.9
Paddy Power Plc.	2.5
InBev N.V.	2.2
Cash & Cash Equivalents	2.1
Schroders Plc.	2.1
BT Group Plc.	2.0
Diageo Plc.	2.0
Novozymes A/S	1.8
CSL Ltd.	1.8
London Stock Exchange Group Plc.	1.8
Kerry Group Plc.	1.7
Henkel KGaA, Preferred Non-Voting	1.7
AIA Group Ltd.	1.7
Ryanair Holdings Plc. ADR	1.6
Hargreaves Lansdown Plc.	1.6
Symex Corp.	1.6
Sampo OYJ	1.6
SoftBank Group Corp.	1.5
Bayer AG	1.5
Macquarie Group Ltd.	1.5
Straumann Holding AG	1.5
Continental AG	1.4
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 at www.rbcgam.com/funds.



INTERNATIONAL EQUITY FUND

**RBC INTERNATIONAL EQUITY
CURRENCY NEUTRAL FUND**

December 31, 2015

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 underlying fund)

Sub-Advisor: RBC Investment Management (Asia) Limited, Hong Kong, China
(for the Asian equity portion of the underlying fund)

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 4, 2016.

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/reports 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’s net asset value rose to \$36 million as of December 31, 2015, from \$21 million at the end of 2014. The increase was due mainly to net inflows.

Over the past year, the Fund’s Series A units gained 10.9%, which outperformed the 5.2% 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 any other series, which may vary because of differences in management fees and expenses.

The economic landscape in Europe in 2015 was largely characterized by varying economic-growth rates in individual countries. For example, Germany’s economy, the continent’s largest, outpaced that of France, the second largest. While the pace of economic expansion was modest, growth in the fourth quarter rose at the fastest pace in four and a half years and job creation reached the highest levels since 2011, helping to boost business confidence. Lower-than-target inflation prompted the European Central Bank to intensify its use of extraordinary monetary policies in a bid to combat disinflation and spur economic growth.

Weakness in the Chinese economy and the continued commodity sell-off led to the underperformance of large-cap, slower-growth European stocks this year. In Asia, equity markets stabilized after an abrupt sell-off that spanned April to August. The sharp drop in Chinese equities spurred aggressive policy intervention including state-directed stock purchases, bans on short selling and a raft of other measures aimed at resuscitating financial markets.

In Europe, smaller markets such as Ireland, Denmark and Belgium outperformed, largely because of a concentration of strong businesses in those markets. Paddy Power, an Irish bookmaker, was the biggest contributor to the Fund’s performance during the year. Other companies that contributed to relative returns were Hargreaves Lansdown, a retail brokerage, and U.K. online services provider Moneysupermarket.com. A negative for the Fund was an investment in Royal Dutch Shell, which was hurt by weak oil prices.

In Asia, Tencent, China’s dominant company in social media and mobile gaming, was among the best-performing technology positions. CSL Ltd., a health-care company that produces products derived from blood plasma, gained significantly toward year-end. HM Sampoerna, the Indonesian affiliate of tobacco company Philip Morris International, also performed well. Sysmex, a Japanese company that manufactures blood-testing devices used in laboratories, contributed to performance. Standard Chartered, a bank with significant emerging-market exposure, was the worst performer in Asia.

It is the policy of the Fund to maintain currency hedges at all times in order to neutralize exchange-rate movements among foreign currencies and the Canadian dollar. This policy had a negative impact on the Fund in 2015, as unitholders did not benefit from the appreciation of many currencies against the Canadian dollar.

Effective November 27, 2015, the RBC Private International Equity Pool merged into the RBC International Equity Fund on a dollar-for-dollar, tax-deferred basis. The RBC International Equity Fund is the underlying fund of the RBC International Equity Currency Neutral Fund.

Recent Developments

Equity markets have recently been dominated by macroeconomic headlines such as weaker growth in China, sensitivity to central-bank policies and declines in oil prices. In the view of the portfolio manager, volatility caused by these headlines may well continue to dominate over the coming quarters at the expense of company fundamentals such as earnings growth and balance-sheet strength.



Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	10.46	0.22	(0.26)	(0.49)	1.46	0.93	—	—	—	—	—	11.60
Dec. 31, 2014 ³	10.00 [†]	0.17	(0.16)	0.35	0.19	0.55	(0.03)	—	(0.26)	—	(0.29)	10.46
Advisor Series												
Dec. 31, 2015	10.46	0.21	(0.24)	(0.47)	1.38	0.88	—	—	—	—	—	11.61
Dec. 31, 2014 ³	10.00 [†]	0.34	(0.14)	0.68	0.38	1.26	(0.06)	—	(0.26)	—	(0.32)	10.46
Series H												
Dec. 31, 2015	10.46	0.23	(0.22)	(0.52)	1.52	1.01	—	—	—	—	—	11.64
Dec. 31, 2014 ³	10.00 [†]	0.34	(0.13)	0.68	0.38	1.27	(0.06)	—	(0.26)	—	(0.32)	10.46
Series D												
Dec. 31, 2015	10.51	0.22	(0.15)	(0.50)	1.47	1.04	—	(0.06)	—	—	(0.06)	11.71
Dec. 31, 2014 ³	10.00 [†]	0.16	(0.09)	0.32	0.18	0.57	(0.05)	—	(0.26)	—	(0.31)	10.51
Series F												
Dec. 31, 2015	10.46	0.21	(0.11)	(0.48)	1.41	1.03	—	(0.09)	—	—	(0.09)	11.67
Dec. 31, 2014 ³	10.00 [†]	0.34	(0.06)	0.68	0.38	1.34	(0.14)	—	(0.26)	—	(0.40)	10.46
Series I												
Dec. 31, 2015	10.46	0.21	(0.09)	(0.47)	1.39	1.04	—	(0.11)	—	—	(0.11)	11.66
Dec. 31, 2014 ³	10.00 [†]	0.34	(0.05)	0.68	0.38	1.35	(0.14)	—	(0.26)	—	(0.40)	10.46
Series O												
Dec. 31, 2015	10.52	0.23	—	(0.52)	1.52	1.23	—	(0.20)	—	—	(0.20)	11.72
Dec. 31, 2014 ³	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, 2015	11.60	3 628	313	2.23	2.25	33.81	0.28
Dec. 31, 2014 ⁴	10.46	923	88	2.29	2.30	5.57	0.39
Advisor Series							
Dec. 31, 2015	11.61	89	8	2.13	2.14	33.81	0.28
Dec. 31, 2014 ⁴	10.46	1	—	2.12	2.13	5.57	0.39
Series H							
Dec. 31, 2015	11.64	1	—	1.97	1.98	33.81	0.28
Dec. 31, 2014 ⁴	10.46	1	—	1.96	1.97	5.57	0.39
Series D							
Dec. 31, 2015	11.71	875	75	1.28	1.29	33.81	0.28
Dec. 31, 2014 ⁴	10.51	139	13	1.25	1.26	5.57	0.39
Series F							
Dec. 31, 2015	11.67	35	3	0.97	0.98	33.81	0.28
Dec. 31, 2014 ⁴	10.46	1	—	0.96	0.97	5.57	0.39
Series I							
Dec. 31, 2015	11.66	7	1	0.81	0.82	33.81	0.28
Dec. 31, 2014 ⁴	10.46	1	—	0.81	0.82	5.57	0.39
Series O							
Dec. 31, 2015	11.72	31 057	2 651	0.04	0.06	33.81	0.28
Dec. 31, 2014 ⁴	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 manager 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.

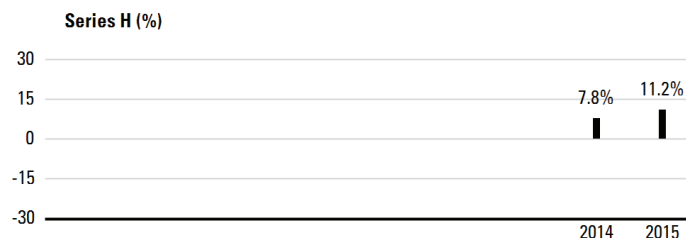
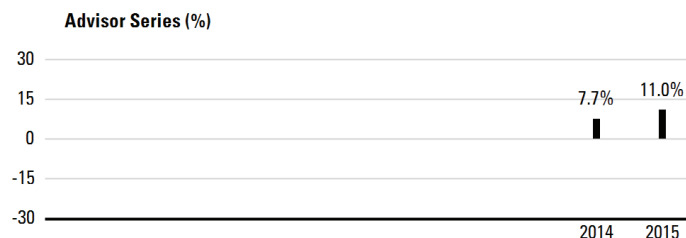


PAST PERFORMANCE

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.



Series D (%)



Series F (%)



Series I (%)



Series O (%)





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, 2015, compared with the following benchmark:

MSCI EAFE Total Return Net Index (hedged to CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A	10.9	—	—	—	11.0
Benchmark	5.2	—	—	—	6.6
Advisor Series	11.0	—	—	—	11.3
Benchmark	5.2	—	—	—	6.6
Series H	11.2	—	—	—	11.4
Benchmark	5.2	—	—	—	6.6
Series D	11.9	—	—	—	12.1
Benchmark	5.2	—	—	—	6.6
Series F	12.4	—	—	—	12.6
Benchmark	5.2	—	—	—	6.6
Series I	12.5	—	—	—	12.7
Benchmark	5.2	—	—	—	6.6
Series O	13.3	—	—	—	13.5
Benchmark	5.2	—	—	—	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.

Series A, Advisor Series, Series H, Series D, Series F, Series I and Series O units have been available for sale to unitholders since April 28, 2014.

Inception dates are not provided for series that have been in existence for more than 10 years.

INDEX DESCRIPTION

MSCI EAFE Total Return Net Index (hedged to 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. The index is hedged to Canadian dollars.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2015

Investment Mix

	% of Net Asset Value
United Kingdom	25.8
Japan	14.9
Germany	7.8
Ireland	6.8
Switzerland	6.0
Denmark	6.0
Australia	5.6
Netherlands	5.5
France	3.1
Hong Kong	3.0
Finland	2.8
Belgium	2.2
Italy	2.0
Other Countries	6.2
Cash/Other	2.3

Top 25 Holdings*

	% of Net Asset Value
Roche Holdings AG Genusscheine	3.2
Unilever Plc.	3.2
Novo Nordisk A/S	3.0
Relx N.V.	2.9
Paddy Power Plc.	2.5
InBev N.V.	2.2
Cash & Cash Equivalents	2.1
Schroders Plc.	2.1
BT Group Plc.	2.0
Diageo Plc.	2.0
Novozymes A/S	1.8
CSL Ltd.	1.8
London Stock Exchange Group Plc.	1.8
Kerry Group Plc.	1.7
Henkel KGaA, Preferred Non-Voting	1.7
AIA Group Ltd.	1.7
Ryanair Holdings Plc. ADR	1.6
Hargreaves Lansdown Plc.	1.6
Sysmex Corp.	1.6
Sampo OYJ	1.6
SoftBank Group Corp.	1.5
Bayer AG	1.5
Macquarie Group Ltd.	1.5
Straumann Holding AG	1.5
Continental AG	1.4
Top 25 Holdings	49.5

* 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.

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



INTERNATIONAL EQUITY FUND

RBC INTERNATIONAL INDEX CURRENCY NEUTRAL FUND

December 31, 2015

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 4, 2016.

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/reports 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 \$353 million as of December 31, 2015, from \$344 million at the end of 2014. The increase was due to investment returns.

Over the past year, the Fund’s Series A units gained 3.6%, which underperformed the 5.3% 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 any other series, which may vary because of differences in management fees and expenses.

The best-performing country stock markets were Japan, followed by the U.K. and Switzerland. The worst-performing markets were China, Singapore and New Zealand.

The best-performing sectors were Financials, Health Care and Consumer Staples. The worst-performing sectors were Energy, Materials and Utilities.

The Fund’s currency-hedge strategy had a negative effect on performance, as unitholders did not benefit from the general rise in global currencies against the Canadian dollar for 2015.

Recent Developments

The sub-advisor has no recent developments to report.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada (“Royal Bank”) and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.



The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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	
		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	Year/Period
Series A												
Dec. 31, 2015	10.17	0.43	(0.08)	—	—	0.35	—	—	—	—	—	10.54
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

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, 2015	10.54	353 381	33 520	0.71	0.71	n/a	—
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	—

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 manager 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	0.50%	20%	80%

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

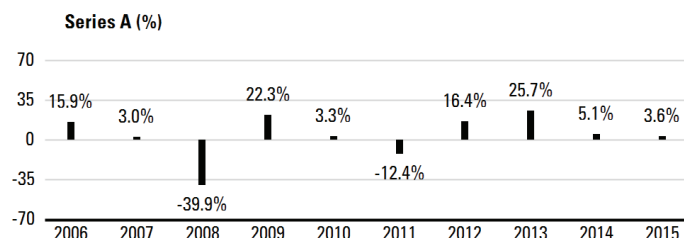


PAST PERFORMANCE

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, 2015, 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	3.6	11.1	6.9	2.4	—
Benchmark	5.3	12.3	7.9	3.2	—

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 index.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Japan	23.8
United Kingdom	19.7
France	9.9
Switzerland	9.3
Germany	9.0
Australia	6.6
Hong Kong	4.4
Sweden	3.8
Spain	3.3
Netherlands	2.9
Italy	2.4
Other Countries	4.9

Top 25 Holdings

	% of Net Asset Value
Nestlé S.A.	1.9
Novartis AG	1.6
Roche Holding AG	1.6
Toyota Motor Corp.	1.4
HSBC Holdings Plc.	1.2
Novo-Nordisk A/S, Class B	0.9
Commonwealth Bank of Australia	0.9
Bayer AG	0.8
British American Tobacco Plc.	0.8
Sanofi S.A.	0.8
Anheuser-Busch InBev S.A.	0.8
GlaxoSmithKline Plc.	0.8
Total S.A.	0.8
BP Plc.	0.8
Royal Dutch Shell Plc., A Shares	0.7
Vodafone Group Plc.	0.7
AstraZeneca Plc.	0.7
Daimler AG	0.7
Allianz SE	0.7
Westpac Banking Corporation	0.7
Mitsubishi UFJ Financial Group Inc.	0.6
SAP SE	0.6
Siemens AG	0.6
AIA Group Ltd.	0.6
Banco Santander SA	0.6
Total	22.3

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.



INTERNATIONAL EQUITY FUND

RBC O'SHAUGHNESSY INTERNATIONAL EQUITY FUND

December 31, 2015

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 4, 2016.

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 total returns consisting of capital growth and current income by investing primarily in equity securities of companies outside of North America 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 consistently strong stock price 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 \$484 million as of December 31, 2015, from \$473 million at the end of 2014. The increase was due to investment gains.

Over the past year, the Fund's Series A units gained 16.6%, which underperformed the 19.0% 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 any other series, which may vary because of differences in management fees and expenses.

Volatility in the global markets characterized 2015, with Canadian markets significantly underperforming U.S. and other developed markets. The Canadian market was down about 8% for the year as a whole while U.S. and international markets fell only slightly, and a strong U.S. dollar bolstered U.S. returns measured in Canadian dollars. The U.S. dollar's strength and falling commodity prices were among the major global market developments of 2015, with plunging oil prices leading to an overall decline in earnings.

Companies with high momentum and low valuations, which are emphasized in the Fund, outperformed during the period. Within momentum, the sub-advisor favoured stocks with lower price volatility, and these stocks underperformed. Stocks with high dividend yields also underperformed. Stocks with high financial strength underperformed, while stocks with strong earnings quality had little impact on performance.

Allocation among countries had a positive effect on returns, while security selection had an overall negative impact. Overweight allocations to Japan and Denmark contributed to performance, which was partially offset by overweight allocations to New Zealand and Australia. Security selection in Japan and New Zealand contributed, but hurt returns in France and the U.K. Sector allocation had a negative impact on relative returns. An underweight allocation to the Financials sector and an overweight allocation to Telecommunication Services contributed to returns, while an underweight allocation to Health Care and overweight allocation to Utilities had a negative impact. Security selection contributed to returns, notably in the Health Care and Industrials sectors. This was partially offset by the negative effect of security selection in the Utilities and Materials sectors. Kaken Pharmaceutical in the Health Care sector and DFDS in the Industrials sector were the largest contributors to returns. EDF in the Utilities sector and Anglo American in the Materials sector hurt returns.

Due to the Fund's investment process and market conditions over the course of 2015, the Fund decreased allocations to the Telecommunication Services sector and increased allocations to the Financials sector.

Recent Developments

The sub-advisor has no recent developments to report.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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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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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	9.28	0.38	(0.23)	1.06	0.37	1.58	—	(0.15)	—	—	(0.15)	10.67
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
Advisor Series												
Dec. 31, 2015	9.16	0.37	(0.23)	1.04	0.37	1.55	—	(0.16)	—	—	(0.16)	10.52
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
Series D												
Dec. 31, 2015	9.39	0.39	(0.14)	1.07	0.38	1.70	—	(0.25)	—	—	(0.25)	10.79
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
Series F												
Dec. 31, 2015	8.67	0.36	(0.10)	0.99	0.35	1.60	—	(0.26)	—	—	(0.26)	9.97
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
Series I												
Dec. 31, 2015	10.17	0.42	(0.09)	1.17	0.41	1.91	—	(0.35)	—	—	(0.35)	11.67
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



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 O										
Dec. 31, 2015	8.32	0.34	—	0.96	0.34	1.64	—	(0.36)	—	—	(0.36)	9.56
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

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, 2015	10.67	405 852	38 043	2.25	2.25	75.66	0.15
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
Advisor Series							
Dec. 31, 2015	10.52	6 342	603	2.22	2.22	75.66	0.15
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
Series D							
Dec. 31, 2015	10.79	22 226	2 060	1.37	1.37	75.66	0.15
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
Series F							
Dec. 31, 2015	9.97	16 433	1 649	1.08	1.08	75.66	0.15
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
Series I							
Dec. 31, 2015	11.67	16 468	1 411	0.81	0.81	75.66	0.15
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



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, 2015	9.56	17 054	1 785	0.02	0.02	75.66	0.15
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

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 manager 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 I	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.

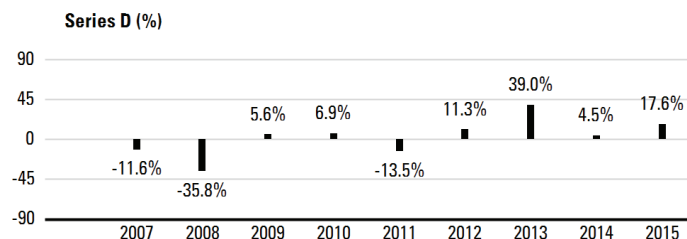
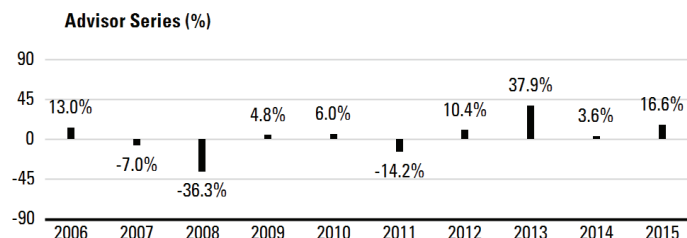
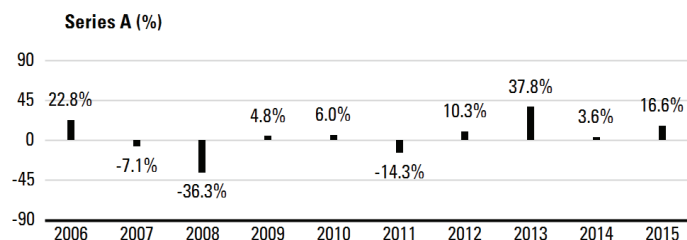


PAST PERFORMANCE

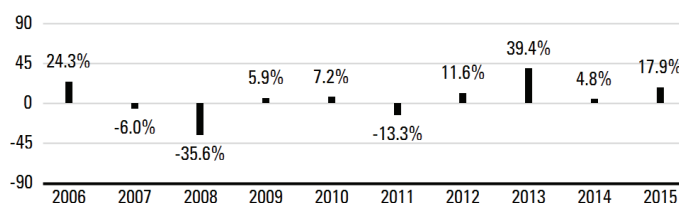
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional 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 (%)

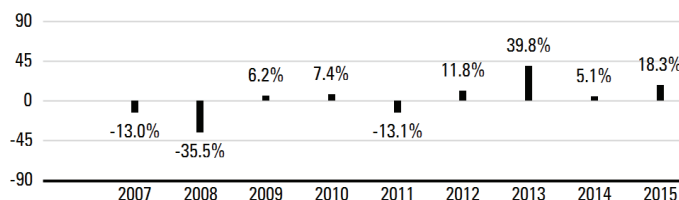
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



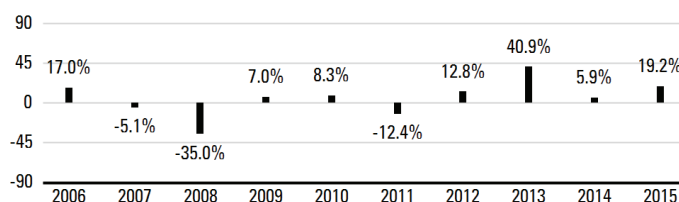
Series F (%)



Series I (%)



Series O (%)





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, 2015, 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	16.6	18.5	9.5	2.4	—
Benchmark	19.0	17.3	10.8	4.8	—
Advisor Series	16.6	18.5	9.5	—	1.6
Benchmark	19.0	17.3	10.8	—	4.0
Series D	17.6	19.5	10.4	—	0.6
Benchmark	19.0	17.3	10.8	—	2.9
Series F	17.9	19.9	10.8	3.6	—
Benchmark	19.0	17.3	10.8	4.8	—
Series I	18.3	20.2	11.0	—	0.9
Benchmark	19.0	17.3	10.8	—	2.5
Series O	19.2	21.1	11.9	—	4.2
Benchmark	19.0	17.3	10.8	—	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.

Series D units have been available for sale to unitholders since July 3, 2007, Series I units since April 17, 2007, Series O units since September 5, 2006, and Advisor Series units since March 20, 2006.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Japan	37.6
United Kingdom	12.7
France	8.5
New Zealand	7.2
Denmark	4.7
Switzerland	4.0
Australia	3.8
Italy	3.3
Germany	3.2
Israel	2.7
Finland	2.2
Hong Kong	1.7
Norway	1.5
Sweden	1.4
Spain	0.4
Other Countries	5.0
Cash/Other	0.1

Top 25 Holdings

	% of Net Asset Value
Spark New Zealand Ltd.	2.7
Engie	2.3
ENI S.p.A.	2.2
Hannover Rueckversicherung SE	2.1
Geo Holdings Corp.	2.1
Bezeq Israeli Telecommunication Corporation Ltd.	2.0
BP Plc.	2.0
DFDS A/S	1.9
Sands China Ltd.	1.7
Electricite de France S.A.	1.7
SSE Plc.	1.6
SCOR SE	1.6
Nuplex Industries Ltd.	1.6
CIMIC Group Ltd.	1.5
Itochu Enex Co. Ltd.	1.4
Token Corp.	1.4
Telia AB	1.4
BHP Billiton Plc.	1.4
Novae Group Plc.	1.3
Tryg A/S	1.3
Nippon Telegraph & Telephone Corp.	1.3
Fortum OYJ	1.2
France Telecom S.A.	1.2
Air New Zealand Ltd.	1.2
Heiwado Co. Ltd.	1.1
Top 25 Holdings	41.2

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 DIVIDEND FUND

December 31, 2015

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 4, 2016.

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/reports 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's net asset value rose to \$146 million as of December 31, 2015, from \$53 million at the end of 2014. The increase was due mainly to net inflows.

Over the past year, the Fund's Series A units gained 22.9%, which outperformed the 16.5% 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 any other series, which may vary because of differences in management fees and expenses.

The economic landscape in Europe in 2015 was largely characterized by varying economic-growth rates in individual countries. For example, Germany's economy, the continent's largest, outpaced that of France, the second largest. While the rate of economic expansion was modest, growth in the fourth quarter rose the fastest in four and a half years and job creation reached the highest levels since 2011, helping to boost business confidence. A decline in the euro versus the U.S. dollar during the year aided the European economy.

Lower-than-target inflation prompted the European Central Bank (the "ECB") to intensify its use of extraordinary monetary policies in a bid to combat disinflation and spur economic growth. In December, ECB President Mario Draghi pledged to extend easing until at least March 2017. The central bank also reduced its key interest rate to 0.3%. European equities fell after the ECB delivered less economic stimulus than many investors had expected, highlighting the perceived reliance of the region's stock markets on central-bank accommodation.

Weakness in the Chinese economy and the continued commodity sell-off led to the underperformance of large-cap, slower-growth European stocks this year. High-quality companies exposed mainly to the European economy significantly outperformed companies more exposed to global growth, aiding the Fund's relative returns. In the U.K., the Bank of England delayed interest-rate rises in an effort to support economic growth.

At the country level, smaller European markets Ireland, Denmark and Belgium outperformed over the year, due largely to a concentration of strong businesses in those markets. Moneysupermarket.com, a U.K.-based financial-services website, was the biggest contributor to the Fund's performance in 2015. Anglo-Dutch publisher RELX was the second-largest contributor over the same period. Irish low-cost airline, Ryanair was the third largest.

At the sector level, Materials, Energy and Utilities were the weakest performers, whereas Consumer Staples, Consumer Discretionary and Information Technology were the strongest. The Fund's underweight position in the Financials sector was the biggest contributor to performance, and an overweight position in Information Technology was the second biggest.

Recent Developments

Equity markets have recently been dominated by macroeconomic headlines such as weaker growth in China, sensitivity to central-bank policies and oil prices. In the opinion of the portfolio manager, volatility caused by these headlines may well continue to dominate over the coming quarters at the expense of company fundamentals such as earnings growth and balance-sheet strength.

Given the portfolio manager's emphasis on selecting quality stocks for the long term, the Fund prefers companies that spend less on fixed assets like plant and equipment. As a result, the portfolio manager expects the Fund will remain underweight auto manufacturers and mining companies. The portfolio manager also expects to be underweight in the Energy, Materials and Financials sectors. Within Financials, the Fund has lower exposure to banks, whose cost of capital has increased because of regulatory pressures, and instead prefers non-bank consumer-oriented financial firms and insurers.



Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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.

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

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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 \$22,000 (2014 – \$11,000) or 6% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

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

- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	10.16	0.33	(0.26)	0.08	1.64	1.79	—	(0.02)	—	—	(0.02)	12.46
Dec. 31, 2014 ³	10.00 [†]	0.04	(0.09)	(0.02)	0.07	—	—	—	—	—	—	10.16
Advisor Series												
Dec. 31, 2015	10.16	0.33	(0.27)	0.08	1.60	1.74	—	(0.01)	—	—	(0.01)	12.47
Dec. 31, 2014 ³	10.00 [†]	0.04	(0.09)	(0.02)	0.07	—	—	—	—	—	—	10.16
Series H												
Dec. 31, 2015	10.15	0.31	(0.24)	0.08	1.51	1.66	—	(0.05)	—	—	(0.05)	12.47
Dec. 31, 2014 ³	10.00 [†]	0.06	(0.08)	(0.03)	0.09	0.04	—	(0.02)	—	—	(0.02)	10.15
Series D												
Dec. 31, 2015	10.17	0.34	(0.16)	0.08	1.65	1.91	—	(0.13)	—	—	(0.13)	12.47
Dec. 31, 2014 ³	10.00 [†]	0.04	(0.06)	(0.02)	0.07	0.03	—	(0.02)	—	—	(0.02)	10.17
Series F												
Dec. 31, 2015	10.19	0.33	(0.13)	0.08	1.64	1.92	—	(0.16)	—	—	(0.16)	12.50
Dec. 31, 2014 ³	10.00 [†]	0.04	(0.05)	(0.02)	0.06	0.03	—	(0.01)	—	—	(0.01)	10.19
Series I												
Dec. 31, 2015	10.20	0.33	(0.11)	0.08	1.63	1.93	—	(0.18)	—	—	(0.18)	12.52
Dec. 31, 2014 ³	10.00 [†]	0.04	(0.04)	(0.02)	0.06	0.04	—	(0.01)	—	—	(0.01)	10.20
Series O												
Dec. 31, 2015	10.44	0.37	(0.01)	0.09	1.82	2.27	—	(0.30)	—	—	(0.30)	12.80
Dec. 31, 2014 ⁴	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, 2015	12.46	30 184	2 422	2.20	2.20	17.62	0.33
Dec. 31, 2014 ⁴	10.16	3 667	361	2.26	2.27	29.25	0.82
Advisor Series							
Dec. 31, 2015	12.47	1 705	137	2.26	2.26	17.62	0.33
Dec. 31, 2014 ⁴	10.16	75	7	2.26	2.27	29.25	0.82
Series H							
Dec. 31, 2015	12.47	50	4	1.95	1.95	17.62	0.33
Dec. 31, 2014 ⁴	10.15	1	—	2.09	2.10	29.25	0.82
Series D							
Dec. 31, 2015	12.47	4 313	346	1.36	1.36	17.62	0.33
Dec. 31, 2014 ⁴	10.17	535	53	1.41	1.42	29.25	0.82
Series F							
Dec. 31, 2015	12.50	4 623	370	1.06	1.06	17.62	0.33
Dec. 31, 2014 ⁴	10.19	726	71	1.13	1.14	29.25	0.82
Series I							
Dec. 31, 2015	12.52	2 640	211	0.89	0.89	17.62	0.33
Dec. 31, 2014 ⁴	10.20	197	19	0.96	0.97	29.25	0.82
Series O							
Dec. 31, 2015	12.80	102 829	8 032	0.06	0.06	17.62	0.33
Dec. 31, 2014 ⁵	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 manager 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, 2015, 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	22.9	—	—	—	17.3
Benchmark	16.5	—	—	—	10.7
Advisor Series	22.8	—	—	—	17.2
Benchmark	16.5	—	—	—	10.7
Series H	23.3	—	—	—	17.7
Benchmark	16.5	—	—	—	10.7
Series D	23.9	—	—	—	18.3
Benchmark	16.5	—	—	—	10.7
Series F	24.3	—	—	—	18.6
Benchmark	16.5	—	—	—	10.7
Series I	24.5	—	—	—	18.8
Benchmark	16.5	—	—	—	10.7
Series O	25.5	—	—	—	19.8
Benchmark	16.5	—	—	—	10.7

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.

Series A, Advisor Series, Series H, Series D, Series F, Series I and Series O units have been available for sale to unitholders since August 11, 2014.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
United Kingdom	43.3
Netherlands	10.8
Switzerland	7.8
Germany	7.7
Finland	5.7
Sweden	5.4
France	4.8
Spain	4.7
Italy	2.8
Denmark	2.5
Portugal	2.0
Norway	0.8
Cash/Other	1.7

Top 25 Holdings

	% of Net Asset Value
Roche Holdings AG Genusscheine	4.6
Unilever N.V.	4.3
Relx N.V.	4.2
British American Tobacco Plc.	3.4
Sampo OYJ	3.3
Novartis AG	3.2
Imperial Tobacco Group Plc.	3.1
AstraZeneca Plc.	3.1
GlaxoSmithKline Plc.	3.1
Legal & General Group Plc.	3.1
Nordbanken Holding AB	2.9
Banca Generali S.p.A.	2.8
BT Group Plc.	2.8
ProSiebenSat.1 Media SE	2.7
Micro Focus International Plc.	2.6
Swedbank AB	2.5
Reckitt Benckiser Plc.	2.5
Novozymes A/S	2.5
Kone OYJ	2.4
Capita Plc.	2.4
easyJet Plc.	2.3
ING Groep N.V.	2.3
Freenet AG	2.2
Sanofi	2.1
Cia de Distribucion Integral Logista Holdings S.A.	2.1
Top 25 Holdings	72.5

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 EUROPEAN EQUITY FUND

December 31, 2015

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 4, 2016.

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/reports 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 by investing primarily in European stocks.

The Fund provides exposure to growth opportunities in the European economy and diversification benefits beyond North America.

The portfolio manager 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 \$5.9 billion as of December 31, 2015, from \$3.9 billion at the end of 2014. The increase was due to a combination of investment gains and net inflows.

Over the past year, the Fund's Series A units gained 24.2%, which outperformed the 16.5% 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 any other series, which may vary because of differences in management fees and expenses.

The economic landscape in Europe in 2015 was largely characterized by varying economic-growth rates in individual countries. For example, Germany's economy, the continent's largest, outpaced that of France, the second largest. While the rate of economic expansion was modest, growth in the fourth quarter rose the fastest in four and a half years and job creation reached the highest levels since 2011, helping to boost business confidence. A decline in the euro versus the U.S. dollar during the year aided the European economy.

Lower-than-target inflation prompted the European Central Bank (the "ECB") to intensify its use of extraordinary monetary policies in a bid to combat disinflation and spur economic growth. In December, ECB President Mario Draghi pledged to extend easing until at least March 2017. The central bank also reduced its key interest rate to 0.3%. European equities fell after the ECB delivered less economic stimulus than many investors had expected, highlighting the perceived reliance of the region's stock markets on central-bank accommodation.

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Smaller European markets such as Ireland, Denmark and Belgium outperformed, largely because of a concentration of strong businesses in those markets. Paddy Power, an Irish bookmaker, was the biggest contributor to the Fund's performance during the year. Other companies that contributed to relative returns were Hargreaves Lansdown, a retail brokerage, and Danish company Novo Nordisk, which makes diabetes treatments. A negative for the Fund was an investment in Aberdeen Asset Management, which has significant exposure to struggling emerging markets.

At the sector level, Materials, Energy and Utilities were the weakest performers, whereas Consumer Staples, Consumer Discretionary and Information Technology were the strongest. The Fund's overweight position in Consumer Discretionary was the biggest contributor to performance, and an underweight position in Materials was the second-biggest contributor.

Recent Developments

Equity markets have recently been dominated by macroeconomic headlines such as weaker growth in China, sensitivity to central-bank policies and oil prices. In the opinion of the portfolio manager, volatility caused by these headlines may well continue to dominate over the coming quarters at the expense of company fundamentals such as earnings growth and balance-sheet strength.

Given the portfolio manager's emphasis on selecting quality stocks for the long term, the Fund prefers companies that spend less on fixed assets like plant and equipment. As a result, the Fund will remain underweight in auto manufacturers and mining companies. The portfolio manager also expects to be underweight in the Energy, Materials and Financials sectors. Within Financials, the Fund has lower exposure to banks, whose cost of capital has increased because of regulatory pressures, and instead prefers non-bank consumer-oriented financial firms and insurers.



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The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$796,000 (2014 – \$1,080,000) or 9% (2014 – 7%) of the total transaction costs paid for this 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 Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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	Total	
Series A												
Dec. 31, 2015	19.22	0.51	(0.50)	0.18	4.35	4.54	—	—	—	—	—	23.87
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
Advisor Series												
Dec. 31, 2015	19.47	0.51	(0.49)	0.19	4.37	4.58	—	—	—	—	—	24.21
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
Series D												
Dec. 31, 2015	19.41	0.51	(0.29)	0.19	4.39	4.80	—	(0.18)	—	—	(0.18)	24.16
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
Series F												
Dec. 31, 2015	20.64	0.54	(0.24)	0.19	4.60	5.09	—	(0.28)	—	—	(0.28)	25.69
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
Series O												
Dec. 31, 2015	19.59	0.52	(0.01)	0.19	4.47	5.17	—	(0.50)	—	—	(0.50)	24.38
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

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, 2015	23.87	322 635	13 517	2.26	2.26	20.57	0.18
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
Advisor Series							
Dec. 31, 2015	24.21	11 011	455	2.16	2.16	20.57	0.18
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
Series D							
Dec. 31, 2015	24.16	31 091	1 287	1.27	1.27	20.57	0.18
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
Series F							
Dec. 31, 2015	25.69	38 181	1 486	0.96	0.96	20.57	0.18
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
Series O							
Dec. 31, 2015	24.38	5 489 488	225 139	0.02	0.02	20.57	0.18
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

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 manager 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.

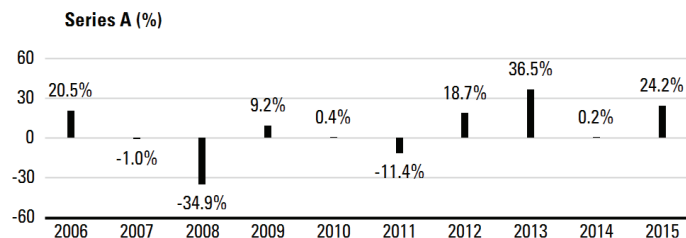
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

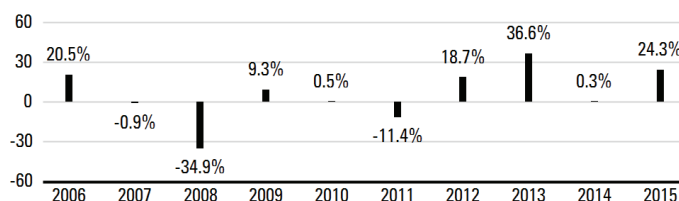
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional 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 (%)

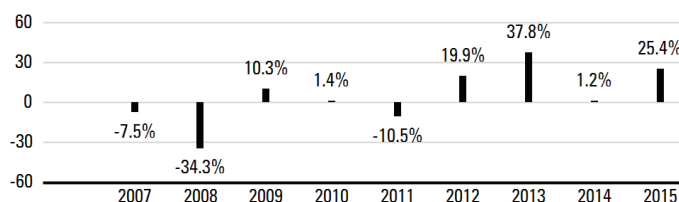
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



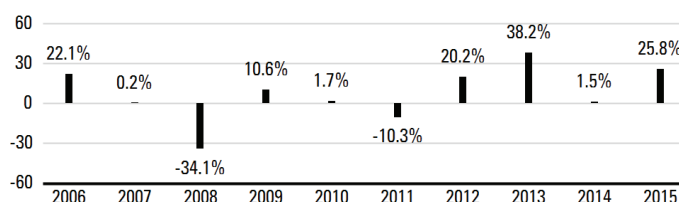
Advisor Series (%)



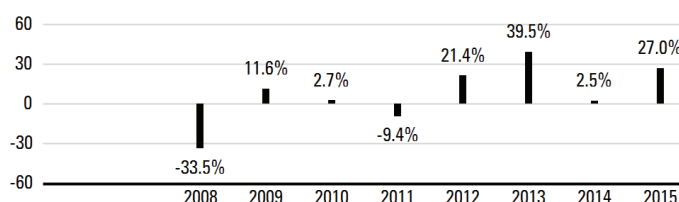
Series D (%)



Series F (%)



Series O (%)





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, 2015, 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	24.2	19.3	12.3	4.3	—
Benchmark	16.5	16.8	11.1	5.2	—
Advisor Series	24.3	19.4	12.4	4.3	—
Benchmark	16.5	16.8	11.1	5.2	—
Series D	25.4	20.5	13.4	—	2.9
Benchmark	16.5	16.8	11.1	—	2.5
Series F	25.8	20.9	13.7	5.6	—
Benchmark	16.5	16.8	11.1	5.2	—
Series O	27.0	22.0	14.8	—	5.4
Benchmark	16.5	16.8	11.1	—	4.4

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.

Series O units have been available for sale to unitholders since January 1, 2008, and Series D units since July 3, 2007.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
United Kingdom	34.0
Germany	11.6
Ireland	9.6
Denmark	8.7
Switzerland	8.4
Netherlands	7.8
France	4.5
Finland	4.4
Belgium	3.3
Italy	2.7
Sweden	2.1
Spain	1.7
Norway	0.6
Cash/Other	0.6

Top 25 Holdings

	% of Net Asset Value
Roche Holdings AG Genusscheine	4.5
Unilever Plc.	4.5
Novo Nordisk A/S	4.1
Relx N.V.	4.0
Paddy Power Plc.	3.5
InBev N.V.	3.3
Schroders Plc.	3.2
BT Group Plc.	2.9
Novozymes A/S	2.8
Henkel KGaA, Preferred Non-Voting	2.7
Diageo Plc.	2.6
Sampo OYJ	2.5
Hargreaves Lansdown Plc.	2.5
London Stock Exchange Group Plc.	2.5
Novartis AG	2.3
Ryanair Holdings Plc. ADR	2.2
Kerry Group Plc.	2.2
Bayer AG	2.1
ING Groep N.V.	2.1
Swedbank AB	2.1
Daily Mail & General Trust Plc.	2.0
Continental AG	1.9
Kone OYJ	1.9
British American Tobacco Plc.	1.9
Christian Hansen Holding A/S	1.9
Top 25 Holdings	68.2

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 ASIAN EQUITY FUND

December 31, 2015

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 4, 2016.

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/reports 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 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.

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 \$71 million as of December 31, 2015, from \$269 million at the end of 2014. The decrease was due to net redemptions.

Over the past year, the Fund’s Series A units gained 18.9%, which outperformed the 17.6% 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 any other series, which may vary because of differences in management fees and expenses.

China’s economy slowed again in 2015 as the country continued its transition to a services-led economy from one dependent on exports and large infrastructure projects. Meanwhile, economic expansions in Japan and India strengthened, as a weak yen bolstered Japanese exports and India benefited from economic reforms and strong growth across the economy. Australia’s economy, which relies heavily on commodity exports, was held back by falling prices for iron ore, coal and other raw materials.

Asian markets stabilized later in 2015 after an abrupt sell-off that spanned April to August. The sharp drop in Chinese equities during the period spurred aggressive policy intervention including state-directed stock purchases, short-selling bans and a raft of other measures aimed at resuscitating financial markets. Japan’s equity markets staged a sharp rally in 2015, as Prime Minister Shinzo Abe was largely successful in pushing through aggressive policy measures designed to spur economic growth. Meanwhile, the marginally weaker yen and new legislative measures aimed at improving corporate governance and shareholder returns lifted corporate earnings to record levels.

The allocations to Japanese equities and to Asian equities outside Japan both had a positive impact on the Fund’s performance, as returns were aided by security selection. The allocation to Japanese equities outperformed the allocation to Asia excluding Japan.

Recent Developments

The Fund’s investment in Asia excluding Japan remains underweight Chinese banks and insurers over concerns about their asset quality, capital bases and corporate governance. Elsewhere, the portfolio manager expects decelerating economic growth across the region to be offset somewhat by central-bank policies to stimulate economic growth. This is the case in India, where the portfolio manager expects the Reserve Bank of India to take steps supporting domestic consumption. The portfolio manager is less optimistic about companies tied to faster global economic growth and non-Chinese exporters that could be hurt by a depreciating Chinese currency, which tends to make Chinese exports less expensive on a relative basis.

The direction of the Japanese economy remains positive, although it’s progressing at a slower-than-expected pace, in the opinion of the portfolio manager. Expectations for further monetary easing and a weaker yen will likely continue to provide support for the region’s stock markets.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada (“Royal Bank”) and is the manager, trustee and portfolio manager 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 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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	
		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	End of Year/Period	
Series A													
Dec. 31, 2015	8.62	0.13	(0.20)	2.68	0.25	2.86	—	(0.07)	—	—	(0.07)	10.18	
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	
Advisor Series													
Dec. 31, 2015	8.65	0.13	(0.21)	2.64	0.25	2.81	—	(0.07)	—	—	(0.07)	10.21	
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	
Series D													
Dec. 31, 2015	8.69	0.13	(0.11)	2.71	0.25	2.98	(0.01)	(0.16)	—	—	(0.17)	10.26	
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	
Series F													
Dec. 31, 2015	9.41	0.15	(0.10)	3.25	0.30	3.60	(0.01)	(0.20)	—	—	(0.21)	11.11	
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	
Series O													
Dec. 31, 2015	8.56	0.07	—	1.40	0.13	1.60	(0.01)	(0.27)	—	—	(0.28)	10.11	
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	

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, 2015	10.18	62 391	6 130	2.11	2.11	43.55	0.38
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
Advisor Series							
Dec. 31, 2015	10.21	319	31	2.13	2.13	43.55	0.38
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
Series D							
Dec. 31, 2015	10.26	6 864	669	1.18	1.18	43.55	0.38
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
Series F							
Dec. 31, 2015	11.11	1 332	120	0.92	0.92	43.55	0.38
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
Series O							
Dec. 31, 2015	10.11	334	33	0.05	0.05	43.55	0.38
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

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 manager 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.

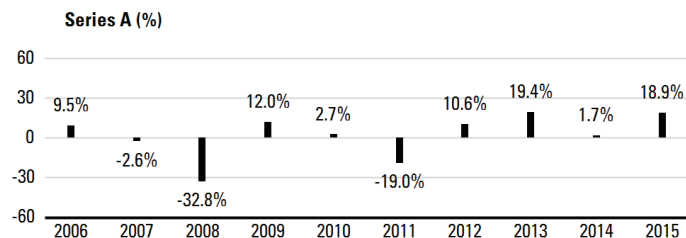
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

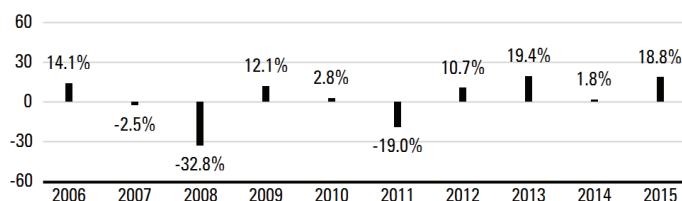
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional 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 (%)

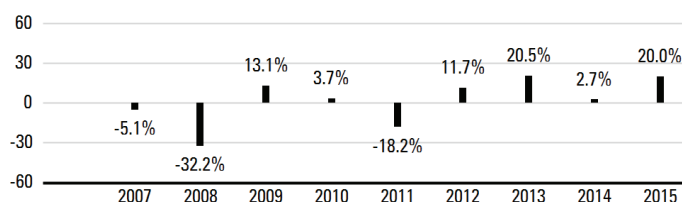
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



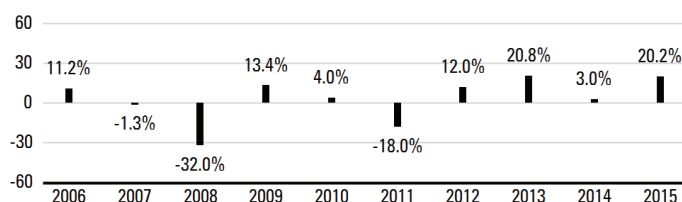
Advisor Series (%)



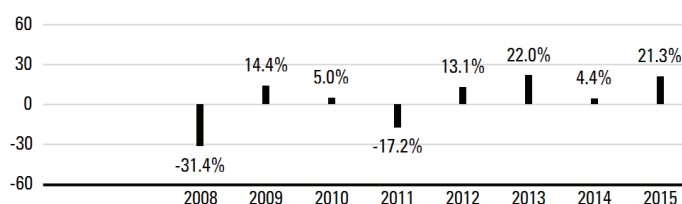
Series D (%)



Series F (%)



Series O (%)





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, 2015, compared with the following benchmark:

MSCI AC Asia Pacific Total Return Net Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A	18.9	13.0	5.3	0.6	—
Benchmark	17.6	15.3	8.8	4.9	—
Advisor Series	18.8	13.0	5.3	—	1.2
Benchmark	17.6	15.3	8.8	—	5.1
Series D	20.0	14.1	6.3	—	0.3
Benchmark	17.6	15.3	8.8	—	3.6
Series F	20.2	14.4	6.5	1.9	—
Benchmark	17.6	15.3	8.8	4.9	—
Series O	21.3	15.6	7.7	—	2.2
Benchmark	17.6	15.3	8.8	—	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.

Series O units have been available for sale to unitholders since January 1, 2008, Series D units since July 3, 2007, and Advisor Series units since August 28, 2006.

Inception dates are not provided for series that have been in existence for more than 10 years.

INDEX DESCRIPTION

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.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2015

Investment Mix

	% of Net Asset Value
Asian (excluding Japan) Equity Funds	56.7
Japanese Equity Funds	43.3

Top 25 Holdings*

	% of Net Asset Value
RBC Asia Pacific ex-Japan Equity Fund	56.6
RBC Japanese Equity Fund	43.3
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.



INTERNATIONAL EQUITY FUND

**RBC ASIA PACIFIC EX-JAPAN
EQUITY FUND**

December 31, 2015

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 4, 2016.

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/reports 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's net asset value rose to \$1.5 billion as of December 31, 2015, from \$1.1 billion at the end of 2014. The increase was due to a combination of net inflows and investment gains.

Over the past year, the Fund's Series A units gained 13.3%, which outperformed the 8.7% 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 any other series, which may vary because of differences in management fees and expenses.

Asian markets stabilized after an abrupt sell-off that spanned April to August. The sharp drop in Chinese equities during the period spurred aggressive policy intervention including state-directed stock purchases, short-selling bans and a raft of other measures aimed at resuscitating financial markets.

Much of the Fund's outperformance was due to stock selection in the Information Technology and Consumer Discretionary sectors. On a regional basis, the Fund's lower-than-benchmark allocation to the Chinese and Taiwanese markets aided returns significantly.

Four of the Fund's top 10 contributors during the year were Chinese companies. Among the Fund's top-performing technology positions was Tencent Holdings, a dominant player in social media and mobile gaming in China. Given the company's years-long track record and top-notch management, the portfolio manager remains positive on Tencent's prospects. Other gainers during the period included AAC Technologies, a maker of components for use in smartphones. Operating income at the company, a supplier to Apple Inc., rose strongly.

The Consumer Discretionary sector generated the strongest returns in Canadian-dollar terms during the year. Nexteer Automotive, a Chinese maker of automotive components, was one of the top contributors to the Fund's performance. The portfolio manager continues to believe in the company's ability to increase profits given its technological edge and strong presence in the U.S.

From a country perspective, an underweight position in South Korea had a negative impact on the Fund's returns. The Fund's investment in Arwana Citramulia, an Indonesian maker of low-cost ceramic tiles, hurt performance. The company's stock fell on declining revenues against a weak macroeconomic backdrop, which weighed on consumption.

Recent Developments

The Fund remains underweight Chinese banks and insurers over concerns about their asset quality, capital bases and corporate governance. Elsewhere, the portfolio manager expects decelerating economic growth across the region to be offset somewhat by central-bank policies to stimulate economic growth. This is the case in India, where the portfolio manager expects the Reserve Bank of India to take steps supporting domestic consumption. The portfolio manager is less optimistic about companies tied to faster global economic growth and non-Chinese exporters that could be hurt by a depreciating Chinese currency, which tends to make Chinese exports less expensive on a relative basis.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	10.34	0.56	(0.24)	0.54	0.53	1.39	(0.04)	(0.20)	(0.50)	—	(0.74)	10.97
Dec. 31, 2014 ³	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, 2015	10.39	0.57	(0.24)	0.55	0.54	1.42	(0.05)	(0.20)	(0.51)	—	(0.76)	11.01
Dec. 31, 2014 ³	10.00 [†]	0.32	(0.18)	0.15	0.29	0.58	—	(0.02)	(0.08)	—	(0.10)	10.39
Series H												
Dec. 31, 2015	10.30	0.56	(0.20)	0.54	0.53	1.43	(0.05)	(0.23)	(0.51)	—	(0.79)	10.92
Dec. 31, 2014 ³	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, 2015	10.39	0.57	(0.16)	0.55	0.54	1.50	(0.06)	(0.28)	(0.51)	—	(0.85)	11.01
Dec. 31, 2014 ³	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, 2015	10.45	0.56	(0.13)	0.54	0.53	1.50	(0.07)	(0.30)	(0.54)	—	(0.91)	11.04
Dec. 31, 2014 ³	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, 2015	10.31	0.57	(0.08)	0.55	0.54	1.58	(0.07)	(0.33)	(0.52)	—	(0.92)	10.92
Dec. 31, 2014 ³	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, 2015	10.35	0.57	—	0.55	0.54	1.66	(0.09)	(0.41)	(0.52)	—	(1.02)	10.95
Dec. 31, 2014 ³	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, 2015	10.97	2 257	206	2.16	2.16	80.43	0.47
Dec. 31, 2014 ⁴	10.34	1 271	123	2.19	2.19	105.08	0.51
Advisor Series							
Dec. 31, 2015	11.01	21	2	2.10	2.10	80.43	0.47
Dec. 31, 2014 ⁴	10.39	23	2	2.10	2.10	105.08	0.51
Series H							
Dec. 31, 2015	10.92	1	—	1.94	1.94	80.43	0.47
Dec. 31, 2014 ⁴	10.30	1	—	1.94	1.94	105.08	0.51
Series D							
Dec. 31, 2015	11.01	508	46	1.38	1.38	80.43	0.47
Dec. 31, 2014 ⁴	10.39	352	34	1.39	1.39	105.08	0.51
Series F							
Dec. 31, 2015	11.04	414	38	1.15	1.15	80.43	0.47
Dec. 31, 2014 ⁴	10.45	160	15	1.05	1.05	105.08	0.51
Series I							
Dec. 31, 2015	10.92	1	—	0.89	0.89	80.43	0.47
Dec. 31, 2014 ⁴	10.31	1	—	0.96	0.96	105.08	0.51
Series O							
Dec. 31, 2015	10.95	1 537 371	140 415	0.02	0.02	80.43	0.47
Dec. 31, 2014 ⁴	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 manager 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.

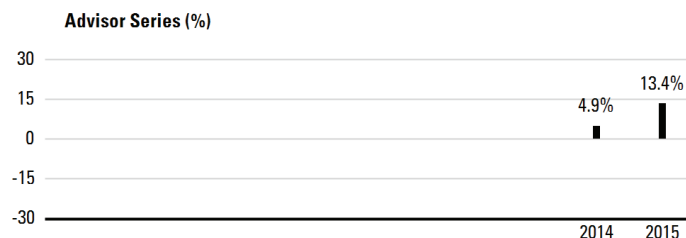


PAST PERFORMANCE

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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.



Series D (%)



Series F (%)



Series I (%)



Series O (%)





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, 2015, compared with the following benchmark:

MSCI AC Asia Pacific ex-Japan Total Return Net Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A	13.3	—	—	—	9.9
Benchmark	8.7	—	—	—	8.9
Advisor Series	13.4	—	—	—	10.1
Benchmark	8.7	—	—	—	8.9
Series H	13.7	—	—	—	10.3
Benchmark	8.7	—	—	—	8.9
Series D	14.2	—	—	—	10.8
Benchmark	8.7	—	—	—	8.9
Series F	14.5	—	—	—	11.1
Benchmark	8.7	—	—	—	8.9
Series I	14.9	—	—	—	11.5
Benchmark	8.7	—	—	—	8.9
Series O	15.8	—	—	—	12.3
Benchmark	8.7	—	—	—	8.9

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.

Series A, Advisor Series, Series H, Series D, Series F, Series I and Series O units have been available for sale to unitholders since March 10, 2014.

Inception dates are not provided for series that have been in existence for more than 10 years.

INDEX DESCRIPTION

MSCI AC Asia Pacific ex-Japan Total Return Net Index (CAD) This index is a broad measure of equity-market performance in Asia excluding Japan. Included in the index are the stock markets of Australia, Hong Kong, New Zealand and Singapore, as well as eight emerging-market countries including China and India. The index covers most of the free float-adjusted market capitalization in each country. 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, 2015

Investment Mix

	% of Net Asset Value
Australia	19.2
China	14.5
Hong Kong	14.3
India	13.0
South Korea	11.9
Taiwan	8.3
Thailand	6.3
Indonesia	4.5
Other Countries	4.1
Cash/Other	3.9

Top 25 Holdings

	% of Net Asset Value
AIA Group Ltd.	4.5
Tencent Holdings Ltd.	4.4
Samsung Electronics Co. Ltd.	4.0
Cash & Cash Equivalents	3.9
CSL Ltd.	3.8
Taiwan Semiconductor Manufacturing Co. Ltd.	2.8
China Insurance International Holdings Co. Ltd.	2.7
Shinhan Financial Group Co. Ltd.	2.4
China Construction Bank Corp.	2.3
HDFC Bank Ltd. ADR	2.1
Amorepacific Corp.	2.1
China Mobile (Hong Kong) Ltd.	2.0
HDFC Bank Ltd.	2.0
Baidu.com Inc. ADR	1.9
PT Hanjaya Mandala Sampoerna Tbk	1.9
Macquarie Group Ltd.	1.8
Samsung Electronics Co. Ltd. Preference	1.7
CK Hutchison Holdings Ltd.	1.6
Beauty Community PCL	1.6
Westpac Banking Corporation	1.6
Brambles Ltd.	1.6
Henderson Group Plc.	1.5
Alibaba Group Holding Ltd. ADR	1.4
Mantra Group Ltd.	1.4
Sun Pharmaceutical Industries Ltd.	1.4
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 JAPANESE EQUITY FUND

December 31, 2015

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 4, 2016.

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/reports 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's net asset value rose to \$975 million as of December 31, 2015, from \$699 million at the end of 2014. The increase was due mainly to investment gains.

Over the past year, the Fund's Series A units gained 28.0%, which underperformed the 31.4% 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 any other series, which may vary because of differences in management fees and expenses.

Japan's equity markets staged a sharp rally in 2015, as Prime Minister Shinzo Abe was largely successful in pushing through aggressive policy measures designed to spur economic growth. Meanwhile, the marginally weaker yen and new legislative measures aimed at improving corporate governance and shareholder returns lifted corporate earnings to record levels.

During the year, the Consumer Discretionary and Consumer Staples sectors contributed the most to the Fund's relative performance. Household brands such as sweets maker Meiji Holdings and Muji, a retailer of household items, performed well on the back of accelerating domestic sales and a rise in tourists from overseas. Another bright spot for the Fund was Asahi Intecc, a medical-equipment manufacturer that has boosted revenue growth both domestically and overseas on successful new-product launches. Elsewhere, industrial boiler maker Miura Co. was one of the largest contributors to Fund performance. Miura's environmentally friendly boiler business progressed well in China against a backdrop of energy-conservation investment and growth in the country's middle class.

The Telecommunication Services sector was the biggest drag on the Fund's relative performance. Allocations to NTT DoCoMo and KDDI Corp. both hurt overall portfolio returns. An underweight position in Japanese automakers also negatively impacted performance. Toyota Motor performed particularly well during the year on expectations of continuing share buybacks and strong demand for the new Prius lineup in 2016.

Recent Developments

Looking ahead, the direction of the Japanese economy remains positive, although it's progressing at a slower-than-expected pace, in the opinion of the portfolio manager. Expectations for further monetary easing and a weaker yen will likely continue to provide support for the region's stock markets. The portfolio manager is cognizant that a further increase in the consumption tax, due in April 2017, could provide a longer-term headwind to growth.

Finally, the portfolio manager expects further stock-market volatility following December's U.S. interest-rate hike and a weakening Chinese renminbi, which could make Japanese products expensive relative to those produced in China. That said, the portfolio manager believes that focusing on quality companies with room for improvement in balance-sheet management, corporate governance and penetration throughout Asia will continue to provide attractive returns over the long term.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	10.00	0.17	(0.27)	1.15	1.69	2.74	—	—	(0.91)	—	(0.91)	11.89
Dec. 31, 2014 ³	10.00 [†]	0.11	(0.18)	0.25	0.38	0.56	—	—	(0.21)	—	(0.21)	10.00
Advisor Series												
Dec. 31, 2015	10.02	0.17	(0.26)	1.15	1.69	2.75	—	—	(0.91)	—	(0.91)	11.92
Dec. 31, 2014 ³	10.00 [†]	0.16	(0.17)	0.35	0.55	0.89	—	—	(0.21)	—	(0.21)	10.02
Series H												
Dec. 31, 2015	10.03	0.17	(0.23)	1.16	1.71	2.81	—	—	(0.92)	—	(0.92)	11.96
Dec. 31, 2014 ³	10.00 [†]	0.20	(0.15)	0.44	0.68	1.17	—	—	(0.21)	—	(0.21)	10.03
Series D												
Dec. 31, 2015	10.06	0.17	(0.17)	1.16	1.71	2.87	—	—	(0.93)	—	(0.93)	12.06
Dec. 31, 2014 ³	10.00 [†]	0.11	(0.11)	0.25	0.39	0.64	—	(0.01)	(0.21)	—	(0.22)	10.06
Series F												
Dec. 31, 2015	10.07	0.17	(0.13)	1.15	1.69	2.88	—	(0.03)	(0.95)	—	(0.98)	12.07
Dec. 31, 2014 ³	10.00 [†]	0.20	(0.07)	0.44	0.68	1.25	—	(0.04)	(0.21)	—	(0.25)	10.07
Series I												
Dec. 31, 2015	10.07	0.15	(0.15)	1.04	1.54	2.58	—	(0.07)	(0.94)	—	(1.01)	12.06
Dec. 31, 2014 ³	10.00 [†]	0.20	(0.06)	0.44	0.68	1.26	—	(0.05)	(0.21)	—	(0.26)	10.07
Series O												
Dec. 31, 2015	10.08	0.17	—	1.18	1.74	3.09	—	(0.16)	(0.94)	—	(1.10)	12.08
Dec. 31, 2014 ³	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, 2015	11.89	4 693	395	2.23	2.23	89.25	0.26
Dec. 31, 2014 ⁴	10.00	711	71	2.23	2.23	91.34	0.29
Advisor Series							
Dec. 31, 2015	11.92	81	7	2.18	2.18	89.25	0.26
Dec. 31, 2014 ⁴	10.02	4	—	2.10	2.10	91.34	0.29
Series H							
Dec. 31, 2015	11.96	3	—	1.94	1.94	89.25	0.26
Dec. 31, 2014 ⁴	10.03	1	—	1.94	1.94	91.34	0.29
Series D							
Dec. 31, 2015	12.06	2 662	221	1.39	1.39	89.25	0.26
Dec. 31, 2014 ⁴	10.06	311	31	1.38	1.38	91.34	0.29
Series F							
Dec. 31, 2015	12.07	619	51	1.06	1.06	89.25	0.26
Dec. 31, 2014 ⁴	10.07	1	—	1.05	1.05	91.34	0.29
Series I							
Dec. 31, 2015	12.06	1 597	133	0.89	0.89	89.25	0.26
Dec. 31, 2014 ⁴	10.07	1	—	0.96	0.96	91.34	0.29
Series O							
Dec. 31, 2015	12.08	965 842	79 923	0.02	0.02	89.25	0.26
Dec. 31, 2014 ⁴	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 manager 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.

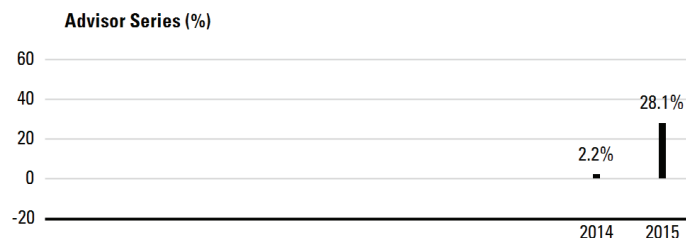


PAST PERFORMANCE

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, 2015, compared with the following benchmark:

MSCI Japan Total Return Net Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A	28.0	—	—	—	15.9
Benchmark	31.4	—	—	—	21.3
Advisor Series	28.1	—	—	—	16.0
Benchmark	31.4	—	—	—	21.3
Series H	28.4	—	—	—	16.3
Benchmark	31.4	—	—	—	21.3
Series D	29.1	—	—	—	16.9
Benchmark	31.4	—	—	—	21.3
Series F	29.7	—	—	—	17.4
Benchmark	31.4	—	—	—	21.3
Series I	29.8	—	—	—	17.5
Benchmark	31.4	—	—	—	21.3
Series O	30.8	—	—	—	18.5
Benchmark	31.4	—	—	—	21.3

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.

Series A, Advisor Series, Series H, Series D, Series F, Series I and Series O units have been available for sale to unitholders since March 10, 2014.

Inception dates are not provided for series that have been in existence for more than 10 years.

INDEX DESCRIPTION

MSCI Japan Total Return Net Index (CAD) This index is a broad measure of the Canadian-dollar performance of the large and mid-cap segments of the Japanese stock market. 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, 2015

Investment Mix

	% of Net Asset Value
Consumer Discretionary	21.8
Financials	19.7
Consumer Staples	12.9
Health Care	12.7
Industrials	12.2
Information Technology	10.5
Telecommunication Services	6.7
Materials	2.7
Cash/Other	0.8

Top 25 Holdings

	% of Net Asset Value
Toyota Motor Corp.	5.7
SoftBank Group Corp.	4.4
Sumitomo Mitsui Financial Group Inc.	3.8
Mitsubishi UFJ Financial Group Inc.	3.8
Mizuho Financial Group Inc.	3.4
Bridgestone Corp.	3.1
Sysmex Corp.	2.6
PeptiDream Inc.	2.5
Ajinomoto Co. Inc.	2.5
Nippon Telegraph & Telephone Corp.	2.4
Olympus Optical Co. Ltd.	2.3
Fuji Heavy Industries Ltd.	2.3
Seiko Epson Corp.	2.3
Sony Corp.	2.3
Daikin Industries Ltd.	2.3
Nitori Co. Ltd.	2.3
Mitsui Fudosan Co. Ltd.	2.2
Kubota Corp.	2.0
MEIJI Holdings Co. Ltd.	2.0
The Dai-ichi Life Insurance Co. Ltd.	2.0
Nitto Denko Corp.	1.9
Murata Manufacturing Co. Ltd.	1.8
Seven & I Holdings Co. Ltd.	1.8
COOKPAD Inc.	1.8
Miura Co. Ltd.	1.7
Top 25 Holdings	65.2

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 DIVIDEND FUND

December 31, 2015

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 4, 2016.

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/reports 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 \$431 million as of December 31, 2015, from \$293 million at the end of 2014. The increase was due to net inflows.

Over the past year, the Fund's Series A units lost 3.8%, which underperformed the 2.0% 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 any other series, which may vary because of differences in management fees and expenses.

The main issue affecting emerging markets during 2015 was the debate over whether and when the U.S. Federal Reserve (the "Fed") would raise interest rates. The concern for emerging markets was that a rise in rates would make it more expensive to service U.S. dollar-denominated debt. While this is now less of a concern for many emerging markets than in previous years, emerging-market currencies weakened versus the U.S. dollar. A decline in commodity prices also negatively impacted emerging-market stocks, as did concerns about slowing economic growth in China.

At the country level, China was among the top-performing countries following a rebound toward the close of the fourth quarter and as the International Monetary Fund accepted China's currency as one of the five constituents of its basket of major reserve currencies – a sign of China's increased influence in the world economy. Indian stocks also performed well amid progress in reform and as the country benefited from low inflation and reduced interest rates, helping to boost consumption.

At the Fund level, asset allocation was positive for performance. Notable was an underweight position in the Brazilian market, which underperformed significantly. As for stock selection, Taiwan was positive, while Brazil was the most negative. An overweight position in Information Technology helped performance given that the sector was the best performer, and stock selection was strong across the Health Care and Telecommunication Services sectors. Allocations that had a negative impact on performance were an underweight position in the Consumer Staples sector. From a stock-selection perspective, the Financials and Energy sectors held back returns the most.

Recent Developments

The Fed's decision to make its first move in raising interest rates has removed some of the uncertainty hanging over markets, and in the view of the portfolio manager, bodes well for emerging-market stocks. For performance to improve, emerging-market economic growth will have to begin improving relative to developed markets.

Emerging markets including India, China and Indonesia cut interest rates in 2015, as inflation was subdued. Such steps should help boost consumption and growth. In addition, earnings should improve, in the view of the portfolio manager, aided by better capital discipline, reforms and the weaker currencies.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 \$0 (2014 – \$1,000) or 0% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	11.26	0.35	(0.28)	0.07	(0.84)	(0.70)	—	(0.13)	(0.07)	—	(0.20)	10.64
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, 2015	11.28	0.35	(0.28)	0.07	(0.84)	(0.70)	—	(0.13)	(0.07)	—	(0.20)	10.66
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, 2015	11.30	0.35	(0.19)	0.07	(0.84)	(0.61)	—	(0.17)	(0.07)	—	(0.24)	10.72
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, 2015	11.38	0.35	(0.16)	0.07	(0.84)	(0.58)	—	(0.19)	(0.07)	—	(0.26)	10.81
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, 2015	11.04	0.34	(0.03)	0.07	(0.82)	(0.44)	—	(0.29)	(0.07)	—	(0.36)	10.49
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, 2015	10.64	15 274	1 436	2.43	2.43	69.98	0.50
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, 2015	10.66	2 453	230	2.43	2.43	69.98	0.50
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, 2015	10.72	2 732	255	1.60	1.60	69.98	0.50
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, 2015	10.81	19 177	1 775	1.36	1.36	69.98	0.50
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, 2015	10.49	392 045	37 366	0.28	0.28	69.98	0.50
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 manager 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.



Series F (%)



Series O (%)



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, 2015, 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	-3.8	—	—	—	4.3
Benchmark	2.0	—	—	—	7.7
Advisor Series	-3.8	—	—	—	4.4
Benchmark	2.0	—	—	—	7.7
Series D	-3.0	—	—	—	5.2
Benchmark	2.0	—	—	—	7.7
Series F	-2.8	—	—	—	5.5
Benchmark	2.0	—	—	—	7.7
Series O	-1.7	—	—	—	5.3
Benchmark	2.0	—	—	—	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.

Series A, Advisor Series, Series D and Series F units have been available for sale to unitholders since August 12, 2013, and Series O units since June 10, 2013.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
China	23.9
South Korea	18.9
Taiwan	13.1
India	9.2
Brazil	4.9
South Africa	4.1
Russia	3.9
Thailand	3.3
Hong Kong	2.7
Turkey	2.0
Indonesia	2.0
Malaysia	1.9
Mexico	1.6
Other Countries	8.2
Cash/Other	0.3

Top 25 Holdings

	% of Net Asset Value
Samsung Electronics Co. Ltd.	4.8
China Construction Bank Corp.	3.8
Taiwan Semiconductor Manufacturing Co. Ltd.	3.5
China Mobile (Hong Kong) Ltd.	3.2
Bank of China Ltd.	2.8
Naspers Ltd.	2.0
CNOOC Ltd.	2.0
Itau Unibanco Holding S.A. Preference	2.0
Kia Motors Corp.	1.8
China Overseas Land & Investment Ltd.	1.6
Infosys Technologies Ltd. ADR	1.6
Alibaba Group Holding Ltd. ADR	1.6
Tata Motors Limited ADR	1.5
Hon Hai Precision Industry Co. Ltd.	1.5
PT Telekomunikasi Indonesia Persero Tbk	1.4
Standard Bank Group Ltd.	1.4
LG Corp.	1.3
Enersis S.A. ADR	1.3
LG Chem Ltd.	1.2
Commercial International Bank GDR	1.2
Oil & Natural Gas Corp Ltd.	1.1
Sun Pharmaceutical Industries Ltd.	1.1
Banco Davivienda S.A. Preference	1.1
Sinopharm Group Co.	1.1
Korea Electric Power Corp.	1.1
Top 25 Holdings	47.0

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.



INTERNATIONAL EQUITY FUND

RBC EMERGING MARKETS EQUITY FUND

December 31, 2015

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 4, 2016.

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/reports 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 \$2.3 billion as of December 31, 2015, from \$1.9 billion at the end of 2014. The increase was due to a combination of net inflows and investment gains.

Over the past year, the Fund's Series A units gained 6.8%, which outperformed the 2.0% 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 any other series, which may vary because of differences in management fees and expenses.

The main issue affecting emerging markets during 2015 was the debate over whether and when the U.S. Federal Reserve (the "Fed") would raise interest rates. The concern for emerging markets was that a rise in rates would make it more expensive to service U.S. dollar-denominated debt. While this is now less of a concern for many emerging markets than in previous years, emerging-market currencies weakened versus the U.S. dollar. A decline in commodity prices also negatively impacted emerging-market stocks, as did concerns about slowing economic growth in China.

At the country level, China was among the top-performing countries following a rebound toward the close of the fourth quarter and as the International Monetary Fund accepted China's currency as one of the five constituents of its basket of major reserve currencies – a sign of China's increased influence in the world economy. Indian stocks also performed well amid progress in reform and as the country benefited from low inflation and reduced interest rates, helping to boost consumption.

Within the Fund, stock selection in India and South Africa contributed the most to relative performance, as did an overweight position in India.

A complete lack of holdings in the Materials sector helped performance given the continued slide in the price of iron ore, while stock selection was strong across the Industrials, Consumer Staples and Financials sectors. Among the top-performing holdings was Hong Kong conglomerate CK Hutchison Holdings. The share price rose following an announcement that the company would split into property and infrastructure units, allowing investors to more precisely target the parts of the business in which they were most interested.

Recent Developments

The Fed's decision to make its first move in raising interest rates has removed some of the uncertainty hanging over markets, and in the view of the portfolio manager, bodes well for emerging-market stocks. For performance to improve, emerging-market economic growth will have to begin improving relative to developed markets.

Emerging markets including India, China and Indonesia cut interest rates in 2015, as inflation was subdued. Such steps should help boost consumption and growth. In addition, earnings should improve, in the view of the portfolio manager, aided by better capital discipline, reforms and the weaker currencies.

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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.

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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, 2015	13.10	0.43	(0.34)	0.53	0.19	0.81	—	(0.08)	—	—	(0.08)	13.91
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
Advisor Series												
Dec. 31, 2015	13.08	0.43	(0.34)	0.53	0.19	0.81	—	(0.08)	—	—	(0.08)	13.89
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
Series D												
Dec. 31, 2015	13.25	0.44	(0.21)	0.54	0.19	0.96	—	(0.21)	—	—	(0.21)	14.07
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
Series F												
Dec. 31, 2015	13.33	0.43	(0.17)	0.54	0.19	0.99	—	(0.25)	—	—	(0.25)	14.17
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
Series I												
Dec. 31, 2015	13.48	0.44	(0.13)	0.55	0.20	1.06	—	(0.30)	—	—	(0.30)	14.31
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	Total	
Series O												
Dec. 31, 2015	13.37	0.44	(0.04)	0.55	0.20	1.15	—	(0.39)	—	—	(0.39)	14.20
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

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, 2015	13.91	122 456	8 802	2.43	2.43	24.03	0.17
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
Advisor Series							
Dec. 31, 2015	13.89	20 707	1 491	2.44	2.44	24.03	0.17
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
Series D							
Dec. 31, 2015	14.07	27 124	1 927	1.48	1.48	24.03	0.17
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
Series F							
Dec. 31, 2015	14.17	76 433	5 395	1.19	1.19	24.03	0.17
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
Series I							
Dec. 31, 2015	14.31	4 800	335	0.89	0.89	24.03	0.17
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, 2015	14.20	2 093 317	147 407	0.28	0.28	24.03	0.17
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

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 manager 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	1.00%	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.

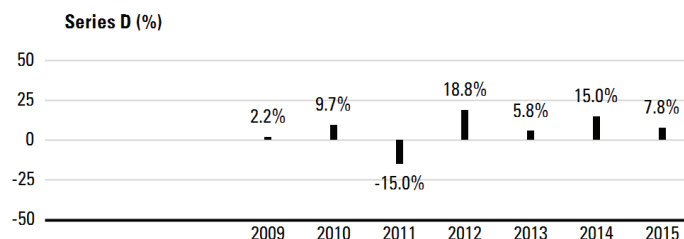
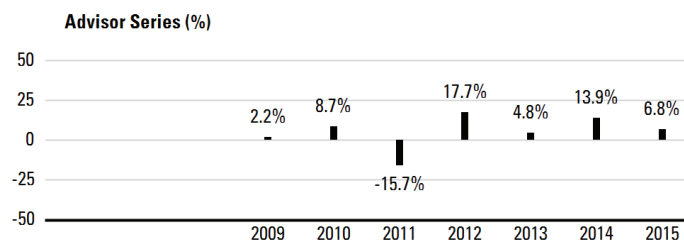
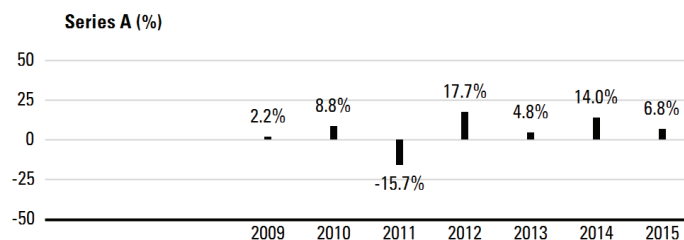


PAST PERFORMANCE

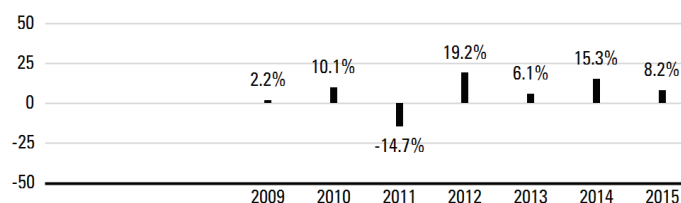
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional 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.



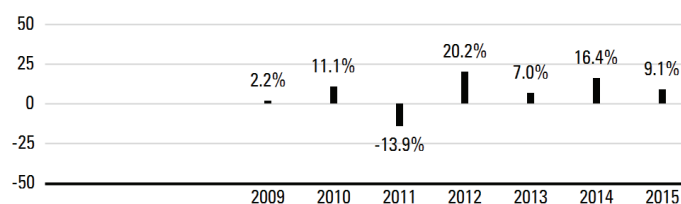
Series F (%)



Series I (%)



Series O (%)





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, 2015, 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	6.8	8.4	4.8	—	5.8
Benchmark	2.0	4.2	1.8	—	3.5
Advisor Series	6.8	8.4	4.8	—	5.8
Benchmark	2.0	4.2	1.8	—	3.5
Series D	7.8	9.5	5.8	—	6.8
Benchmark	2.0	4.2	1.8	—	3.5
Series F	8.2	9.8	6.1	—	7.1
Benchmark	2.0	4.2	1.8	—	3.5
Series I	8.4	10.1	—	—	12.8
Benchmark	2.0	4.2	—	—	6.8
Series O	9.1	10.8	7.1	—	8.1
Benchmark	2.0	4.2	1.8	—	3.5

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.

Series I units have been available for sale to unitholders since July 9, 2012, and Series A, Advisor Series, Series D, Series F and Series O units since December 23, 2009.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
China	15.9
India	15.4
South Korea	10.7
Taiwan	10.2
South Africa	8.1
Hong Kong	6.9
Brazil	5.6
Malaysia	3.8
Philippines	3.6
Indonesia	2.7
Mexico	2.6
Turkey	2.3
Peru	1.9
Other Countries	8.3
Cash/Other	2.0

Top 25 Holdings

	% of Net Asset Value
Housing Development Finance Corp.	4.4
Taiwan Semiconductor Manufacturing Co. Ltd.	4.3
Samsung Electronics Co. Ltd.	4.0
SM Investments Corp.	3.6
Naspers Ltd.	3.3
China Mobile (Hong Kong) Ltd.	2.7
Lupin Ltd.	2.7
CK Hutchison Holdings Ltd.	2.6
AIA Group Ltd.	2.5
Axiata Group Berhad	2.3
Banco Bradesco S.A. ADR	2.2
Standard Foods Corp.	2.1
Lenovo Group Limited	2.0
Credicorp Ltd.	1.9
Cash & Cash Equivalents	1.9
Fuyao Glass Industry Group Co. Ltd.	1.9
Cummins India Ltd.	1.9
HCL Technologies Ltd.	1.9
Samsonite International S.A.	1.9
China Merchants Holdings Co. Ltd.	1.8
Baidu.com Inc. ADR	1.7
Infosys Technologies Ltd. ADR	1.7
South African Breweries Plc.	1.7
Kimberly-Clark de Mexico S.A.	1.7
Alibaba Group Holding Ltd. ADR	1.7
Top 25 Holdings	60.4

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, 2015

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 4, 2016.

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/reports 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 \$313 million as of December 31, 2015, from \$201 million at the end of 2014. The increase was due mainly to net inflows.

Over the past year, the Fund's Series A units gained 9.7%, which underperformed the 11.7% rise in the benchmark. The broad-based index rose 2.0%. 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 any other series, which may vary because of differences in management fees and expenses.

The main issue affecting emerging markets during 2015 was the debate over whether and when the U.S. Federal Reserve (the "Fed") would raise interest rates. The concern for emerging markets was that a rise in rates would make it more expensive to service U.S. dollar-denominated debt. While this is now less of a concern for many emerging markets than in previous years, emerging-market currencies weakened versus the U.S. dollar. A decline in commodity prices also negatively impacted emerging-market stocks, as did concerns about slowing economic growth in China.

At the country level, China was among the top-performing countries following a rebound toward the close of the fourth quarter and as the International Monetary Fund accepted China's currency as one of the five constituents of its basket of major reserve currencies – a sign of China's increased influence in the world economy. Indian stocks also performed well amid progress in reform and as the country benefited from low inflation and reduced interest rates, helping to boost consumption.

At the Fund level, stock selection in India and South Africa contributed the most to relative performance, as did an overweight position in India.

An overweight position in Health Care, the best-performing sector, aided performance, as did an underweight position in Materials, which was hurt by the continued slide in the price of iron ore. Stock selection was strong across the Consumer Staples and Utilities sectors. An investment in South Korean beauty products provider Amorepacific was among the Fund's best performing holdings given a recovery in personal consumption following an outbreak of Middle East Respiratory Syndrome (MERS).

Recent Developments

The Fed's decision to make its first move in raising interest rates has removed some of the uncertainty hanging over markets, and in the view of the portfolio manager, bodes well for emerging-market stocks. For performance to improve, emerging-market economic growth will have to begin improving relative to developed markets.

Emerging markets including India, China and Indonesia cut interest rates in 2015, as inflation was subdued. Such steps should help boost consumption and growth. In addition, earnings should improve, in the view of the portfolio manager, aided by better capital discipline, reforms and the weaker currencies.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	11.51	0.33	(0.29)	0.31	0.75	1.10	—	—	(0.25)	—	(0.25)	12.38
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, 2015	11.50	0.34	(0.31)	0.32	0.78	1.13	—	—	(0.25)	—	(0.25)	12.35
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, 2015	11.60	0.33	(0.20)	0.32	0.76	1.21	—	(0.07)	(0.25)	—	(0.32)	12.50
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, 2015	11.67	0.33	(0.17)	0.31	0.76	1.23	—	(0.11)	(0.25)	—	(0.36)	12.57
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, 2015	11.72	0.34	(0.03)	0.32	0.77	1.40	—	(0.25)	(0.25)	—	(0.50)	12.62
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, 2015	12.38	2 465	199	2.38	2.38	24.73	0.22
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, 2015	12.35	1 749	142	2.50	2.50	24.73	0.22
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, 2015	12.50	2 086	167	1.60	1.60	24.73	0.22
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, 2015	12.57	14 680	1 168	1.32	1.32	24.73	0.22
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, 2015	12.62	291 706	23 114	0.28	0.28	24.73	0.22
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 manager 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.



Series F (%)



Series O (%)



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, 2015, 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	9.7	—	—	—	10.7
Benchmark	11.7	—	—	—	13.2
Broad-based index	2.0	—	—	—	7.7
Advisor Series	9.5	—	—	—	10.6
Benchmark	11.7	—	—	—	13.2
Broad-based index	2.0	—	—	—	7.7
Series D	10.6	—	—	—	11.6
Benchmark	11.7	—	—	—	13.2
Broad-based index	2.0	—	—	—	7.7
Series F	10.8	—	—	—	11.9
Benchmark	11.7	—	—	—	13.2
Broad-based index	2.0	—	—	—	7.7
Series O	12.0	—	—	—	12.2
Benchmark	11.7	—	—	—	11.0
Broad-based index	2.0	—	—	—	6.9

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.

Series A, Advisor Series, Series D and Series F units have been available for sale to unitholders since August 12, 2013, and Series O units since June 10, 2013.

Inception dates are not provided for series that have been in existence for more than 10 years.



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, 2015

Investment Mix

	% of Net Asset Value
India	18.8
Taiwan	11.7
South Korea	8.4
South Africa	7.9
Thailand	7.6
Hong Kong	6.3
China	5.7
Chile	5.4
Brazil	4.6
Indonesia	4.4
Philippines	4.1
Malaysia	2.7
Mexico	2.6
United Arab Emirates	2.6
Other Countries	2.7
Cash/Other	4.5

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	4.4
Indraprastha Gas Ltd.	3.6
Sino Biopharmaceutical Ltd.	3.2
PT Ace Hardware Indonesia Tbk	3.2
Aeon Thana Sinsap Thailand PCL, Subscription Receipts	3.0
Security Bank Corp.	3.0
Cummins India Ltd.	3.0
Godrej Industries Ltd.	3.0
Marico Ltd.	2.9
Amorepacific Corp. Preference	2.9
Luthai Textile Co. Ltd.	2.8
Standard Foods Corp.	2.8
Inversiones Aguas Metropolitanas S.A.	2.8
Aramex PJSC, Participation Notes	2.6
DGB Financial Group Inc.	2.6
Chroma ATE Inc.	2.6
Delta Electronics Thailand PCL	2.5
Hollysys Automation Technologies Ltd.	2.4
Tube Investments of India Ltd.	2.3
Samsonite International S.A.	2.3
MC Group PCL	2.1
Airtac International Group	2.0
Hyprop Investments Ltd. Real Estate Investment Trust	1.9
Clicks Group Ltd.	1.8
Oceana Group Ltd.	1.7
Top 25 Holdings	67.4

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, 2015

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 4, 2016.

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/reports 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 \$2.2 billion as of December 31, 2015, from \$1.6 billion at the end of 2014. The increase was due to a combination of investment gains and net inflows.

Over the past year, the Fund's Series A units gained 19.8%, which outperformed the 18.9% 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 any other series, which may vary because of differences in management fees and expenses.

Japan and the Eurozone provided the best equity returns among global developed markets in 2015. The U.S. and U.K. stock markets, the world's largest, ended broadly flat for the year, but sustained weakness in the Canadian dollar provided an additional boost to returns for Canadian investors.

The Fund benefited from being overweight in the Eurozone, and good stock selection in the region enabled the Fund to outperform. The European Central Bank's introduction in early 2015 of quantitative easing – large bond purchases aimed at holding down longer-term interest rates – led to Eurozone equity-market strength on investor expectations that monetary easing would spur a wave of corporate investment spending.

The performance of industry sectors varied widely in 2015. Consumer-oriented sectors including Health Care and Information Technology produced double-digit returns, while energy- and other commodity-related stocks were held back by weaker demand and oversupply. Within the Fund, good contributions from Japanese automaker Toyota Motor and China-based Shenzhou International, a clothing manufacturer whose customers include Nike and Adidas, helped

returns in the Consumer Discretionary sector. Boosting performance in the Consumer Staples sector were Anheuser-Busch InBev, whose successful bid for SABMiller created the world's biggest brewer, and Tyson Foods, the U.S. meat processor.

The Fund's Health Care stocks performed in line with the sector benchmark as solid performances from UnitedHealth Group, the managed-care business, and Roche, the Swiss-based drug company, were offset by weakness in Sanofi, whose profit estimates were lowered and the CEO replaced. Sanofi was sold from the Fund during the year.

Industrials was one of the few sectors in which the Fund's holdings underperformed the sector benchmark. Strong returns from aerospace and defence stocks Northrop Grumman and Safran could not make up for poor returns by Ashtead Group, the U.K.-based equipment-rental business. Most negative for relative returns was Union Pacific as U.S. rail stocks suffered from weaker demand for shipments of coal and other commodities. Both stocks were sold from the Fund this year, as the portfolio manager believes that the short-term prospects for each are limited.

Portfolio turnover is relatively high for the Fund, as the portfolio manager attempts to generate better returns through active fund management.

Recent Developments

The pace of global growth has slowed over the past 12 months although the threat of recession, in the developed world at least, seems modest, in the view of the portfolio manager. Inflation remains very low as the recent big commodity-price declines have supplanted a decade of high prices. A little more inflation, which the portfolio manager expects to see in 2016, would be desirable for many developed countries. While the U.S. has come to the end of a long period of monetary easing with the U.S. Federal Reserve's recent interest-rate rise, the first since 2006, monetary-stimulus measures are still in place in the Eurozone and Japan. The portfolio manager expects the significant monetary stimulus still in effect outside the U.S. to lead to faster economic activity.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 \$111,000 (2014 – \$64,000) or 2% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	12.23	0.34	(0.31)	1.65	0.55	2.23	—	(0.02)	(1.28)	—	(1.30)	13.34
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
Advisor Series												
Dec. 31, 2015	12.37	0.34	(0.32)	1.65	0.55	2.22	—	(0.03)	(1.29)	—	(1.32)	13.50
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
Series T5												
Dec. 31, 2015	11.45	0.30	(0.28)	1.49	0.50	2.01	—	(0.03)	(1.35)	—	(1.38)	12.33
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, 2015	8.97	0.23	(0.22)	1.14	0.38	1.53	—	(0.02)	(1.14)	—	(1.16)	9.55
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)	6.75
Series H												
Dec. 31, 2015	12.35	0.34	(0.30)	1.65	0.55	2.24	—	(0.04)	(1.29)	—	(1.33)	13.48
Dec. 31, 2014 ⁴	12.68 [†]	0.11	(0.11)	0.63	(0.15)	0.48	—	(0.03)	(1.16)	—	(1.19)	12.35
Series D												
Dec. 31, 2015	12.45	0.34	(0.18)	1.67	0.56	2.39	—	(0.17)	(1.31)	—	(1.48)	13.57
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



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 F												
Dec. 31, 2015	13.26	0.36	(0.15)	1.75	0.59	2.55	—	(0.22)	(1.40)	—	(1.62)	14.46
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
Series I												
Dec. 31, 2015	12.62	0.35	(0.10)	1.70	0.57	2.52	—	(0.26)	(1.35)	—	(1.61)	13.74
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
Series O												
Dec. 31, 2015	12.40	0.34	—	1.69	0.57	2.60	—	(0.35)	(1.33)	—	(1.68)	13.50
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

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, 2015	13.34	388 783	29 137	2.25	2.25	130.01	0.32
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
Advisor Series							
Dec. 31, 2015	13.50	84 851	6 285	2.23	2.23	130.01	0.32
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



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 T5							
Dec. 31, 2015	12.33	3 596	292	2.18	2.18	130.01	0.32
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, 2015	9.55	7 078	741	2.21	2.21	130.01	0.32
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
Series H							
Dec. 31, 2015	13.48	3 381	251	2.15	2.15	130.01	0.32
Dec. 31, 2014 ⁵	12.35	1 564	127	2.15	2.15	155.90	0.39
Series D							
Dec. 31, 2015	13.57	37 755	2 783	1.27	1.27	130.01	0.32
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
Series F							
Dec. 31, 2015	14.46	43 949	3 040	1.00	1.00	130.01	0.32
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
Series I							
Dec. 31, 2015	13.74	9 260	674	0.70	0.70	130.01	0.32
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
Series O							
Dec. 31, 2015	13.50	1 645 546	121 922	0.02	0.02	130.01	0.32
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

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 manager 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.

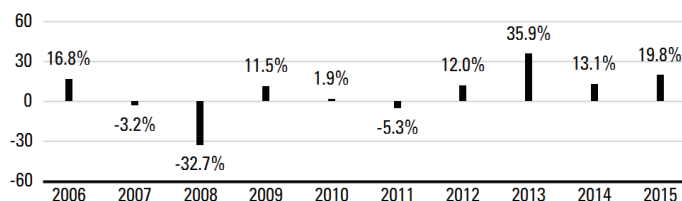
PAST PERFORMANCE

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.

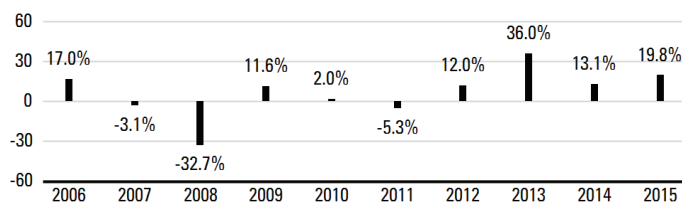
Year-by-Year Returns (%)

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.

Series A (%)



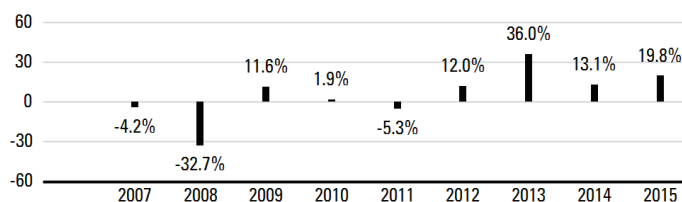
Advisor Series (%)



Series T5 (%)



Series T8 (%)

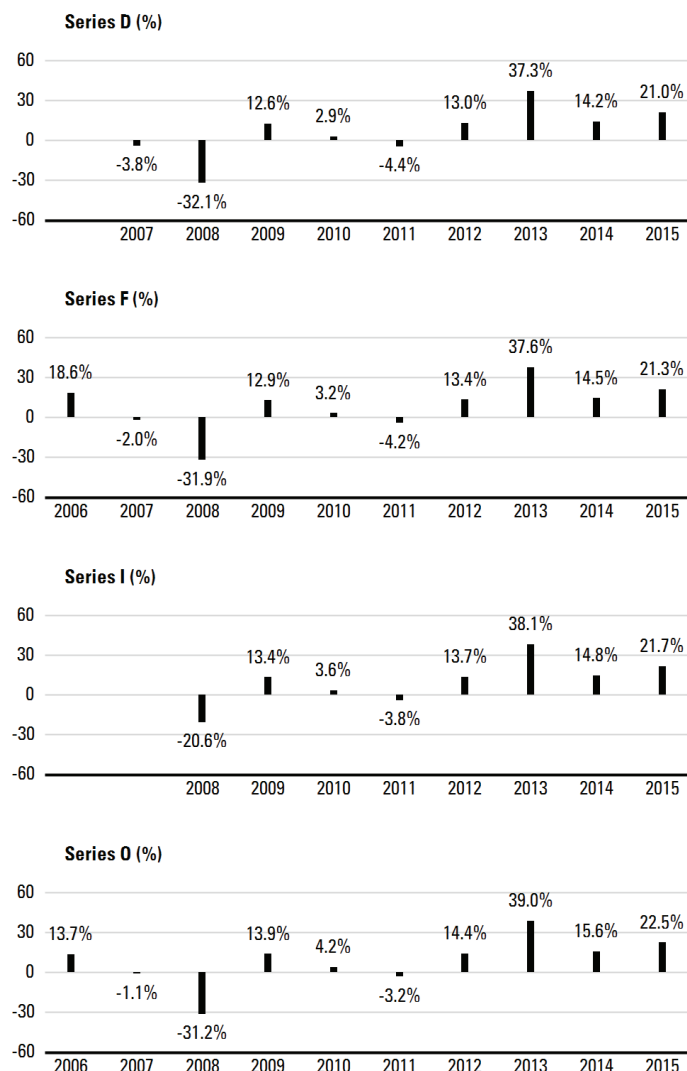


Series H (%)





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, 2015, 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	19.8	22.6	14.3	5.4	—
Benchmark	18.9	22.5	15.0	6.8	—
Advisor Series	19.8	22.6	14.4	5.4	—
Benchmark	18.9	22.5	15.0	6.8	—
Series T5	20.0	22.7	—	—	21.7
Benchmark	18.9	22.5	—	—	22.0
Series T8	19.8	22.6	14.3	—	4.3
Benchmark	18.9	22.5	15.0	—	6.1
Series H	19.9	—	—	—	19.4
Benchmark	18.9	—	—	—	18.0
Series D	21.0	23.8	15.4	—	5.3
Benchmark	18.9	22.5	15.0	—	6.1
Series F	21.3	24.1	15.7	6.7	—
Benchmark	18.9	22.5	15.0	6.8	—
Series I	21.7	24.5	16.1	—	8.9
Benchmark	18.9	22.5	15.0	—	8.1
Series O	22.5	25.3	16.9	—	7.7
Benchmark	18.9	22.5	15.0	—	6.7

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.

Series H units have been available for sale to unitholders since August 11, 2014, Series T5 units since September 24, 2012, Series I units since January 21, 2008, Series T8 and Series D units since July 3, 2007, and Series O units since September 5, 2006.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
United States	49.0
United Kingdom	11.2
Japan	7.8
France	6.7
Germany	5.1
Belgium	5.0
Italy	3.0
Switzerland	2.8
Netherlands	2.1
Hong Kong	2.0
Other Countries	3.7
Cash/Other	1.6

Top 25 Holdings

	% of Net Asset Value
Legal & General Group Plc.	3.9
Blackstone Group LP	3.1
CVS Health Corp.	3.1
Pfizer Inc.	3.0
Intesa Sanpaolo S.p.A.	3.0
InBev N.V.	2.9
NextEra Energy Inc.	2.9
Roche Holdings AG Genusscheine	2.8
AbbVie Inc.	2.8
Total S.A.	2.7
Boeing Co.	2.6
UnitedHealth Group Incorporated	2.6
Wells Fargo & Company	2.5
Apple Inc.	2.4
Toyota Motor Corp.	2.2
Koninklijke KPN N.V.	2.1
KBC Groep N.V.	2.1
Deutsche Telekom AG	2.1
Prudential Corporation Plc.	2.0
Cisco Systems Inc.	2.0
Intel Corp.	2.0
Rio Tinto Plc.	2.0
LyondellBasell Industries N.V.	2.0
MasterCard Inc.	2.0
Microsoft Corp.	2.0
Top 25 Holdings	62.8

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 GLOBAL EQUITY FUND

December 31, 2015

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 4, 2016.

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/reports 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's net asset value rose to \$674 million as of December 31, 2015, from \$316 million at the end of 2014. The increase was due mainly to net inflows.

Over the past year, the Fund's Series A units gained 22.6%, which outperformed the 18.9% 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 any other series, which may vary because of differences in management fees and expenses.

In 2015, global equity markets were driven by concerns including the timing of the first rate rise by the U.S. Federal Reserve in almost a decade, extraordinarily loose monetary policies and political conflict in Europe, and a China coming to terms with slowing growth and the transition to a service economy. Added to this was broad strength in the U.S. dollar, continued commodity-price weakness most apparent in the oil price and a resurgence of Middle East geopolitical concerns that triggered a wave of migration into Europe. Against this backdrop, market returns were somewhat muted.

Stock selection in the Consumer Discretionary, Financials and Information Technology sectors was a strong contributor to relative returns, while the Fund's Health Care and Energy holdings had a minor negative impact on returns.

Top-performing stocks in the portfolio included U.S. retailer Amazon, which generated strong growth in its cloud-computing services alongside healthy retail sales; U.S. bank First Republic, which continued to benefit from its focus on customer service; and U.S. Internet stock Alphabet (formerly Google), whose corporate restructuring was welcomed by investors.

Canadian oil-pipeline company Enbridge Inc. had the most negative impact on the Fund's returns as falling energy prices dimmed the company's growth outlook, followed by U.S. rail operator Kansas City Southern, which was hurt by declining energy shipments.

Recent Developments

Equity markets will continue to be exposed to macroeconomic weakness and geopolitical tensions in the coming year. As a result, the portfolio manager will continue to look for opportunities in stocks with attractive valuations and strong fundamentals. Focusing on high-quality companies with these attributes should offer investors price appreciation when stock markets rise and cushion declines when the overall market plunges.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 \$89,000 (2014 – \$40,000) or 8% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	10.68	0.22	(0.26)	0.31	2.26	2.53	—	(0.01)	(0.12)	—	(0.13)	12.98
Dec. 31, 2014 ³	10.00 [†]	0.14	(0.18)	(0.03)	0.84	0.77	—	—	—	—	—	10.68
Advisor Series												
Dec. 31, 2015	10.68	0.21	(0.28)	0.30	2.17	2.40	—	(0.01)	(0.12)	—	(0.13)	12.96
Dec. 31, 2014 ³	10.00 [†]	0.14	(0.19)	(0.03)	0.85	0.77	—	—	—	—	—	10.68
Series H												
Dec. 31, 2015	10.71	0.22	(0.24)	0.32	2.30	2.60	—	(0.01)	(0.12)	—	(0.13)	13.04
Dec. 31, 2014 ³	10.00 [†]	0.13	(0.18)	(0.03)	0.82	0.74	—	—	—	—	—	10.71
Series D												
Dec. 31, 2015	10.73	0.21	(0.18)	0.30	2.20	2.53	—	(0.01)	(0.12)	—	(0.13)	13.13
Dec. 31, 2014 ³	10.00 [†]	0.14	(0.12)	(0.03)	0.86	0.85	—	(0.03)	—	—	(0.03)	10.73
Series F												
Dec. 31, 2015	10.74	0.19	(0.14)	0.28	2.04	2.37	—	(0.01)	(0.12)	—	(0.13)	13.18
Dec. 31, 2014 ³	10.00 [†]	0.14	(0.09)	(0.03)	0.87	0.89	—	(0.04)	—	—	(0.04)	10.74
Series I												
Dec. 31, 2015	10.73	0.21	(0.11)	0.31	2.22	2.63	—	(0.03)	(0.12)	—	(0.15)	13.18
Dec. 31, 2014 ³	10.00 [†]	0.14	(0.06)	(0.03)	0.88	0.93	—	(0.08)	—	—	(0.08)	10.73
Series O												
Dec. 31, 2015	10.75	0.22	—	0.31	2.27	2.80	—	(0.15)	(0.12)	—	(0.27)	13.19
Dec. 31, 2014 ³	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, 2015	12.98	12 690	978	2.15	2.15	31.76	0.25
Dec. 31, 2014 ⁴	10.68	3 325	311	2.21	2.21	52.06	0.24
Advisor Series							
Dec. 31, 2015	12.96	257	20	2.28	2.28	31.76	0.25
Dec. 31, 2014 ⁴	10.68	44	4	2.28	2.28	52.06	0.24
Series H							
Dec. 31, 2015	13.04	766	59	1.94	1.94	31.76	0.25
Dec. 31, 2014 ⁴	10.71	403	38	2.11	2.11	52.06	0.24
Series D							
Dec. 31, 2015	13.13	2 206	168	1.42	1.42	31.76	0.25
Dec. 31, 2014 ⁴	10.73	167	16	1.41	1.41	52.06	0.24
Series F							
Dec. 31, 2015	13.18	2 748	209	1.13	1.13	31.76	0.25
Dec. 31, 2014 ⁴	10.74	359	33	1.13	1.13	52.06	0.24
Series I							
Dec. 31, 2015	13.18	598	45	0.89	0.89	31.76	0.25
Dec. 31, 2014 ⁴	10.73	1	—	0.89	0.89	52.06	0.24
Series O							
Dec. 31, 2015	13.19	654 821	49 646	0.02	0.02	31.76	0.25
Dec. 31, 2014 ⁴	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 manager 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.

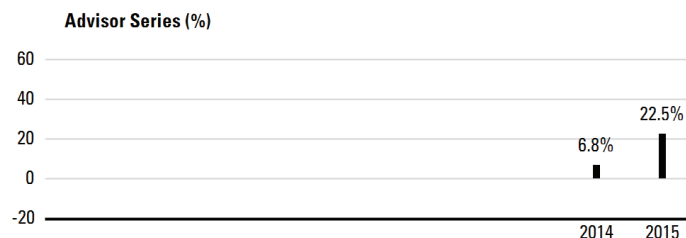


PAST PERFORMANCE

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, 2015, 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	22.6	—	—	—	16.1
Benchmark	18.9	—	—	—	15.8
Advisor Series	22.5	—	—	—	16.0
Benchmark	18.9	—	—	—	15.8
Series H	22.9	—	—	—	16.4
Benchmark	18.9	—	—	—	15.8
Series D	23.5	—	—	—	17.0
Benchmark	18.9	—	—	—	15.8
Series F	23.9	—	—	—	17.3
Benchmark	18.9	—	—	—	15.8
Series I	24.2	—	—	—	17.7
Benchmark	18.9	—	—	—	15.8
Series O	25.3	—	—	—	18.6
Benchmark	18.9	—	—	—	15.8

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.

Series A, Advisor Series, Series H, Series D, Series F, Series I and Series O units have been available for sale to unitholders since March 10, 2014.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
United States	54.3
United Kingdom	10.1
Japan	5.7
Switzerland	5.3
France	5.2
Germany	4.3
Belgium	2.9
Taiwan	2.7
South Africa	2.5
India	2.5
Hong Kong	1.9
Netherlands	1.0
Cash/Other	1.6

Top 25 Holdings

	% of Net Asset Value
Alphabet Inc., Class A	3.6
Amazon.com, Inc.	3.4
ITC Holdings Corp.	3.3
International Flavors & Fragrances Inc.	3.2
Intuit Inc.	3.2
Estée Lauder Companies Inc., Class A	3.2
First Republic Bank	3.2
Amgen Inc.	3.2
Danaher Corp.	3.1
Roche Holdings AG Genussscheine	3.0
Pernod-Ricard S.A.	3.0
InBev N.V.	2.9
TJX Companies Inc.	2.8
UnitedHealth Group Incorporated	2.8
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	2.7
Naspers Ltd.	2.5
HDFC Bank Ltd. ADR	2.5
Shire Plc.	2.4
InterContinental Hotels Group Plc.	2.4
Deutsche Post AG	2.3
Safran S.A.	2.2
Gartner Inc.	2.1
Blackstone Group LP	2.0
AIA Group Ltd.	1.9
St James's Place Plc.	1.9
Top 25 Holdings	68.8

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 GLOBAL EQUITY FOCUS FUND

December 31, 2015

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 4, 2016.

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/reports 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's net asset value rose to \$1.8 billion as of December 31, 2015, from \$1.1 billion at the end of 2014. The increase was due to a combination of net inflows and investment gains.

Over the past year, the Fund's Series A units gained 22.1%, which outperformed the 18.9% 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 any other series, which may vary because of differences in management fees and expenses.

In 2015, global equity markets were driven by concerns including the timing of the first rate rise by the U.S. Federal Reserve in almost a decade, extraordinarily loose monetary policies and political conflict in Europe, and a China coming to terms with slowing growth and the transition to a service economy. Added to this was broad strength in the U.S. dollar, continued commodity-price weakness most apparent in the oil price and a resurgence of Middle East geopolitical concerns that triggered a wave of migration into Europe. Against this backdrop, market returns were somewhat muted.

Stock selection in the Consumer Discretionary, Financials and Information Technology sectors was a strong contributor to relative returns, while the Fund's Health Care and Industrials holdings had a minor negative impact on returns.

Top-performing stocks in the portfolio included U.S. retailer Amazon, which generated strong growth in its cloud-computing services alongside healthy retail sales; U.S. bank First Republic, which continued to benefit from its focus on customer service; and U.S. Internet stock Alphabet (formerly Google), whose corporate restructuring was welcomed by investors.

Canadian oil-pipeline company Enbridge Inc. had the most negative impact on the Fund's returns as falling energy prices dimmed the company's growth outlook, followed by U.S. rail operator Kansas City Southern, which was hurt by declining energy shipments.

Recent Developments

Equity markets will continue to be exposed to macroeconomic weakness and geopolitical tensions in the coming year. As a result, the portfolio manager will continue to look for opportunities in stocks with attractive valuations and strong fundamentals. Focusing on high-quality companies with these attributes should offer investors price appreciation when stock markets rise and cushion declines when the overall market plunges.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 \$183,000 (2014 – \$82,000) or 6% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	11.17	0.21	(0.29)	0.62	1.87	2.41	—	(0.01)	(0.26)	—	(0.27)	13.37
Dec. 31, 2014 ³	10.00 [†]	0.11	(0.16)	(0.15)	1.17	0.97	—	—	—	—	—	11.17
Advisor Series												
Dec. 31, 2015	11.17	0.22	(0.29)	0.64	1.91	2.48	—	(0.01)	(0.26)	—	(0.27)	13.37
Dec. 31, 2014 ³	10.00 [†]	0.10	(0.16)	(0.15)	1.13	0.92	—	—	—	—	—	11.17
Series H												
Dec. 31, 2015	11.19	0.21	(0.25)	0.63	1.88	2.47	—	(0.01)	(0.26)	—	(0.27)	13.44
Dec. 31, 2014 ³	10.00 [†]	0.07	(0.15)	(0.10)	0.80	0.62	—	(0.01)	—	—	(0.01)	11.19
Series D												
Dec. 31, 2015	11.20	0.21	(0.17)	0.63	1.89	2.56	—	(0.01)	(0.26)	—	(0.27)	13.53
Dec. 31, 2014 ³	10.00 [†]	0.11	(0.10)	(0.16)	1.20	1.05	—	(0.03)	—	—	(0.03)	11.20
Series F												
Dec. 31, 2015	11.21	0.21	(0.15)	0.61	1.82	2.49	—	(0.03)	(0.26)	—	(0.29)	13.56
Dec. 31, 2014 ³	10.00 [†]	0.10	(0.08)	(0.14)	1.07	0.95	—	(0.05)	—	—	(0.05)	11.21
Series I												
Dec. 31, 2015	11.18	0.22	(0.12)	0.64	1.92	2.66	—	(0.05)	(0.27)	—	(0.32)	13.52
Dec. 31, 2014 ³	10.00 [†]	0.13	(0.05)	(0.18)	1.42	1.32	—	(0.10)	—	—	(0.10)	11.18
Series O												
Dec. 31, 2015	11.34	0.22	—	0.66	1.97	2.85	—	(0.18)	(0.27)	—	(0.45)	13.70
Dec. 31, 2014 ⁴	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, 2015	13.37	7 424	555	2.25	2.25	40.84	0.22
Dec. 31, 2014 ⁴	11.17	964	86	2.23	2.23	54.23	0.38
Advisor Series							
Dec. 31, 2015	13.37	324	24	2.23	2.23	40.84	0.22
Dec. 31, 2014 ⁴	11.17	152	14	2.27	2.27	54.23	0.38
Series H							
Dec. 31, 2015	13.44	808	60	1.94	1.94	40.84	0.22
Dec. 31, 2014 ⁴	11.19	203	18	1.94	1.94	54.23	0.38
Series D							
Dec. 31, 2015	13.53	2 590	191	1.35	1.35	40.84	0.22
Dec. 31, 2014 ⁴	11.20	338	30	1.38	1.38	54.23	0.38
Series F							
Dec. 31, 2015	13.56	2 641	195	1.11	1.11	40.84	0.22
Dec. 31, 2014 ⁴	11.21	426	38	1.13	1.13	54.23	0.38
Series I							
Dec. 31, 2015	13.52	297	22	0.89	0.89	40.84	0.22
Dec. 31, 2014 ⁴	11.18	1	—	0.89	0.89	54.23	0.38
Series O							
Dec. 31, 2015	13.70	1 766 859	128 980	0.02	0.02	40.84	0.22
Dec. 31, 2014 ⁵	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 manager 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.



Series D (%)



Series F (%)



Series I (%)



Series O (%)





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, 2015, 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	22.1	—	—	—	20.4
Benchmark	18.9	—	—	—	16.3
Advisor Series	22.1	—	—	—	20.4
Benchmark	18.9	—	—	—	16.3
Series H	22.5	—	—	—	20.7
Benchmark	18.9	—	—	—	16.3
Series D	23.2	—	—	—	21.4
Benchmark	18.9	—	—	—	16.3
Series F	23.5	—	—	—	21.7
Benchmark	18.9	—	—	—	16.3
Series I	23.8	—	—	—	22.0
Benchmark	18.9	—	—	—	16.3
Series O	24.8	—	—	—	23.0
Benchmark	18.9	—	—	—	16.3

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.

Series A, Advisor Series, Series H, Series D, Series F, Series I and Series O units have been available for sale to unitholders since April 28, 2014.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
United States	56.5
United Kingdom	9.2
France	6.4
Germany	4.4
Switzerland	3.7
Japan	3.6
India	3.6
Taiwan	3.5
Belgium	3.3
South Africa	3.0
Hong Kong	1.9
Cash/Other	0.9

Top 25 Holdings

	% of Net Asset Value
ITC Holdings Corp.	4.2
Estée Lauder Companies Inc., Class A	4.0
TJX Companies Inc.	3.8
Danaher Corp.	3.8
Alphabet Inc., Class A	3.8
UnitedHealth Group Incorporated	3.8
First Republic Bank	3.8
International Flavors & Fragrances Inc.	3.8
Roche Holdings AG Genusschein	3.8
HDFC Bank Ltd. ADR	3.6
Pernod-Ricard S.A.	3.6
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	3.5
Intuit Inc.	3.5
Amazon.com, Inc.	3.4
Blackstone Group LP	3.4
InBev N.V.	3.3
Amgen Inc.	3.2
Deutsche Post AG	3.1
InterContinental Hotels Group Plc.	3.1
Naspers Ltd.	3.0
Shire Plc.	2.8
Safran S.A.	2.8
Gartner Inc.	2.3
St James's Place Plc.	2.3
Toyota Motor Corp.	2.2
Top 25 Holdings	83.9

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 GLOBAL EQUITY FUND

December 31, 2015

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 4, 2016.

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/reports 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 \$440 million as of December 31, 2015, from \$365 million at the end of 2014. The increase was due to investment gains.

Over the past year, the Fund's Series O units gained 20.6%, which outperformed the 18.9% rise in the benchmark. The Fund's return is after the deduction of 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 any other series, which may vary because of differences in management fees and expenses.

The Consumer Staples, Telecommunication Services and Financials sectors contributed to the Fund's performance during the period. Strong stock selection in these sectors was the main driver of returns. The Industrials, Consumer Discretionary and Utilities sectors had a negative impact on relative performance due to poor stock selection.

In the Consumer Staples sector, U.S. household-products producer Kimberly-Clark was the largest contributor to performance as the company forged strategic alliances that were viewed favourably by investors. The individual stock that hurt returns the most was Bunge, a food producer in the Consumer Staples sector.

Recent Developments

Stocks experienced significant volatility in 2015 driven by uncertainty about the direction of global economic growth. Most equity markets moved sideways or down in 2015, as valuations moderated and earnings estimates fell modestly.

The risk of continued declines in stocks persists, creating a challenging environment for investors. Nonetheless, the sell-off in many equity markets over the past few months has bolstered the long-term potential for stock gains. Expanding valuations have been the key driver of rising stock prices since the financial crisis, and may now offer less support for equity returns. In the view of the portfolio manager, higher valuation levels mean that earnings growth will likely be the key driver of further gains in stocks.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 \$0 (2014 – \$2,000) or 0% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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 O												
Dec. 31, 2015	12.56	0.52	—	1.63	0.45	2.60	—	(0.53)	(1.64)	—	(2.17)	12.98
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
Series O							
Dec. 31, 2015	12.98	440 187	33 921	0.02	0.02	95.03	0.08
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 manager 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, 2015, 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	20.6	—	—	—	23.0
Benchmark	18.9	—	—	—	20.7

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.

Series O units have been available for sale to unitholders since June 28, 2013.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
United States	55.9
Japan	11.7
United Kingdom	8.3
France	6.7
Australia	3.7
Switzerland	2.8
Spain	1.7
Netherlands	1.5
Denmark	1.4
Germany	1.4
Canada	0.9
Other Countries	4.1
Cash/Other	(0.1)



SUMMARY OF INVESTMENT PORTFOLIO (cont.)

(after consideration of derivative products, if any)

As at December 31, 2015

Top 25 Holdings

	% of Net Asset Value
Apple Inc.	3.4
Swiss Re AG	2.6
Kimberly-Clark Corp.	2.3
Altria Group Inc.	2.1
Citigroup Inc.	2.0
AmerisourceBergen Corp.	2.0
Boeing Co.	2.0
Lowe's Companies	2.0
Gilead Sciences Inc.	1.9
Microsoft Corp.	1.7
General Dynamics Corp.	1.7
The Kroger Co.	1.7
Nippon Telegraph & Telephone Corp.	1.7
Mizuho Financial Group Inc.	1.6
Bunge Ltd.	1.5
LyondellBasell Industries N.V.	1.4
Target Corporation	1.4
International Business Machines	1.4
Direct Line Insurance Group Plc.	1.3
Accenture Plc., Class A	1.2
Amazon.com, Inc.	1.2
Total S.A.	1.2
Alphabet Inc., Class C	1.2
Imperial Tobacco Group Plc.	1.2
American International Group Inc.	1.2
Top 25 Holdings	42.9

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, 2015

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 4, 2016.

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/reports 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 \$437 million as of December 31, 2015, from \$159 million at the end of 2014. The increase was due mainly to net inflows.

Over the past year, the Fund's Series A units gained 19.3%, which outperformed the 18.9% 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 any other series, which may vary because of differences in management fees and expenses.

The Utilities, Consumer Staples and Financials sectors contributed to the Fund's performance. In the Utilities sector, electric-utilities stocks had the most significant positive impact on returns. The Energy sector was the Fund's worst-performing sector during the period as the price of oil extended declines.

In the Utilities sector, individual stocks that contributed the most to the Fund's returns were Southern Co. and CLP Holdings. In the Consumer Staples sector, U.S. food and beverage maker PepsiCo was one of the top holdings. The individual stock that had the most negative impact on returns was Telus in the Telecommunication Services sector. Telus was hurt by heightened industry competition.

Recent Developments

Stocks experienced significant volatility in 2015 driven by uncertainty about the direction of global economic growth. Most equity markets moved sideways or down in 2015, as valuations moderated and earnings estimates fell modestly.

The risk of continued declines in stocks persists, creating a challenging environment for investors. Nonetheless, the sell-off in many equity markets over the past few months has bolstered the long-term potential for stock gains. Expanding valuations have been the key driver of rising stock prices since the financial crisis, and may now offer less support for equity returns. In the view of the portfolio manager, higher valuation levels mean that earnings growth will likely be the key driver of further gains in stocks.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	14.48	0.44	(0.35)	0.70	1.90	2.69	—	—	(0.27)	—	(0.27)	17.01
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, 2015	14.48	0.43	(0.36)	0.69	1.87	2.63	—	—	(0.27)	—	(0.27)	17.00
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, 2015	14.51	0.39	(0.32)	0.62	1.69	2.38	—	(0.01)	(0.27)	—	(0.28)	17.07
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, 2015	14.62	0.45	(0.22)	0.72	1.95	2.90	—	(0.12)	(0.27)	—	(0.39)	17.20
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, 2015	14.60	0.45	(0.17)	0.72	1.95	2.95	—	(0.16)	(0.27)	—	(0.43)	17.19
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, 2015	14.78	0.53	(0.14)	0.84	2.28	3.51	—	(0.19)	(0.28)	—	(0.47)	17.39
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



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 O												
Dec. 31, 2015	14.66	0.46	—	0.73	1.97	3.16	—	(0.34)	(0.28)	—	(0.62)	17.25
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.

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, 2015	17.01	88 701	5 213	2.20	2.20	35.60	0.08
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, 2015	17.00	17 809	1 047	2.23	2.23	35.60	0.08
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, 2015	17.07	1 879	110	1.94	1.94	35.60	0.08
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, 2015	17.20	38 261	2 224	1.35	1.35	35.60	0.08
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, 2015	17.19	11 507	669	1.07	1.07	35.60	0.08
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, 2015	17.39	272	16	0.89	0.89	35.60	0.08
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



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, 2015	17.25	279 059	16 177	0.02	0.02	35.60	0.08
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.

Management Fees

RBC GAM is the manager, trustee and portfolio manager 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.



Series D (%)



Series F (%)



Series I (%)



Series O (%)





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, 2015, 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	19.3	—	—	—	18.1
Benchmark	18.9	—	—	—	20.3
Advisor Series	19.3	—	—	—	18.1
Benchmark	18.9	—	—	—	20.3
Series H	19.6	—	—	—	19.8
Benchmark	18.9	—	—	—	20.8
Series D	20.3	—	—	—	19.1
Benchmark	18.9	—	—	—	20.3
Series F	20.7	—	—	—	19.4
Benchmark	18.9	—	—	—	20.3
Series I	20.9	—	—	—	21.1
Benchmark	18.9	—	—	—	20.8
Series O	21.9	—	—	—	23.3
Benchmark	18.9	—	—	—	21.0

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.

Series H and Series I units have been available for sale to unitholders since August 12, 2013, Series A, Advisor Series, Series D and Series F units since April 8, 2013, and Series O units since January 18, 2013.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
United States	62.3
Japan	10.6
Hong Kong	5.7
Switzerland	4.4
Canada	2.6
United Kingdom	2.5
Spain	2.2
Singapore	2.2
Israel	1.6
Belgium	1.5
Australia	1.1
Other Countries	3.0
Cash/Other	0.3

Top 25 Holdings

	% of Net Asset Value
CLP Holdings Ltd.	3.1
Johnson & Johnson	3.0
PepsiCo Inc.	3.0
The Coca-Cola Co.	2.8
General Mills Inc.	2.3
Nestlé S.A.	2.0
NTT DoCoMo Inc.	2.0
Colgate-Palmolive Company	1.9
Stryker Corp.	1.7
Southern Co.	1.7
Berkshire Hathaway Inc., Class B	1.7
Iberdrola S.A.	1.7
AT&T Inc.	1.6
Everest Re Group Ltd.	1.6
Verizon Communications Inc.	1.6
Wells Fargo & Company	1.6
Singapore Press Holdings Ltd.	1.6
XL Group Plc.	1.4
Church & Dwight Co. Inc.	1.4
Honeywell International Inc.	1.4
CVS Health Corp.	1.3
NextEra Energy Inc.	1.3
Cintas Corp.	1.3
Hormel Foods Corp.	1.2
Novartis AG	1.2
Top 25 Holdings	45.4

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 JANTZI GLOBAL EQUITY FUND

December 31, 2015

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 4, 2016.

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/reports 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 \$37 million as of December 31, 2015, from \$25 million at the end of 2014. The increase was due to a combination of net inflows and investment gains.

Over the past year, the Fund’s Series A units gained 15.4%, which underperformed the 18.9% 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 any other series, which may vary because of differences in management fees and expenses.

Global equities had a volatile year. After steadily rising through the spring, late-summer concerns about economic growth pushed the index into negative territory. U.S. stocks rebounded into the end of the year on solid employment data, but European equities resumed their decline as policymakers released a disappointing stimulus package in early December. Decelerating growth remained a headwind for Asian equities, although Japanese stocks outperformed as major companies sought to improve corporate governance and profitability. A weak Canadian dollar boosted returns to double-digit percentages at the benchmark level, with U.S. and Japanese stocks leading.

Given the significant decline in prices among commodities producers, the worst-performing sectors in 2015 were Energy and Materials. Information Technology was the top performing sector, led by Internet companies Google and Facebook.

Holdings that had a positive impact on performance were U.S. software company Electronic Arts and U.S. health-care company Aetna. Stocks that had a negative relative impact on the Fund’s performance were Devon Energy, which was hurt by falling oil prices, and Seiko Epson, a maker of computer printers.

There were no major changes to regional allocations during the year. Across sectors, poor stock selection in Industrials, Consumer Staples and Consumer Discretionary hurt the Fund’s performance. This impact was offset by strong relative performance in the Energy, Materials and Health Care sectors.

Sustainalytics conducted two reviews covering the Fund’s holdings in 2015. 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.

Portfolio turnover is normally high for the Fund, as the portfolio manager attempts to generate better returns through active sector and stock selection.

Recent Developments

A key theme for 2016 will be the diverging growth outlooks for major economies, which is reflected in varying monetary policies across the U.S., Europe and Asia. An improving U.S. economic outlook means that the U.S. Federal Reserve has begun a new tightening cycle, while soft economies in Europe and Japan have prompted the European Central Bank and the Bank of Japan to loosen monetary policy. In this environment, global equity markets could face challenges as valuations, while generally reasonable, are no longer a tailwind. With growth difficult to come by, picking high-quality companies that generate cash will be more essential to navigating market fluctuations.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada (“Royal Bank”) and is the manager, trustee and portfolio manager 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.

™ Best-of-Sector is a trademark of Sustainalytics. Used under licence.



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 \$5,000 (2014 – \$4,000) or 9% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	10.98	0.27	(0.27)	0.99	0.50	1.49	—	—	(0.87)	—	(0.87)	11.79
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
Advisor Series												
Dec. 31, 2015	11.02	0.27	(0.28)	0.99	0.50	1.48	—	—	(0.88)	—	(0.88)	11.84
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
Series D												
Dec. 31, 2015	11.55	0.28	(0.17)	1.03	0.52	1.66	—	(0.07)	(0.93)	—	(1.00)	12.44
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
Series F												
Dec. 31, 2015	11.84	0.29	(0.13)	1.06	0.53	1.75	—	(0.07)	(1.03)	—	(1.10)	12.72
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
Series I												
Dec. 31, 2015	11.91	0.28	(0.10)	1.05	0.53	1.76	—	(0.09)	(0.97)	—	(1.06)	12.88
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

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, 2015	11.79	22 404	1 900	2.24	2.25	436.89	0.17
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
Advisor Series							
Dec. 31, 2015	11.84	5 685	480	2.24	2.25	436.89	0.17
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
Series D							
Dec. 31, 2015	12.44	5 273	424	1.28	1.29	436.89	0.17
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
Series F							
Dec. 31, 2015	12.72	2 949	232	0.98	0.99	436.89	0.17
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
Series I							
Dec. 31, 2015	12.88	420	33	0.65	0.66	436.89	0.17
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

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 manager 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%

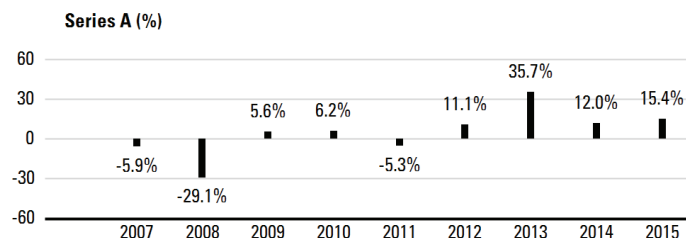
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

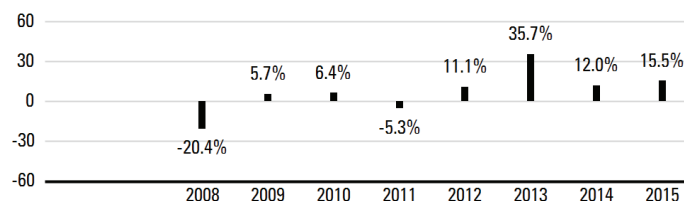
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional 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 (%)

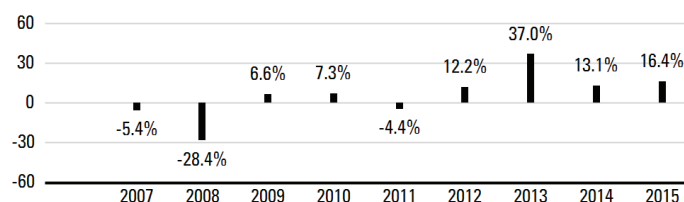
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



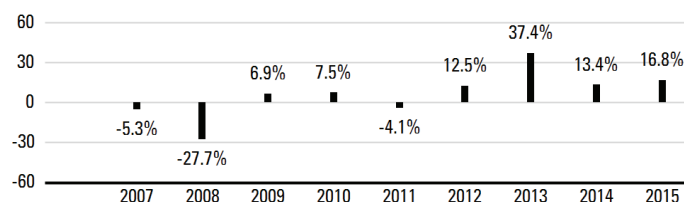
Advisor Series (%)



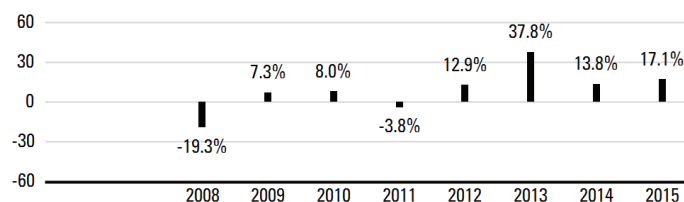
Series D (%)



Series F (%)



Series I (%)





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, 2015, 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	15.4	20.6	13.0	—	3.9
Benchmark	18.9	22.5	15.0	—	6.1
Advisor Series	15.5	20.6	13.1	—	6.5
Benchmark	18.9	22.5	15.0	—	8.1
Series D	16.4	21.7	14.1	—	4.9
Benchmark	18.9	22.5	15.0	—	6.1
Series F	16.8	22.1	14.4	—	5.2
Benchmark	18.9	22.5	15.0	—	6.1
Series I	17.1	22.5	14.8	—	8.2
Benchmark	18.9	22.5	15.0	—	8.1

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.

Advisor Series and Series I units have been available for sale to unitholders since January 21, 2008, and Series A, Series D and Series F units since July 3, 2007.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
United States	61.4
Japan	7.1
United Kingdom	6.7
Denmark	4.0
Germany	3.7
Australia	3.1
Switzerland	2.8
Netherlands	2.8
Other Countries	6.7
Cash/Other	1.7

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	2.6
Apple Inc.	2.1
PepsiCo Inc.	2.0
Microsoft Corp.	1.9
NiSource Inc.	1.9
Pfizer Inc.	1.7
General Electric Company	1.7
Intel Corp.	1.7
Kimberly-Clark Corp.	1.7
LyondellBasell Industries N.V.	1.6
Novo Nordisk A/S	1.6
AT&T Inc.	1.6
McDonald's Corp.	1.6
The Procter & Gamble Co.	1.6
Wells Fargo & Company	1.5
Eli Lilly & Co.	1.5
Roche Holdings AG Genusscheine	1.4
Christian Hansen Holding A/S	1.4
Paddy Power Plc.	1.4
InBev N.V.	1.4
MasterCard Inc.	1.4
TJX Companies Inc.	1.3
The Goldman Sachs Group Inc.	1.2
Visa Inc., Class A	1.2
BT Group Plc.	1.1
Top 25 Holdings	40.1

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 O'SHAUGHNESSY
GLOBAL EQUITY FUND**

December 31, 2015

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 4, 2016.

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/reports 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 companies throughout the world 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 consistently strong stock price 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 rose to \$103 million as of December 31, 2015, from \$99 million at the end of 2014. The increase was due to investment gains.

Over the past year, the Fund's Series A units gained 19.4%, which outperformed the 18.9% 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 any other series, which may vary because of differences in management fees and expenses.

Volatility in the global markets characterized 2015, with Canadian markets significantly underperforming the U.S. and other developed markets. The Canadian market was down about 8% for the year as a whole while U.S. and international markets fell only slightly, and a strong U.S. dollar bolstered U.S. returns measured in Canadian dollars. The U.S. dollar's strength and falling commodity prices were among the major global market developments of 2015, with plunging oil prices leading to an overall decline in earnings.

Companies with high price momentum, which are emphasized in security selection, outperformed during the period. Within momentum, the sub-advisor favoured stocks with lower price

volatility, and these stocks had a neutral impact on performance. Companies with attractive valuations underperformed. Exposure to companies with high earnings quality outperformed, while companies with sound financial strength lagged the market.

Allocation among countries had a negative impact on returns, while security selection generally contributed to performance. An underweight allocation to the U.S. and overweight allocation to South Africa hurt returns, partially offset by an overweight allocation to Japan and an underweight allocation to Australia. Security selection in Japan and Canada aided returns, while France and Belgium had a negative impact. An overweight allocation to the Energy sector and underweight allocation to Information Technology hurt returns, while overweight allocations to Consumer Discretionary and Telecommunication Services contributed. Security selection in the Energy and Industrials sectors contributed to returns, partially offset by Utilities and Information Technology. Valero Energy in the Energy sector and Nippon Telegraph & Telephone in Telecommunication Services were the largest contributors to returns. Meanwhile, EDF in the Utilities sector and HP Inc. in the Information Technology sector hurt returns the most.

Due to the Fund's investment process and market conditions over the course of 2015, the Fund decreased allocations to the Energy sector and increased allocations to Financials stocks.

Recent Developments

The sub-advisor has no recent developments to report.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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	Year/Period	
Series A													
Dec. 31, 2015	7.94	0.34	(0.20)	0.85	0.61	1.60	—	(0.14)	—	—	(0.14)	9.35	
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	
Advisor Series													
Dec. 31, 2015	7.94	0.34	(0.20)	0.85	0.61	1.60	—	(0.14)	—	—	(0.14)	9.34	
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	
Series D													
Dec. 31, 2015	7.98	0.34	(0.12)	0.86	0.62	1.70	—	(0.22)	—	—	(0.22)	9.39	
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	
Series F													
Dec. 31, 2015	7.99	0.34	(0.10)	0.85	0.62	1.71	—	(0.25)	—	—	(0.25)	9.40	
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	
Series O													
Dec. 31, 2015	8.97	0.39	—	0.99	0.71	2.09	—	(0.40)	—	—	(0.40)	10.55	
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	

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, 2015	9.35	81 469	8 716	2.25	2.25	78.52	0.13
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
Advisor Series							
Dec. 31, 2015	9.34	6 451	690	2.19	2.19	78.52	0.13
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
Series D							
Dec. 31, 2015	9.39	11 021	1 174	1.37	1.37	78.52	0.13
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
Series F							
Dec. 31, 2015	9.40	4 385	466	1.11	1.11	78.52	0.13
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
Series O							
Dec. 31, 2015	10.55	144	14	0.02	0.02	78.52	0.13
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

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 manager 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.

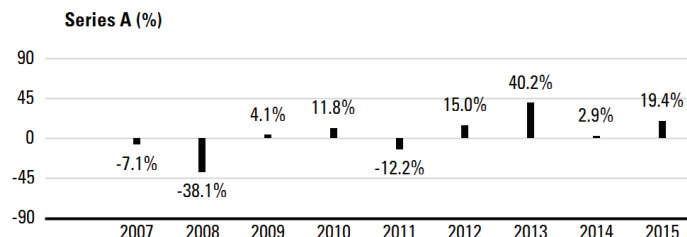
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

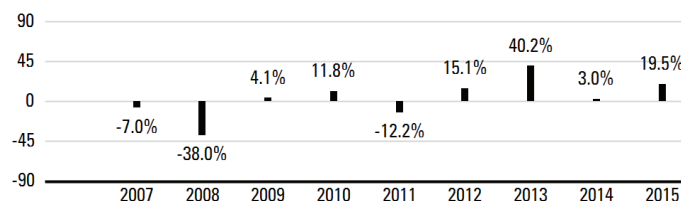
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional 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 (%)

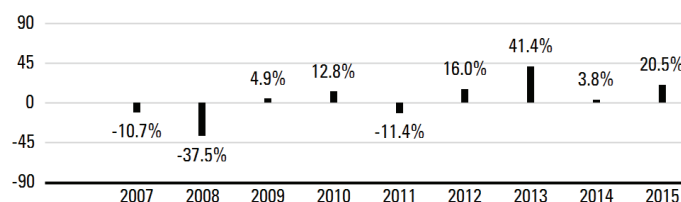
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



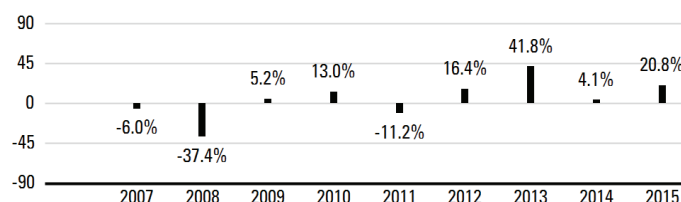
Advisor Series (%)



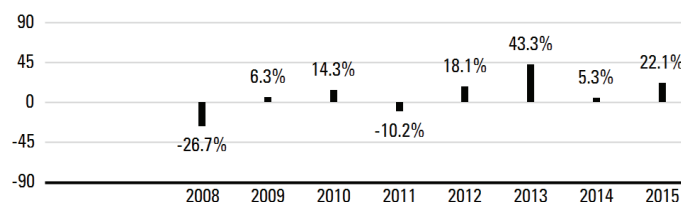
Series D (%)



Series F (%)



Series O (%)





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, 2015, 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	19.4	19.9	11.7	—	1.7
Benchmark	18.9	22.5	15.0	—	5.2
Advisor Series	19.5	19.9	11.8	—	1.8
Benchmark	18.9	22.5	15.0	—	5.2
Series D	20.5	20.9	12.7	—	2.2
Benchmark	18.9	22.5	15.0	—	6.1
Series F	20.8	21.2	13.0	—	2.9
Benchmark	18.9	22.5	15.0	—	5.2
Series O	22.1	22.6	14.3	—	7.7
Benchmark	18.9	22.5	15.0	—	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.

Series O units have been available for sale to unitholders since July 18, 2008, Series D units since July 3, 2007, and Series A, Advisor Series and Series F units since January 22, 2007.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
United States	28.1
Japan	26.3
United Kingdom	5.2
France	4.6
Germany	4.5
Switzerland	4.2
South Korea	3.0
Denmark	2.9
Canada	2.4
New Zealand	2.2
Netherlands	2.0
Russia	1.9
Norway	1.4
Belgium	1.3
Italy	1.2
Other Countries	7.4
Cash/Other	1.4

Top 25 Holdings

	% of Net Asset Value
Valero Energy Corp.	2.4
Nippon Telegraph & Telephone Corp.	1.9
Marathon Petroleum Corp.	1.7
Allianz SE	1.5
Muenchener Rueckversicherungs-Gesellschaft AG	1.5
GEO Holdings Corp.	1.5
Allstate Corp.	1.5
Zurich Insurance Group AG	1.4
Cash & Cash Equivalents	1.4
Novae Group Plc.	1.4
Daihatsu Motor Co. Ltd.	1.3
LyondellBasell Industries N.V.	1.3
Electricite de France S.A.	1.3
Hannover Rueckversicherung SE	1.2
Koninklijke Ahold N.V.	1.2
Paltac Corporation	1.1
LG.Philips LCD Co. Ltd.	1.1
DFDS A/S	1.1
General Motors Co.	1.0
National Oilwell Varco Inc.	1.0
Nuplex Industries Ltd.	1.0
Archer Daniels Midland Co.	1.0
Tesoro Petroleum Corp.	0.9
SCOR SE	0.9
Lukoil PJSC	0.9
Top 25 Holdings	32.5

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 QUBE ALL COUNTRY
WORLD EQUITY FUND**

December 31, 2015

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 4, 2016.

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/reports 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's net asset value rose to \$110 million as of December 31, 2015, from \$94 million at the end of 2014. The increase was due to investment gains.

Over the past year, the Fund's Series O units gained 17.0%, which underperformed the 17.1% rise in the benchmark. The Fund's return is after the deduction of 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 any other series, which may vary because of differences in management fees and expenses.

The Industrials, Energy and Consumer Staples sectors contributed to the Fund's performance during the period. Both strong stock selection and sector allocation contributed positively to returns. The Information Technology, Utilities and Consumer Discretionary sectors had a negative relative impact on performance due to poor stock selection.

In the Industrials sector, U.S. airline company Southwest Airlines was the largest contributor to performance as the company continued to benefit from lower oil prices. The individual stock that had the most negative impact on returns was China Construction Bank in the Financials sector. The stock was hurt by a slowing Chinese economy.

Portfolio turnover is normally high for this Fund given the portfolio manager's model-driven investment process.

Recent Developments

Stocks experienced significant volatility in 2015 driven by uncertainty about the direction of global economic growth. Most equity markets moved sideways or down in 2015, as valuations moderated and earnings estimates fell modestly.

The risk of continued declines in stocks persists, creating a challenging environment for investors. Nonetheless, the sell-off in many equity markets over the past few months has bolstered the long-term potential for stock gains. Expanding valuations have been the key driver of rising stock prices since the financial crisis, and may now offer less support for equity returns. In the view of the portfolio manager, higher valuation levels mean that earnings growth will likely be the key driver of further gains in stocks.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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 O												
Dec. 31, 2015	10.32	0.45	—	0.89	0.41	1.75	—	(0.45)	(0.90)	—	(1.35)	10.73
Dec. 31, 2014 ³	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 O							
Dec. 31, 2015	10.73	109 744	10 227	0.02	0.02	130.68	0.11
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.

Management Fees

RBC GAM is the manager, trustee and portfolio manager 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, 2015, compared with the following benchmark:

MSCI All Country World Total Return Net Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series 0	17.0	—	—	—	13.7
Benchmark	17.1	—	—	—	14.4

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.

Series 0 units have been available for sale to unitholders since March 10, 2014.

Inception dates are not provided for series that have been in existence for more than 10 years.

INDEX DESCRIPTION

MSCI All Country World Total Return Net Index (CAD) This index is a broad measure of the Canadian-dollar performance of large and mid-cap stocks across developed and 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.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2015

Investment Mix

	% of Net Asset Value
United States	49.9
Japan	13.0
France	5.0
China	3.8
United Kingdom	3.7
Germany	3.2
Switzerland	3.1
Spain	2.4
Netherlands	2.2
Israel	1.8
Canada	1.7
Australia	1.6
South Africa	1.4
Denmark	1.4
Other Countries	7.0
Cash/Other	(1.2)

Top 25 Holdings

	% of Net Asset Value
Apple Inc.	3.7
Swiss Re AG	3.1
AmerisourceBergen Corp.	2.6
Lowe's Companies	2.5
Gilead Sciences Inc.	2.3
General Dynamics Corp.	2.3
ProSiebenSat.1 Media SE	2.3
Boeing Co.	2.3
The Kroger Co.	2.2
Altria Group Inc.	2.2
Target Corporation	2.2
China Construction Bank Corp.	2.1
Bunge Ltd.	2.1
LyondellBasell Industries N.V.	1.9
Teva Pharmaceutical Industries Ltd.	1.8
Endesa S.A.	1.8
Electronic Arts Inc.	1.8
Constellation Software Inc.	1.7
United Parcel Service Inc.	1.6
Engie	1.5
Mizuho Financial Group Inc.	1.5
Nippon Telegraph & Telephone Corp.	1.5
Mitsubishi UFJ Financial Group Inc.	1.4
Peugeot S.A.	1.4
Tokyo Electric Power Co. Inc.	1.3
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 at www.rbcgam.com/funds.



GLOBAL EQUITY FUND

**RBC QUBE LOW VOLATILITY ALL
COUNTRY WORLD EQUITY FUND**

December 31, 2015

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 4, 2016.

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 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's net asset value rose to \$63 million as of December 31, 2015, from \$33 million at the end of 2014. The increase was due mainly to net inflows.

Over the past year, the Fund's Series O units gained 21.3%, which outperformed the 17.1% rise in the benchmark. The Fund's return is after the deduction of 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 any other series, which may vary because of differences in management fees and expenses.

The Utilities, Consumer Staples and Financials sectors contributed to the Fund's performance. In the Utilities sector, electric-utilities stocks had the most significant positive impact on returns. The Energy sector was the Fund's worst-performing sector during the period as the price of oil extended declines.

In the Utilities sector, individual stocks that contributed the most to the Fund's returns were Southern Co. and Terna Spa. In the Consumer Staples sector, U.S. food and beverage maker PepsiCo was one of the top holdings. The stock that hurt returns most was Wal-Mart in the Consumer Staples sector. Wal-Mart's stock was negatively affected by investor expectations that earnings would decline.

Recent Developments

Stocks experienced significant volatility in 2015 driven by uncertainty about the direction of global economic growth. Most equity markets moved sideways or down in 2015, as valuations moderated and earnings estimates fell modestly.

The risk of continued declines in stocks persists, creating a challenging environment for investors. Nonetheless, the sell-off in many equity markets over the past few months has bolstered the long-term potential for stock gains. Expanding valuations have been the key driver of rising stock prices since the financial crisis, and may now offer less support for equity returns. In the view of the portfolio manager, higher valuation levels mean that earnings growth will likely be the key driver of further gains in stocks.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

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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.

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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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 O												
Dec. 31, 2015	10.99	0.35	—	0.58	1.53	2.46	—	(0.26)	(0.48)	—	(0.74)	12.60
Dec. 31, 2014 ³	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 O							
Dec. 31, 2015	12.60	62 713	4 979	0.02	0.03	46.05	0.06
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.

Management Fees

RBC GAM is the manager, trustee and portfolio manager 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, 2015, compared with the following benchmark:

MSCI All Country World Total Return Net Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series 0	21.3	—	—	—	20.4
Benchmark	17.1	—	—	—	15.0

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.

Series 0 units have been available for sale to unitholders since April 24, 2014.

Inception dates are not provided for series that have been in existence for more than 10 years.

INDEX DESCRIPTION

MSCI All Country World Total Return Net Index (CAD) This index is a broad measure of the Canadian-dollar performance of large and mid-cap stocks across developed and 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.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2015

Investment Mix

	% of Net Asset Value
United States	58.3
Japan	9.8
Hong Kong	6.1
Switzerland	4.6
Taiwan	3.0
Israel	2.3
Canada	2.0
United Kingdom	1.9
Malaysia	1.7
Belgium	1.7
Italy	1.6
Singapore	1.5
China	1.0
Other Countries	4.8
Cash/Other	(0.3)

Top 25 Holdings

	% of Net Asset Value
CLP Holdings Ltd.	3.1
PepsiCo Inc.	3.0
Chunghwa Telecom Co. Ltd.	3.0
Johnson & Johnson	3.0
The Coca-Cola Co.	2.5
General Mills Inc.	2.4
Church & Dwight Co. Inc.	2.3
NTT DoCoMo Inc.	2.0
Southern Co.	1.9
Nestlé S.A.	1.7
Colgate-Palmolive Company	1.7
Everest Re Group Ltd.	1.7
Wells Fargo & Company	1.6
Cardinal Health Inc.	1.5
Terna Rete Elettrica Nazionale S.p.A.	1.5
Groupe Bruxelles Lambert S.A.	1.5
Verizon Communications Inc.	1.4
Duke Energy Corp.	1.4
AT&T Inc.	1.4
Singapore Press Holdings Ltd.	1.3
People's United Financial Inc.	1.3
Hormel Foods Corp.	1.3
Berkshire Hathaway Inc., Class B	1.3
Tanabe Seiyaku Co. Ltd.	1.2
Torchmark Corp.	1.2
Top 25 Holdings	46.2

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, 2015

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 4, 2016.

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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/reports 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 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 \$257 million as of December 31, 2015, from \$287 million at the end of 2014. The decrease was due mainly to investment losses.

Over the past year, the Fund's Series A units lost 9.5%, which underperformed the 7.4% decline in the benchmark. The broad-based index rose 18.9%. 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 any other series, which may vary because of differences in management fees and expenses.

Energy stocks extended their declines in 2015 as prices for oil and natural gas continued to fall. The price for Brent crude, the global benchmark, fell to a 10-year low near US\$37 per barrel, as the outlook for the growth in demand softened with expectations for weaker emerging market economies, especially China. At the same time, supplies from both OPEC and non-OPEC regions remained robust, resulting in supply continuing to outpace demand. West Texas Intermediate, the North American benchmark price, followed a similar path to close near US\$36 per barrel. Natural-gas prices also dropped significantly to end the year near US\$2.20 per million cubic feet, as growing supplies from basins in the U.S. Northeast quickly satisfied growing demand and a mild start to the North American winter filled storage tanks.

In this environment of depressed petroleum prices, energy producers' cash flows, capital spending and drilling activity declined dramatically, pressuring balance sheets and production outlooks. Equities linked to oil prices performed in line with the price of crude oil for most of the period, while energy companies exposed to North American refining, a more profitable area in 2015, performed better. Integrated companies – whose activities range from drilling for oil to selling gasoline – outperformed smaller-capitalization companies.

Performance benefited from exposure to producers active in the Permian Basin, an oil-rich deposit in Texas and New Mexico, as more efficient production offset falling crude prices. Diamondback Energy and Concho Resources were among the portfolio's investments with operations in the basin.

A position in Veresen, a pipeline and energy-production company, had a negative impact on returns, as did an underweight position in Exxon. An overweight position in refiner Tesoro aided performance. A large position in Williams Cos., a pipeline and energy-storage company, had a positive impact after the company received a takeover bid. Adding to performance was a cash position exceeding 5%, reflecting uncertainty in the outlook for commodity prices.

Recent Developments

Early signs indicate that the balance between the supply and demand for oil may begin to tighten in 2016, given declines in capital spending and drilling-rig activity in North America and expectations that demand will increase with the improving global economic outlook. Geopolitical risks to supply are also present with increased tensions in OPEC countries. However, crude-oil prices could remain under pressure until investors get a better handle on the impact of Iran's new supply potential and the willingness of North American unconventional crude to curb production. The portfolio manager's approach remains to invest in companies with high-quality assets, strong management teams and the ability to finance growth projects.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 (2014 – \$21,000) or 4% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	38.52	0.85	(0.84)	(3.09)	(0.50)	(3.58)	—	—	—	—	—	34.87	
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	
Advisor Series													
Dec. 31, 2015	38.72	0.85	(0.83)	(3.11)	(0.50)	(3.59)	—	—	—	—	—	35.07	
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	
Series D													
Dec. 31, 2015	41.15	0.91	(0.53)	(3.31)	(0.53)	(3.46)	—	—	—	—	—	37.59	
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	
Series F													
Dec. 31, 2015	44.40	0.98	(0.45)	(3.58)	(0.58)	(3.63)	—	—	—	—	—	40.65	
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	

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, 2015	34.87	213 215	6 114	2.13	2.13	80.53	0.19
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
Advisor Series							
Dec. 31, 2015	35.07	4 010	114	2.09	2.09	80.53	0.19
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
Series D							
Dec. 31, 2015	37.59	35 804	953	1.25	1.25	80.53	0.19
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
Series F							
Dec. 31, 2015	40.65	3 581	88	0.99	0.99	80.53	0.19
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

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 manager 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.

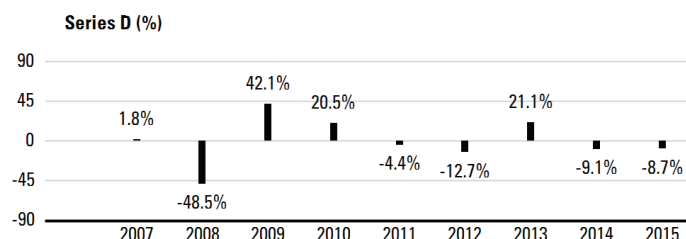
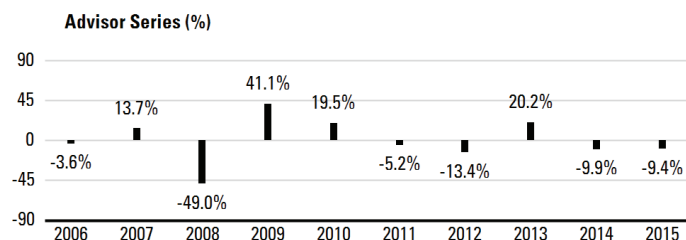
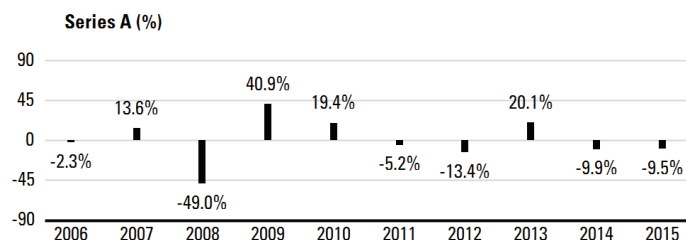


PAST PERFORMANCE

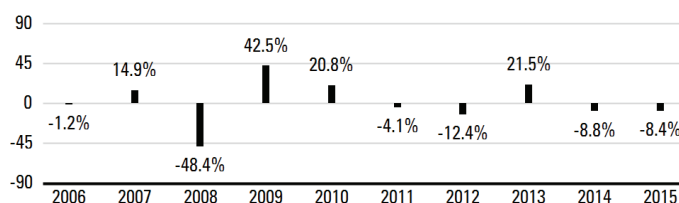
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional 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.



Series F (%)



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, 2015, 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	-9.5	-0.7	-4.3	-2.6	—
Benchmark	-7.4	4.0	2.8	2.7	—
Broad-based index	18.9	22.5	15.0	6.8	—
Advisor Series	-9.4	-0.6	-4.2	—	-2.9
Benchmark	-7.4	4.0	2.8	—	2.2
Broad-based index	18.9	22.5	15.0	—	6.9
Series D	-8.7	0.2	-3.4	—	-3.3
Benchmark	-7.4	4.0	2.8	—	0.5
Broad-based index	18.9	22.5	15.0	—	6.1
Series F	-8.4	0.5	-3.2	-1.5	—
Benchmark	-7.4	4.0	2.8	2.7	—
Broad-based index	18.9	22.5	15.0	6.8	—

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 indexes.

Series D units have been available for sale to unitholders since July 3, 2007, and Advisor Series units since August 28, 2006.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix – Sectors

	% of Net Asset Value
Oil, Gas and Consumable Fuels	83.5
Energy Equipment and Services	7.9
Chemicals	1.7
Semiconductors and Semiconductor Equipment	1.3
Commercial Services and Supplies	0.1
Cash/Other	5.5

Investment Mix – Countries/Regions

	% of Net Asset Value
United States	50.4
Canada	19.5
France	8.6
Italy	4.3
Norway	3.8
Portugal	3.7
Other Countries	4.2
Cash/Other	5.5

Top 25 Holdings

	% of Net Asset Value
Total S.A.	8.6
Exxon Mobil Corp.	5.5
Cash & Cash Equivalents	5.4
EOG Resources Inc.	4.8
Concho Resources Inc.	4.5
ENI S.p.A.	4.3
Suncor Energy Inc.	4.1
Diamondback Energy Inc.	3.9
StatoilHydro ASA	3.8
Galp Energia SGPS S.A.	3.7
EQT Corp.	3.4
Pioneer Natural Resources Co.	3.2
Newfield Exploration Company	3.2
Halliburton Co.	3.1
BP Plc.	2.8
Seven Generations Energy Ltd.	2.4
Cenovus Energy Inc.	2.4
Cabot Oil & Gas Corp.	2.4
Continental Resources Inc.	2.3
Parex Resources Inc.	2.0
Canadian Natural Resources Ltd.	1.9
Cimarex Energy Co.	1.8
Schlumberger Ltd.	1.6
Baker Hughes Inc.	1.5
Tesoro Petroleum Corp.	1.5
Top 25 Holdings	84.1

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 PRECIOUS METALS FUND

December 31, 2015

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 4, 2016.

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/reports 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 \$357 million as of December 31, 2015, from \$435 million at the end of 2014. The decrease was due to a combination of investment losses and net redemptions.

Over the past year, the Fund's Series A units lost 11.7%, which underperformed the 10.1% decline in the benchmark. The broad-based index declined 8.3%. 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 any other series, which may vary because of differences in management fees and expenses.

The price of gold fell for the third straight year in 2015, dropping 10% to end the year at about US\$1,061 an ounce in New York. Similarly to 2014, the gold price rallied sharply during the early part of the year, but succumbed to the strength of the U.S. dollar as economic data improved and investors anticipated higher U.S. interest rates. The U.S. Federal Reserve (the "Fed") increased interest rates by 25 basis points at its December meeting, ending many months of speculation that it would do so. In 2015, the price of silver fell 12%, platinum dropped 26% and palladium declined 29%, as investors shied away from metals with industrial uses due to a slowdown in global manufacturing growth and weakening Chinese industrial production. The price of gold actually rose when measured in euros, Canadian dollars and Australian dollars, offsetting currency devaluation and succeeding in its role as a store of value.

Shares of gold-related companies fell more than the price of gold itself, as producers, developers and explorers grappled with low commodity prices, marginal free cash flows and high debt levels. Moreover, some leading gold companies encountered operational problems during the year, curtailing investor enthusiasm for the industry as a whole.

Overweight positions in high-quality gold stocks such as OceanaGold and Agnico Eagle, which have assets in relatively safe political jurisdictions, helped to boost the Fund's relative performance. In spite of low gold prices, some companies were able to lower costs sufficiently to increase cash balances while funding growth. These companies are especially well positioned to thrive should gold prices rise. Underweight positions in some poorly performing large gold companies including Barrick Gold and Goldcorp also contributed to relative returns. Exposure to certain silver and diamond producers hurt relative performance.

Recent Developments

With precious-metals prices declining, mining companies have continued to focus on elements within their control such as improving productivity, and reducing administrative and operating expenses. The steep decline in oil prices and diesel prices has particularly benefited mining companies with large open-pit operations and those that generate their own electricity. Furthermore, producers with foreign operations have benefited from the falling operating costs provided by weaker local currencies. The portfolio manager believes that some precious-metals producers could boost profit margins in 2016 even if commodity prices stagnate.

The portfolio manager continues to invest in higher-quality companies that can withstand a prolonged period of low commodity prices, including those with superior assets, financial strength and responsible management teams. The prospects for precious-metal stocks in 2016 will likely be tied to the pace of Fed interest-rate hikes, which in turn will be linked to the U.S. economic data. While a series of rate hikes could accelerate U.S. dollar strength and pressure commodity prices, economic weakness could slow the process and support commodity prices and related stocks.



Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 \$34,000 (2014 – \$125,000) or 2% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	22.16	0.19	(0.47)	(4.27)	2.09	(2.46)	—	—	—	—	—	19.58	
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	
Advisor Series													
Dec. 31, 2015	22.28	0.19	(0.46)	(4.30)	2.10	(2.47)	—	—	—	—	—	19.69	
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	
Series H													
Dec. 31, 2015	22.30	0.19	(0.42)	(4.29)	2.10	(2.42)	—	—	—	—	—	19.75	
Dec. 31, 2014 ³	29.94 [†]	0.08	(0.17)	(2.09)	2.25	0.07	—	—	—	—	—	22.30	
Series D													
Dec. 31, 2015	23.66	0.20	(0.30)	(4.58)	2.24	(2.44)	—	—	—	—	—	21.09	
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	
Series F													
Dec. 31, 2015	25.33	0.22	(0.25)	(4.92)	2.40	(2.55)	—	—	—	—	—	22.64	
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	
Series I													
Dec. 31, 2015	25.51	0.22	(0.18)	(4.99)	2.44	(2.51)	—	—	—	—	—	22.87	
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	Total	
Series O												
Dec. 31, 2015	23.89	0.21	(0.01)	(4.66)	2.28	(2.18)	—	—	—	—	—	21.56
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, 2015	19.58	253 758	12 962	2.13	2.13	54.97	0.33
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
Advisor Series							
Dec. 31, 2015	19.69	18 356	932	2.09	2.09	54.97	0.33
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
Series H							
Dec. 31, 2015	19.75	987	50	1.84	1.84	54.97	0.33
Dec. 31, 2014 ⁴	22.30	900	40	1.89	1.89	79.20	0.37
Series D							
Dec. 31, 2015	21.09	67 200	3 186	1.26	1.26	54.97	0.33
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
Series F							
Dec. 31, 2015	22.64	13 813	610	0.99	0.99	54.97	0.33
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



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, 2015	22.87	2 541	111	0.71	0.71	54.97	0.33
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
Series O							
Dec. 31, 2015	21.56	462	21	0.02	0.02	54.97	0.33
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 manager 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.

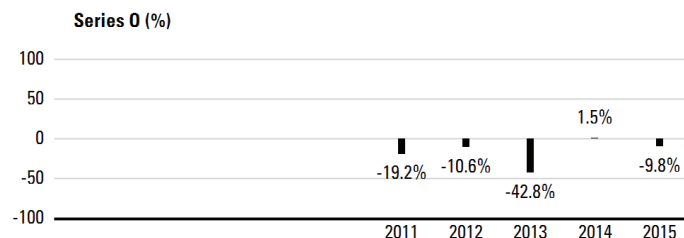
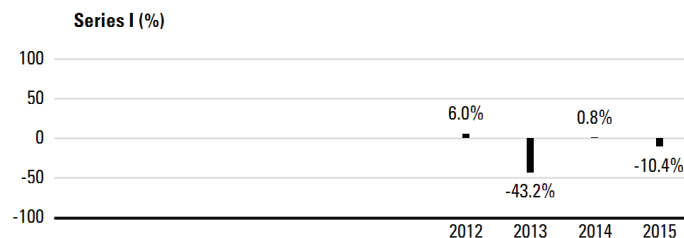
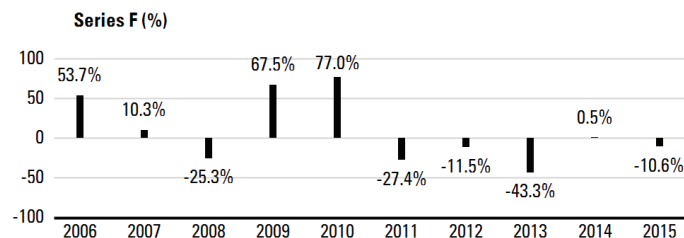
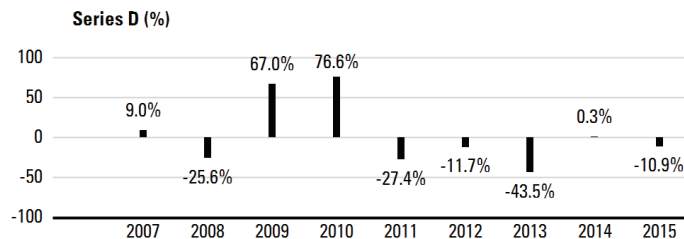
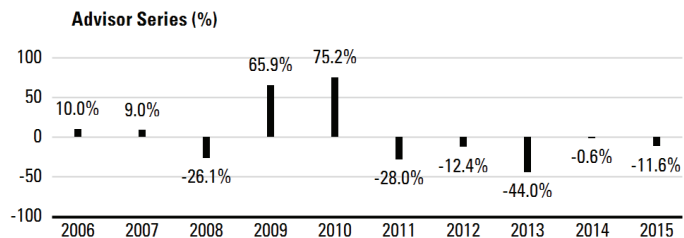
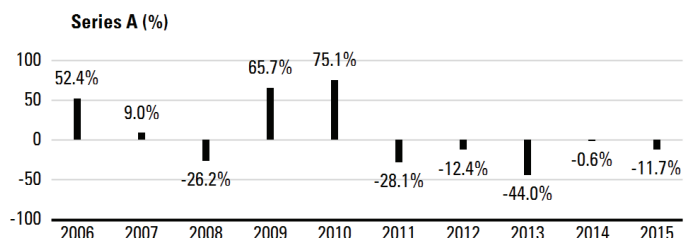


PAST PERFORMANCE

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, 2015, 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	-11.7	-21.1	-20.9	1.0	—
Benchmark	-10.1	-23.6	-20.0	-5.7	—
Broad-based index	-8.3	4.6	2.3	4.4	—
Advisor Series	-11.6	-21.0	-20.9	—	-2.4
Benchmark	-10.1	-23.6	-20.0	—	-8.4
Broad-based index	-8.3	4.6	2.3	—	3.8
Series H	-11.4	—	—	—	-25.9
Benchmark	-10.1	—	—	—	-27.5
Broad-based index	-8.3	—	—	—	-10.1
Series D	-10.9	-20.4	-20.2	—	-3.0
Benchmark	-10.1	-23.6	-20.0	—	-8.1
Broad-based index	-8.3	4.6	2.3	—	2.2
Series F	-10.6	-20.2	-20.0	2.1	—
Benchmark	-10.1	-23.6	-20.0	-5.7	—
Broad-based index	-8.3	4.6	2.3	4.4	—
Series I	-10.4	-19.9	—	—	-16.0
Benchmark	-10.1	-23.6	—	—	-19.8
Broad-based index	-8.3	4.6	—	—	6.4
Series O	-9.8	-19.4	—	—	-19.7
Benchmark	-10.1	-23.6	—	—	-22.7
Broad-based index	-8.3	4.6	—	—	3.5

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.

Series H units have been available for sale to unitholders since August 11, 2014, Series I units since July 9, 2012, Series O units since August 2, 2011, Series D units since July 3, 2007, and Advisor Series units since August 28, 2006.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix – Sectors

	% of Net Asset Value
Gold	75.6
Precious Metals and Minerals	13.8
Silver	5.8
Diversified Metals and Mining	1.3
Cash/Other	3.5

Investment Mix – Countries/Regions

	% of Net Asset Value
Canada	74.6
United States	13.5
United Kingdom	5.1
Other Countries	3.3
Cash/Other	3.5

Top 25 Holdings

	% of Net Asset Value
Agnico Eagle Mines Ltd.	8.0
Newmont Mining Corporation	7.5
Goldcorp Inc.	7.1
Detour Gold Corp.	6.9
Tahoe Resources Inc.	6.0
OceanaGold Corp.	5.7
Eldorado Gold Corp.	5.5
Semafo Inc.	5.2
Randgold Resources Ltd. ADR	5.1
Silver Wheaton Corp.	5.0
Franco-Nevada Corp.	4.8
Cash & Cash Equivalents	3.7
Mountain Province Diamonds Inc.	3.6
Osisko Gold Royalties Ltd.	2.1
Barrick Gold Corp.	2.1
Torex Gold Resources Inc.	1.9
Primero Mining Corp.	1.9
Richmont Mines Inc.	1.6
Klondex Mines Ltd.	1.2
Northern Star Resources Ltd.	1.1
Mandalay Resources Corp.	1.0
Fresnillo Plc.	1.0
Continental Gold Inc.	0.9
Lake Shore Gold Corp.	0.8
TMAC Resources Inc.	0.8
Top 25 Holdings	90.5

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 RESOURCES FUND

December 31, 2015

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 4, 2016.

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/reports 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 \$152 million as of December 31, 2015, from \$188 million at the end of 2014. The decrease was due to a combination of net redemptions and investment losses.

Over the past year, the Fund's Series A units lost 9.9%, which underperformed the 4.2% decline in the benchmark. The broad-based index rose 18.9%. 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 any other series, which may vary because of differences in management fees and expenses.

Commodity prices extended their declines in 2015 as a worsening economic-growth outlook in emerging markets weakened demand for oil and industrial metals. China, by far the largest emerging market, experienced slower growth as the country shifted focus to consumer-led growth from resource-heavy industrial and infrastructure projects. The Fund's underperformance stemmed from security selection in the Energy sector, one of the Fund's two investment areas, as well as the impact of currency hedging.

Crude-oil prices continued to fall as global supply growth outpaced demand, swelling inventories. The price for Brent crude, the global benchmark, fell to a seven-year low near US\$37 per barrel as OPEC continued to increase production and investors anticipated that Iran would further raise supplies when it adds supply in early 2016. West Texas Intermediate, the North American benchmark price, followed a similar path to close near US\$36 per barrel. Natural gas prices dropped significantly as well to end the year near US\$2.20 per million

cubic feet, as growing supplies from basins in the U.S. Northeast quickly satisfied growing demand and a mild start to the North American winter filled storage tanks.

Within the Fund, overweight positions in natural-gas producers EQT and Cabot Oil & Gas hurt performance, while an underweight position in BG Group held back returns following a takeover offer from Royal Dutch Shell. Overweight exposure to Total, the French oil company, aided performance given the company's solid refining and marketing operations. Offsetting the impact of stock selection was the Fund's underweight exposure to the Energy sector as a whole.

The Materials sector had little overall impact on relative returns as the benefits of underweight bets in large-capitalization metals and mining companies were offset by overweight positions in smaller companies more exposed to falling commodity prices. Two copper producers in the Fund, First Quantum and Lundin Mining, hurt performance. Offsetting this weakness was significant exposure to chemicals companies such as International Flavors & Fragrances, Cytec and Ecolab. Positions in containers and packaging, which are not directly tied to resource prices, also boosted the Fund's performance.

Recent Developments

With metals prices in decline, mining companies continued to focus on elements within their control, such as reducing administrative and operating expenses and improving productivity. The steep decline in oil and diesel prices has helped mining companies with large open-pit operations and those that generate their own electricity. Furthermore, producers with foreign operations have benefited from the falling operating costs provided by weaker local currencies. The portfolio manager believes that some base and precious-metals producers could boost profit margins in 2016 even if commodity prices stagnate.

The portfolio manager continues to hold an overweight position in packaging companies with strong free-cash flows and solid balance sheets.

Early signs indicate that the balance between the supply and demand for oil may begin to tighten in 2016, given declines in capital spending and drilling-rig activity in North America and expectations that demand will increase with the improving global economic outlook. Geopolitical risks to supply are also present with increased tensions in OPEC countries. However, crude prices could remain under pressure until investors get a better handle on the impact of Iran's new supplies and the willingness of North American unconventional crude to curb production. The portfolio manager's approach remains to invest in companies with high-quality assets, strong management teams and the ability to finance growth projects.



Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 \$14,000 (2014 – \$14,000) or 3% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	30.01	0.60	(0.68)	(1.98)	(0.72)	(2.78)	—	—	—	—	—	27.04	
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	
Advisor Series													
Dec. 31, 2015	30.12	0.60	(0.67)	(1.98)	(0.72)	(2.77)	—	—	—	—	—	27.15	
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	
Series H													
Dec. 31, 2015	30.15	0.60	(0.62)	(1.96)	(0.71)	(2.69)	—	—	—	—	—	27.08	
Dec. 31, 2014 ³	36.48 [†]	0.21	(0.25)	0.81	(1.40)	(0.63)	—	—	—	—	—	30.15	
Series D													
Dec. 31, 2015	32.29	0.65	(0.41)	(2.14)	(0.77)	(2.67)	—	—	—	—	—	29.39	
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	
Series F													
Dec. 31, 2015	35.03	0.72	(0.34)	(2.36)	(0.85)	(2.83)	—	—	—	—	—	31.96	
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	
Series I													
Dec. 31, 2015	35.28	0.71	(0.25)	(2.34)	(0.85)	(2.73)	—	—	—	—	—	32.30	
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	Total	
Series O												
Dec. 31, 2015	32.44	0.66	(0.01)	(2.17)	(0.79)	(2.31)	—	—	—	—	—	29.89
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, 2015	27.04	117 255	4 336	2.26	2.26	82.71	0.28
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
Advisor Series							
Dec. 31, 2015	27.15	7 118	262	2.21	2.21	82.71	0.28
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
Series H							
Dec. 31, 2015	27.08	11	—	1.99	1.99	82.71	0.28
Dec. 31, 2014 ⁴	30.15	1	—	2.15	2.15	69.71	0.22
Series D							
Dec. 31, 2015	29.39	19 256	655	1.26	1.26	82.71	0.28
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
Series F							
Dec. 31, 2015	31.96	4 874	152	0.99	0.99	82.71	0.28
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



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, 2015	32.30	1	—	0.85	0.85	82.71	0.28
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
Series O							
Dec. 31, 2015	29.89	2 993	100	0.02	0.02	82.71	0.28
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 manager 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 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.

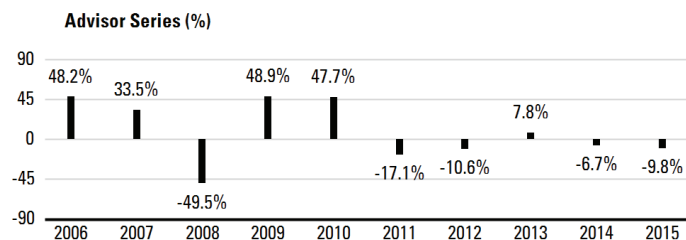
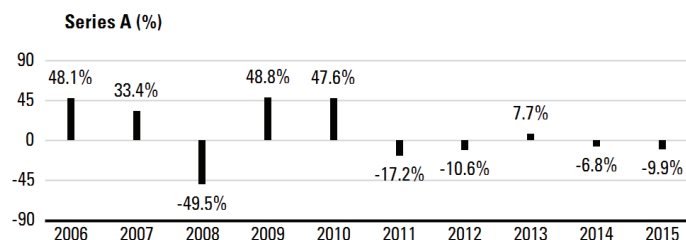


PAST PERFORMANCE

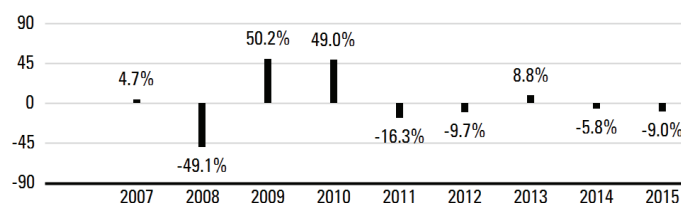
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional 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 (%)

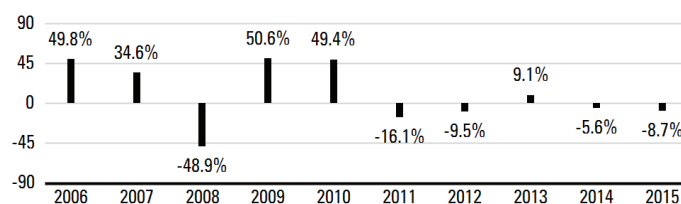
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



Series D (%)



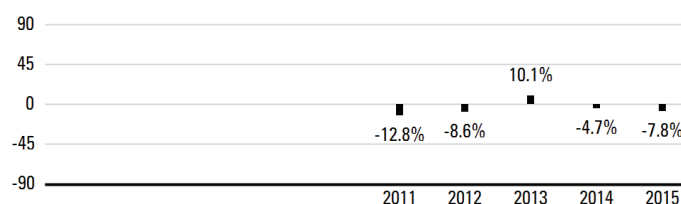
Series F (%)



Series I (%)



Series O (%)





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, 2015, 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	-9.9	-3.3	-7.7	3.9	–
Benchmark	-4.2	4.5	2.2	3.4	–
Broad-based index	18.9	22.5	15.0	6.8	–
Advisor Series	-9.8	-3.2	-7.7	4.0	–
Benchmark	-4.2	4.5	2.2	3.4	–
Broad-based index	18.9	22.5	15.0	6.8	–
Series H	-10.2	–	–	–	-19.3
Benchmark	-4.2	–	–	–	-11.6
Broad-based index	18.9	–	–	–	18.0
Series D	-9.0	-2.3	-6.8	–	-2.0
Benchmark	-4.2	4.5	2.2	–	0.6
Broad-based index	18.9	22.5	15.0	–	6.1
Series F	-8.7	-2.1	-6.5	5.2	–
Benchmark	-4.2	4.5	2.2	3.4	–
Broad-based index	18.9	22.5	15.0	6.8	–
Series I	-8.5	-1.8	–	–	0.3
Benchmark	-4.2	4.5	–	–	5.7
Broad-based index	18.9	22.5	–	–	22.0
Series O	-7.8	-1.1	–	–	-5.6
Benchmark	-4.2	4.5	–	–	2.3
Broad-based index	18.9	22.5	–	–	17.4

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 index.

Series H units have been available for sale to unitholders since August 11, 2014, Series I units since July 9, 2012, Series O units since July 11, 2011, and Series D units since July 3, 2007.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix – Sectors

	% of Net Asset Value
Oil, Gas and Consumable Fuels	48.2
Chemicals	23.4
Metals and Mining	10.7
Energy Equipment and Services	5.4
Containers and Packaging	4.6
Construction Materials	4.2
Paper and Forest Products	1.6
Semiconductors and Semiconductor Equipment	1.3
Cash/Other	0.6

Investment Mix – Countries/Regions

	% of Net Asset Value
United States	51.2
Canada	19.8
France	7.1
United Kingdom	6.8
Germany	4.3
Italy	2.1
Ireland	1.7
Switzerland	1.6
Other Countries	4.8
Cash/Other	0.6



SUMMARY OF INVESTMENT PORTFOLIO (cont.)

(after consideration of derivative products, if any)

As at December 31, 2015

Top 25 Holdings

	% of Net Asset Value
Total S.A.	7.1
Exxon Mobil Corp.	5.4
EOG Resources Inc.	4.8
Croda International Plc.	3.6
Concho Resources Inc.	3.4
Ecolab Inc.	3.3
Halliburton Co.	3.1
International Flavors & Fragrances Inc.	2.9
EQT Corp.	2.9
Linde AG	2.8
Pioneer Natural Resources Co.	2.5
Suncor Energy Inc.	2.5
Agrium Inc.	2.4
Rio Tinto Plc.	2.2
Dow Chemical Company	2.2
ENI S.p.A.	2.1
Ball Corp.	1.7
Syngenta AG	1.6
Packaging Corp. of America	1.6
West Fraser Timber Co. Ltd.	1.6
Cabot Oil & Gas Corp.	1.6
HeidelbergCement AG	1.6
Newfield Exploration Company	1.5
Akzo Nobel N.V.	1.5
Martin Marietta Materials	1.4
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 at www.rbcgam.com/funds.



GLOBAL EQUITY FUND

RBC GLOBAL TECHNOLOGY FUND

December 31, 2015

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 4, 2016.

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/reports 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 \$49 million as of December 31, 2015, from \$35 million at the end of 2014. The increase was due to a combination of net inflows and investment gains.

Over the past year, the Fund's Series A units gained 19.3%, which underperformed the 25.6% rise in the benchmark. The broad-based index rose 18.9%. 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 any other series, which may vary because of differences in management fees and expenses.

Technology-related stocks outperformed during 2015 given investors' preference for growth stocks, which tend to do well in periods of slower economic growth. The Fund benefited mainly from exposure to the Information Technology sector, along with some technology-related issues in the Telecommunication Services and consumer sectors. Regionally, the Information Technology sector performed best in Europe followed by Japan and the U.S. The best-performing categories were software companies, which were boosted by cloud computing, the digitization of entertainment and advertising, and e-commerce. Semiconductor stocks, which are tied to the pace of economic growth, performed poorly in 2015 in a slow-growing global economic environment.

A lack of new handsets made stock selection more difficult in this area during 2015. In software, companies long reliant on one platform struggled, while shares of companies that significantly improved existing products or introduced new ones excelled. This shift occurred as innovations in cloud computing, gaming and social media led to big overall technology-stock gains in recent years amid slowing growth for manufacturers of PCs and memory chips.

Oracle and IBM had a negative impact on performance as these companies struggled to adapt to the changing technology landscape. Stocks that had a positive impact on the Fund's returns were consumer-related technology companies such as Amazon and Netflix, along with Microsoft, Google and Facebook.

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 the prospects for Information Technology in 2016, as the sector should benefit from sustainable, albeit modest, economic growth and new-product rollouts. The portfolio manager believes that the current economic environment warrants greater care in selecting stocks due to broadly higher equity valuations.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 (2014 – \$2,000) or 2% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	3.23	0.03	(0.08)	0.50	0.15	0.60	—	—	—	—	—	3.85
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
Advisor Series												
Dec. 31, 2015	3.29	0.03	(0.08)	0.52	0.15	0.62	—	—	—	—	—	3.93
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
Series D												
Dec. 31, 2015	3.47	0.04	(0.05)	0.54	0.16	0.69	—	—	—	—	—	4.18
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
Series F												
Dec. 31, 2015	3.84	0.04	(0.04)	0.60	0.18	0.78	—	—	—	—	—	4.65
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

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, 2015	3.85	31 990	8 311	2.27	2.27	396.65	0.24
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
Advisor Series							
Dec. 31, 2015	3.93	1 649	419	2.25	2.26	396.65	0.24
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
Series D							
Dec. 31, 2015	4.18	14 189	3 392	1.26	1.27	396.65	0.24
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
Series F							
Dec. 31, 2015	4.65	1 558	335	0.99	1.00	396.65	0.24
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

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 manager 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.

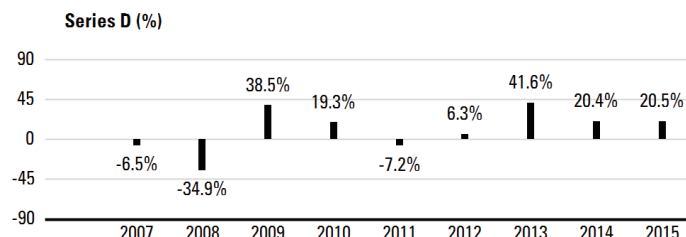
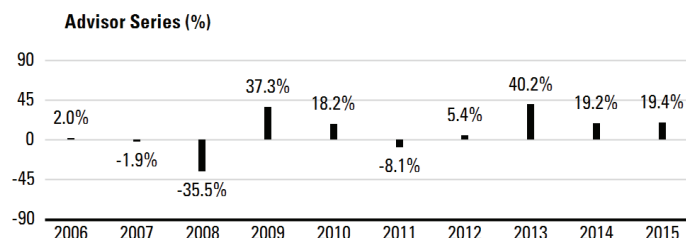
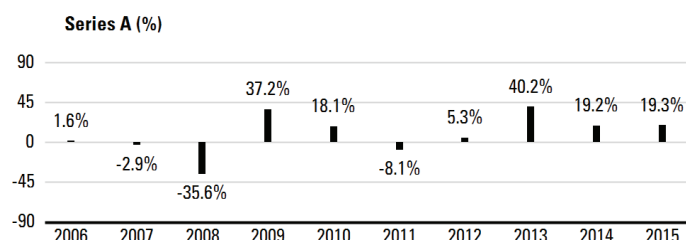


PAST PERFORMANCE

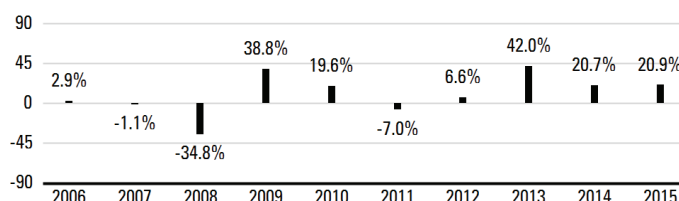
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional 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.



Series F (%)



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, 2015, 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	19.3	25.8	14.0	7.1	—
Benchmark	25.6	29.7	19.3	9.4	—
Broad-based index	18.9	22.5	15.0	6.8	—
Advisor Series	19.4	25.9	14.1	7.3	—
Benchmark	25.6	29.7	19.3	9.4	—
Broad-based index	18.9	22.5	15.0	6.8	—
Series D	20.5	27.1	15.2	—	8.7
Benchmark	25.6	29.7	19.3	—	10.0
Broad-based index	18.9	22.5	15.0	—	6.1
Series F	20.9	27.5	15.5	8.5	—
Benchmark	25.6	29.7	19.3	9.4	—
Broad-based index	18.9	22.5	15.0	6.8	—

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 indexes.

Series D units have been available for sale to unitholders since July 3, 2007.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix – Sectors

	% of Net Asset Value
Software	25.7
Semiconductors and Semiconductor Equipment	22.6
Internet Software and Services	16.9
IT Services	11.6
Communications Equipment	4.4
Internet and Catalogue Retail	4.3
Electronic Equipment and Instruments	4.2
Technology Hardware, Storage and Peripherals	4.1
Other Sectors	4.3
Cash/Other	1.9

Investment Mix – Countries/Regions

	% of Net Asset Value
United States	87.4
United Kingdom	2.8
France	2.5
Japan	1.6
Other Countries	3.8
Cash/Other	1.9

Top 25 Holdings

	% of Net Asset Value
Alphabet Inc., Class A	6.7
Microsoft Corp.	6.0
Apple Inc.	4.0
Facebook Inc., Class A	3.8
Intel Corp.	2.5
Cash & Cash Equivalents	2.0
Netflix Inc.	1.9
Accenture Plc., Class A	1.7
Salesforce.com Inc.	1.7
Applied Materials Inc.	1.5
Amazon.com, Inc.	1.5
Activision Blizzard Inc.	1.5
ServiceNow Inc.	1.5
Nvidia Corp.	1.4
Fiserv Inc.	1.4
Texas Instruments Inc.	1.3
Adobe Systems Inc.	1.3
SAP SE ADR	1.3
Xilinx Inc.	1.3
Equinix Inc. Real Estate Investment Trust	1.3
Monolithic Power Systems Inc.	1.3
Avago Technologies Ltd.	1.3
Ingram Micro Inc.	1.2
Electronic Arts Inc.	1.2
Altran Technologies S.A.	1.2
Top 25 Holdings	51.8

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

**RBC PRIVATE SHORT-TERM
INCOME POOL**

December 31, 2015

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 4, 2016.

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/reports 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 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 \$1.3 billion as of December 31, 2015, from \$1.1 billion at the end of 2014. The increase was due mainly to net inflows.

Over the past year, the Fund's Series O units gained 2.5%, which matched the rise in the benchmark. The broad-based index rose 3.5%. The Fund's return is after the deduction of 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 any other series, which may vary because of differences in management fees and expenses.

Short-term fixed-income yields fell for most of 2015, reflecting a weak global economy and a delay in the U.S. Federal Reserve (the "Fed") boosting its fed-funds benchmark interest rate until the very end of the year. The Canadian economy struggled, as falling energy prices translated into a loss of national income and overall economic growth. A number of forces conspired to drive Canada's energy industry into crisis: China's economy slowed; OPEC failed to curb oil supplies, leading to a glut; many emerging markets fell into recession; and Europe continued to struggle with anemic growth, compounded by an immigration crisis. To insulate the economy from the damaging effects of collapsing commodity prices, the Bank of Canada (the "BOC") cut its targeted overnight rate twice during the year. Nonetheless, Canada's economy contracted during the first half of 2015 before recovering in the summer. In the U.S., the economy expanded, although it fell short of expectations given the more than six years that the recovery has been in place.

The portfolio manager trimmed the Fund's exposure to corporate securities through the year, as government debt outperformed corporate fixed income due to the BOC's two rate cuts, and an overall deceleration in the global economy. The Fund's performance was negatively affected by below-benchmark exposure to government bonds, whose yields fell – and prices rose – more than those for corporate securities. The Fund's primary asset remained corporate bonds, followed by roughly equal amounts of federal and provincial debt.

Recent Developments

Having signalled an end to its aggressive monetary policy, the pace at which the Fed raises its benchmark interest rate is now a focal point for bond markets as one rate hike in isolation is historically rare. Further rate hikes will be closely linked to the economy's short-term performance, and rates may even fall in the event of a slowdown in the economy.

In the portfolio manager's view, there is little likelihood of any change in Canadian benchmark interest rates as the BOC is unlikely to do anything as long as commodity prices remain low. Further rate cuts are possible, but economic growth would have to slow even more dramatically for this to occur. One area of focus in 2016 will be inflation, which, with economic growth weak, will largely determine the direction of Canadian administered rates. U.S. bond yields may increase next year if the Fed continues to raise rates, but increases in Canada would likely be smaller.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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 F												
Dec. 31, 2015	104.02	2.76	(0.45)	(0.26)	—	2.05	(2.30)	—	—	—	(2.30)	103.88
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
Series O												
Dec. 31, 2015	104.23	2.77	(0.06)	(0.26)	—	2.45	(2.72)	—	—	—	(2.72)	104.06
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

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, 2015	103.88	19 576	188	0.43	0.43	25.17	—
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	—
Series O							
Dec. 31, 2015	104.06	1 255 124	12 062	0.06	0.06	25.17	—
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	—

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 manager 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.

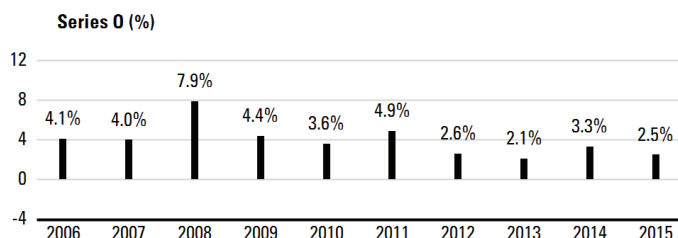
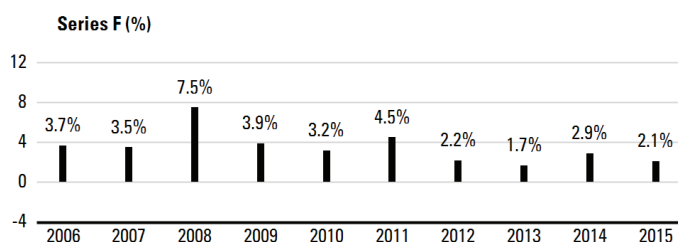


PAST PERFORMANCE

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, 2015, 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	2.1	2.2	2.7	3.5	—
Benchmark	2.5	2.2	2.5	3.6	—
Broad-based index	3.5	3.6	4.8	5.0	—
Series O	2.5	2.6	3.1	3.9	—
Benchmark	2.5	2.2	2.5	3.6	—
Broad-based index	3.5	3.6	4.8	5.0	—

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.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Corporate Bonds	58.1
Provincial Bonds	23.0
Federal Bonds	15.8
Cash/Other	3.1

Top 25 Holdings

	% of Net Asset Value
Province of Quebec 4.500% Dec 1 17	3.9
Canada Housing Trust No. 1 2.050% Jun 15 17	3.4
Province of Ontario 4.000% Jun 2 21	2.8
Cash & Cash Equivalents	2.5
Province of Ontario 2.100% Sep 8 19	2.3
Province of Ontario 1.900% Sep 8 17	2.1
Bank of Montreal 3.210% Sep 13 18	2.1
Canada Housing Trust No. 1 2.350% Dec 15 18	2.0
Canada Housing Trust No. 1 1.700% Dec 15 17	1.8
Province of Quebec 3.500% Dec 1 22	1.7
Canada Housing Trust No. 1 2.650% Mar 15 22	1.7
Government of Canada 2.750% Jun 1 22	1.7
Toronto-Dominion Bank 2.447% Apr 2 19	1.6
Government of Canada 1.500% Feb 1 17	1.5
Government of Canada 1.250% Aug 1 17	1.5
Province of Alberta 1.600% Jun 15 18	1.5
Royal Bank of Canada 1.920% Jul 17 20	1.5
Canadian Imperial Bank of Commerce 1.850% Jul 14 20	1.4
Bank of Nova Scotia 2.462% Mar 14 19	1.4
Canadian Credit Card Trust II 1.829% Mar 24 20	1.4
Bank of Montreal 2.430% Mar 4 19	1.3
Bank of Nova Scotia 2.090% Sep 9 20	1.3
HSBC Bank Canada 2.938% Jan 14 20	1.3
Royal Bank of Canada 2.770% Dec 11 18	1.2
Bank of Montreal 2.240% Dec 11 17	1.2
Top 25 Holdings	46.1

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.



FIXED INCOME

**RBC PRIVATE CANADIAN
CORPORATE BOND POOL**

December 31, 2015

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 4, 2016.

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/reports 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 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 \$2.1 billion as of December 31, 2015, from \$1.9 billion at the end of 2014. The increase was due mainly to net inflows.

Over the past year, the Fund's Series O units gained 2.7%, which matched the rise in the benchmark. The broad-based index rose 3.5%. The Fund's return is after the deduction of 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 any other series, which may vary because of differences in management fees and expenses.

The collapse in prices of energy and other commodities in 2015 had a negative impact on Canadian economic growth and led the Bank of Canada (the "BOC") to lower interest rates twice during the year. In this environment, Canadian government-bond yields declined. The European Central Bank (the "ECB") and the Bank of Japan (the "BOJ") also implemented measures to combat low growth and deflation, and to prevent their currencies from appreciating. The ECB introduced massive bond purchases known as quantitative easing, which contributed to lower interest rates. In some cases, yields in Europe went negative – meaning bond buyers actually paid for the privilege of lending. The U.S. economy improved over 2015 and the U.S. Federal Reserve (the "Fed") began preparing the market for the removal of ultra-accommodative monetary policy.

The excess yield earned on corporate bonds over similar-maturity government bonds widened during the year, resulting in the corporate market underperforming the government market. Factors contributing to the corporate underperformance included concerns about the strength of economic growth, the increasing difficulty of trading easily in some fixed-income markets – known as liquidity – and fear of rising government interest rates.

Recent Developments

The Canadian economy is struggling to deal with commodity prices at levels not seen in at least 10 years, and it will take time for manufacturing and other non-commodity areas of the economy to benefit from a lower Canadian dollar. The portfolio manager expects the BOC to refrain from any further moves on interest rates unless commodity prices extend declines or economic woes in China or other emerging-market economies worsen.

The Fed finally raised rates in December 2015, ending a period of near-zero interest rates that had been in effect for seven years. However, the portfolio manager expects the ECB and the BOJ will continue with extreme low-interest-rate policies. The portfolio manager expects a period of bond-price swings over the next several months, providing opportunities to accumulate securities offering higher yields.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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 F												
Dec. 31, 2015	11.32	0.42	(0.07)	0.01	(0.15)	0.21	(0.35)	—	—	—	(0.35)	11.21
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
Series O												
Dec. 31, 2015	11.28	0.42	—	0.01	(0.15)	0.28	(0.42)	—	—	—	(0.42)	11.17
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

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, 2015	11.21	49 479	4 412	0.60	0.60	22.19	—
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	—
Series O							
Dec. 31, 2015	11.17	2 080 488	186 211	0.03	0.03	22.19	—
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	—

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 manager 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.

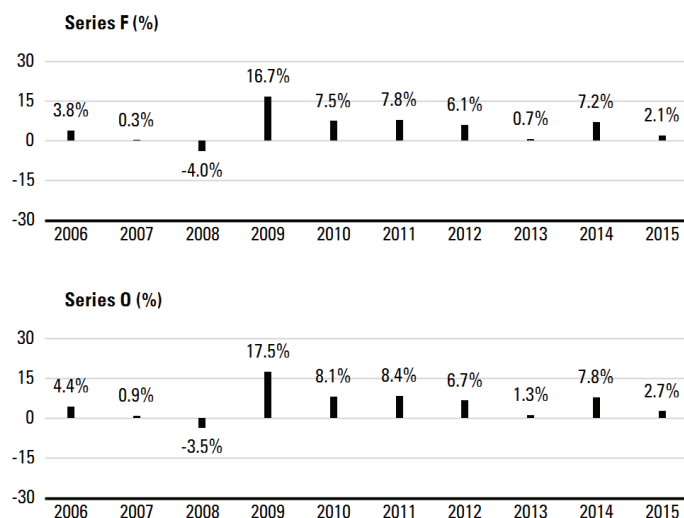


PAST PERFORMANCE

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, 2015, 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	2.1	3.3	4.8	4.7	—
Benchmark	2.7	3.7	5.1	5.5	—
Broad-based index	3.5	3.6	4.8	5.0	—
Series O	2.7	3.9	5.4	5.3	—
Benchmark	2.7	3.7	5.1	5.5	—
Broad-based index	3.5	3.6	4.8	5.0	—

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.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Canadian Bonds	95.4
Foreign Bonds	2.2
Cash/Other	2.4

Top 25 Holdings

	% of Net Asset Value
Hydro One Inc. 5.360% May 20 36	1.8
Cash & Cash Equivalents	1.7
Bank of Nova Scotia 2.090% Sep 9 20	1.3
Toronto-Dominion Bank 4.779% Dec 14 16	1.3
Greater Toronto Airports Authority 6.470% Feb 2 34	1.3
Toronto-Dominion Bank 3.226% Jul 24 24	1.3
Bell Canada 6.100% Mar 16 35	1.2
Toronto-Dominion Bank 2.621% Dec 22 21	1.2
Great-West Lifeco Inc. 6.740% Nov 24 31	1.1
Loblaw Companies Ltd. 5.900% Jan 18 36	1.1
Toronto-Dominion Bank 2.447% Apr 2 19	0.9
Bank of Montreal 6.020% May 2 18	0.9
Greater Toronto Airports Authority 7.100% Jun 4 31	0.9
Royal Bank of Canada 2.820% Jul 12 18	0.9
Canadian Imperial Bank of Commerce 2.350% Oct 18 17	0.9
TELUS Corp. 4.400% Apr 1 43	0.9
Bank of Montreal 3.210% Sep 13 18	0.9
Bank of Montreal 2.840% Jun 4 20	0.9
Toronto-Dominion Bank 2.563% Jun 24 20	0.9
Bank of Nova Scotia 2.370% Jan 11 18	0.9
Bell Canada 4.400% Mar 16 18	0.9
Loblaw Companies Ltd. 6.050% Jun 9 34	0.8
Royal Bank of Canada 2.364% Sep 21 17	0.8
HSBC Bank Canada 2.491% May 13 19	0.8
GE Capital Canada Funding Co. 5.680% Sep 10 19	0.8
Top 25 Holdings	26.4

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, 2015

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 4, 2016.

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/reports 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 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 \$90 million as of December 31, 2015, from \$248 million at the end of 2014. The decline was due to net redemptions.

Over the past year, the Fund's Series O units lost 3.8%, which underperformed the 1.6% decline in the benchmark. The broad-based index rose 2.7%. The Fund's return is after the deduction of 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 any other series, which may vary because of differences in management fees and expenses.

In January 2015, monthly distributions by the Fund were raised to 53.30 cents per Series O unit. For the year, the Fund made total distributions of about \$7.29 per Series O unit, consisting of \$3.94 per unit of dividends and \$3.35 per unit of interest. The annual payout included an additional year-end distribution.

The S&P/TSX Composite Index, Canada's equity benchmark, underperformed most other global indexes during the period. Declining commodity prices weighed on many global markets, but the resource-heavy Canadian index was especially impacted. The price of crude oil declined further in 2015 as the market struggled with excess supply. This weighed on Canadian energy stocks, which account for about a fifth of the S&P/TSX market capitalization. Global growth concerns also deepened throughout the year after economic data out of a number of large economies, most notably China, indicated the possibility of slower growth going forward. These factors prompted the Bank of Canada (the "BOC") to unexpectedly cut its overnight lending rate twice throughout the year. Meanwhile, the U.S. Federal Reserve (the "Fed") felt the U.S. economy was on solid enough footing to finally embark on a long-anticipated tightening cycle, although measured.

The Fund's overweight position in equities and underweight position in fixed income were negative for performance. The excess yield earned on corporate bonds over similar-maturity government bonds widened during the year, resulting in the corporate market underperforming the government market. Factors contributing to the corporate underperformance included concerns about the strength of economic growth, the increasing difficulty of trading easily in some fixed-income markets – known as liquidity – and fear of rising government interest rates.

In equities, positive relative performance in the Materials and Utilities sectors was offset by weaker performance in the Energy sector.

An overweight allocation in Agrium contributed to returns in the Materials sector as the weakening of the Canadian dollar, coupled with Agrium's solid balance sheet and healthy dividend yield, propelled the stock higher in the earlier parts of the year. A lack of exposure to First Quantum Minerals and an overweight position in Agnico Eagle Mines also aided performance. In the Utilities sector, overweight allocations to Emera and Algonquin Power & Utilities had a positive impact on performance.

An overweight position in the Energy sector hindered returns as lower oil prices continued to be an overhang to companies in the sector. Overweight allocations to Newalta and Husky Energy were the main detractors from performance. Newalta's stock, like many other energy and related companies, has suffered from the large decline in commodity prices due to the potential implications that a continued low oil-price environment has on drilling activity and production.



Recent Developments

An improvement in the performance of Canadian equity markets will require a bigger contribution from stocks in the Financials and Energy sectors. For that to happen, energy prices will have to move higher, in the view of the portfolio manager. Energy prices, specifically oil, are difficult to forecast, and it now appears prices will be lower on average and more volatile than in the recent past, although an eventual rebalancing of the market is likely to see prices move higher from current levels. For growth, Canada also depends on the U.S., where a stronger labour market, improving housing market, and lower commodity prices indicate an improving economy. The interest-rate policy divergence between the Fed and the BOC is likely to widen if commodity prices remain weak, which could add further pressure to the Canadian dollar.

The Canadian economy is struggling to deal with commodity prices at levels not seen in at least 10 years, and it will take time for manufacturing and other non-commodity areas of the economy to benefit from a lower Canadian dollar. The portfolio manager expects the BOC to refrain from any further moves on interest rates unless commodity prices extend declines or economic woes in China or other emerging-market economies worsen.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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.

Brokerage

The Fund has established standard brokerage agreements at market rates with related-party dealers. These related-party commissions were \$2,000 (2014 – \$10,000) or 3% (2014 – 16%) 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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 F												
Dec. 31, 2015	188.89	7.62	(1.12)	15.14	(27.47)	(5.83)	(2.92)	(3.42)	—	—	(6.34)	174.56
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
Series O												
Dec. 31, 2015	188.24	7.35	(0.11)	14.62	(26.52)	(4.66)	(3.35)	(3.94)	—	—	(7.29)	173.99
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

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, 2015	174.56	28 483	163	0.60	0.60	9.58	0.04
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
Series O							
Dec. 31, 2015	173.99	61 989	356	0.06	0.06	9.58	0.04
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

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 manager 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.

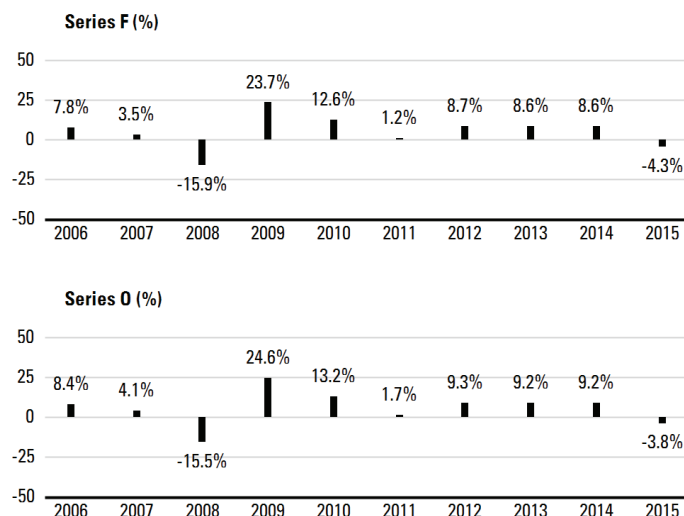


PAST PERFORMANCE

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, 2015, 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 F	-4.3	4.1	4.4	5.0	—
Benchmark	-1.6	5.3	5.1	5.6	—
Broad-based index	2.7	3.7	5.1	5.5	—
Series O	-3.8	4.7	5.0	5.5	—
Benchmark	-1.6	5.3	5.1	5.6	—
Broad-based index	2.7	3.7	5.1	5.5	—

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.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Bonds	41.1
Financials	22.0
Energy	12.5
Utilities	5.2
Materials	4.1
Industrials	3.9
Consumer Discretionary	3.6
Telecommunication Services	2.9
Consumer Staples	1.0
Health Care	0.5
Cash/Other	3.2

Top 25 Holdings

	% of Net Asset Value
Toronto-Dominion Bank	3.7
Bank of Nova Scotia	3.2
Bank of Montreal	3.1
Canadian Imperial Bank of Commerce	3.1
Cash & Cash Equivalents	2.6
Canadian National Railway Co.	2.4
Manulife Financial Corporation	2.3
Enbridge Inc.	2.1
Magna International Inc., Class A	2.1
TransCanada Corp.	2.1
TransAlta Renewables Inc.	1.9
Brookfield Property Partners LP	1.8
Greater Toronto Airports Authority 6.980% Oct 15 32	1.7
Agrium Inc.	1.7
Loblaw Companies Ltd. 6.450% Feb 9 28	1.7
407 International Inc. 5.750% Feb 14 36	1.7
Suncor Energy Inc.	1.6
Bell Canada 6.100% Mar 16 35	1.6
Canadian Natural Resources Ltd.	1.6
Sun Life Financial Inc.	1.6
Rogers Communications Inc. 6.110% Aug 25 40	1.5
TransCanada PipeLines Ltd. 5.650% Jun 20 29	1.5
Rogers Communications Inc. 5.340% Mar 22 21	1.5
Fairfax Financial Holdings Ltd. 6.400% May 25 21	1.5
Sun Life Financial Inc. 5.700% Jul 2 19	1.5
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.



CANADIAN EQUITY

**RBC PRIVATE CANADIAN
DIVIDEND POOL**

December 31, 2015

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 4, 2016.

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 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 \$2.1 billion as of December 31, 2015, from \$1.6 billion at the end of 2014. The increase was due to net inflows.

Over the past year, the Fund's Series O units lost 4.9%, which outperformed the 5.8% decline in the benchmark. The broad-based index declined 8.3%. The Fund's return is after the deduction of 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 any other series, which may vary because of differences in management fees and expenses.

The S&P/TSX Composite Index, Canada's equity benchmark, underperformed most other global indices during the period. Declining commodity prices weighed on many global markets, but the resource-heavy Canadian index was especially impacted. The price of crude oil declined further in 2015 as the market struggled with excess supply. This weighed on Canadian energy stocks, which account for about a fifth of the S&P/TSX market capitalization. Global growth concerns also deepened throughout the year after economic data out of a number of large economies, most notably China, indicated the possibility of slower growth going forward. These factors prompted the Bank of Canada (the "BOC") to cut its overnight lending rate twice throughout the year. Meanwhile, the U.S. Federal Reserve (the "Fed") felt the U.S. economy was on solid enough footing to finally embark on a long-anticipated tightening cycle, although the cadence of future increases is likely to be measured.

In 2015, stronger relative performance in the Materials, Financials and Industrials sectors offset weaker relative performance in the Consumer Discretionary, Information Technology and Telecommunication Services sectors.

In the Financials sector, the Fund benefited from an overweight position in Brookfield Asset Management as increased assets under management bolstered the outlook for fee revenue. An overweight position in Brookfield Property Partners also contributed to relative performance.

In the Materials sector, a zero weighting in First Quantum Minerals aided returns. The company was negatively affected by its exposure to decreasing copper prices.

In the Industrials sector, a zero weight position in Bombardier aided relative returns. The stock declined after the company was forced to issue additional shares following delays and cost overruns in its CSeries jet program.

In the Consumer Discretionary sector, returns were hurt by not holding Dollarama, Gildan Activewear and Restaurant Brands International, as all three stocks posted gains during the year.

In Information Technology, a zero weighting in Constellation Software had a negative impact on relative performance. The company, which has grown through a series of takeovers, managed to offset a slowdown in the pace of acquisitions with cost-cutting.

Recent Developments

An improvement in the performance of Canadian equity markets will require a bigger contribution from stocks in the Financials and Energy sectors. For that to happen, energy prices will have to move higher, in the view of the portfolio manager. Energy prices, specifically oil, are difficult to forecast, and it now appears prices will be lower on average and more volatile than in the recent past, although an eventual rebalancing of the market is likely to see prices move higher from current levels. For growth, Canada also depends on the U.S., where a stronger labour market and improving housing market indicate an improving economy. The interest-rate policy divergence between the Fed and the BOC is likely to widen if commodity prices remain weak, which could add further pressure to the Canadian dollar.



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Brokerage

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Pursuant to applicable securities legislation, the Fund relied on the standing instructions from 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.

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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	Total	
Series F												
Dec. 31, 2015	40.35	1.29	(0.28)	(0.08)	(3.31)	(2.38)	(0.03)	(0.85)	—	—	(0.88)	37.28
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
Series O												
Dec. 31, 2015	40.86	1.29	(0.03)	(0.08)	(3.32)	(2.14)	(0.04)	(1.10)	—	—	(1.14)	37.75
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

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, 2015	37.28	37 126	996	0.71	0.71	11.01	0.05
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
Series O							
Dec. 31, 2015	37.75	2 013 283	53 338	0.07	0.07	11.01	0.05
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

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 manager 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.

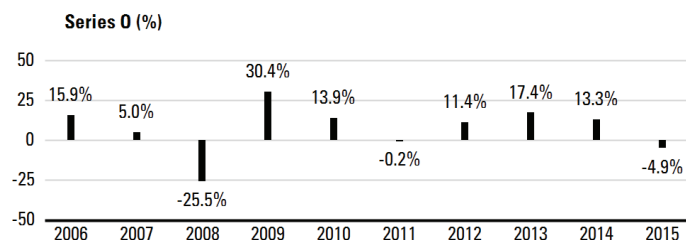
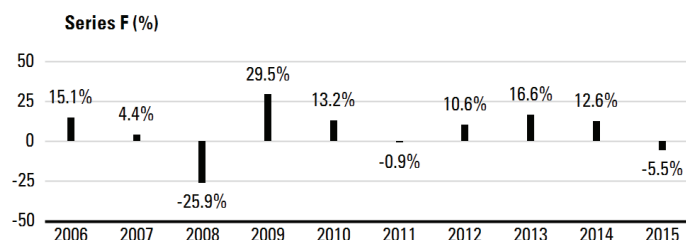


PAST PERFORMANCE

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, 2015, 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	-5.5	7.5	6.4	5.9	—
Benchmark	-5.8	6.7	4.8	5.5	—
Broad-based index	-8.3	4.6	2.3	4.4	—
Series O	-4.9	8.1	7.0	6.6	—
Benchmark	-5.8	6.7	4.8	5.5	—
Broad-based index	-8.3	4.6	2.3	4.4	—

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 index.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Financials	45.9
Energy	19.4
Industrials	7.0
Utilities	5.4
Consumer Staples	4.8
Consumer Discretionary	4.3
Telecommunication Services	3.7
Materials	3.0
Health Care	0.5
Information Technology	0.3
Cash/Other	5.7

Top 25 Holdings

	% of Net Asset Value
Royal Bank of Canada	6.7
Toronto-Dominion Bank	6.7
Bank of Nova Scotia	5.2
Cash & Cash Equivalents	5.1
Canadian National Railway Co.	4.4
Brookfield Asset Management Inc., Class A	4.0
Bank of Montreal	3.9
Canadian Imperial Bank of Commerce	3.4
TransCanada Corp.	3.2
Suncor Energy Inc.	3.0
Enbridge Inc.	2.6
Manulife Financial Corporation	2.6
Canadian Natural Resources Ltd.	2.3
Loblaw Companies Ltd.	1.9
Power Corporation of Canada	1.9
Imperial Oil Ltd.	1.8
Canadian Pacific Railway Ltd.	1.7
Sun Life Financial Inc.	1.7
Brookfield Property Partners LP	1.6
BCE Inc.	1.4
TELUS Corp.	1.4
Thomson Corp.	1.4
Magna International Inc., Class A	1.3
Onex Corporation	1.3
Alimentation Couche-Tard Inc.	1.3
Top 25 Holdings	71.8

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, 2015

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 4, 2016.

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/reports 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 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 fell to \$209 million as of December 31, 2015, from \$262 million at the end of 2014. The decrease was due to a combination of net redemptions and investment losses.

Over the past year, the Fund's Series O units lost 8.2%, which underperformed the 8.0% decline in the benchmark. The broad-based index declined 8.3%. The Fund's return is after the deduction of 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 any other series, which may vary because of differences in management fees and expenses.

A sell-off in commodities during the final quarter meant Canadian equities ended 2015 firmly in the red. Oil prices traded near US\$35 per barrel and some analysts said prices could fall below US\$30 if OPEC continued to oversupply the global market. The commodity malaise was not kind to many dividend-paying areas of the market as banks, REITS, utilities and pipeline stocks all declined during the year. Only the Telecommunication Services sector was able to buck the trend and rise.

The portfolio's underperformance was caused mainly by below-benchmark positions in two of the outperforming sectors, Consumer Staples and Telecommunication Services, as well as the poor stock performance of holdings in the Consumer Discretionary sector. An underweight position in the weak Materials sector and an overweight position in the strong Information Technology sector contributed to relative performance.

From a stock-selection perspective, Constellation Software, Emera and WSP Global were three of the biggest contributors to relative performance in 2015. AltaGas, Vermilion Energy and Pembina Pipeline were among stocks that hurt relative performance returns the most.

The sub-advisor continues to be underweight the resource sectors. Within the Financials sector, the sub-advisor expects to be underweight banks and overweight insurance companies. The portfolio also has exposure to stocks where the current dividend yield is lower than that of the benchmark, but the stocks are held because of their potential for earnings growth and rising dividends. Examples of such holdings in the portfolio include Constellation Software, CCL Industries, Concordia Healthcare and Brookfield Asset Management.

Recent Developments

Forecasts for double-digit earnings gains in the S&P/TSX Composite Index assume that oil prices will average US\$50 per barrel next year and end the year closer to US\$60 per barrel. If oil prices stay in the current range, single-digit earnings growth may be the best-case scenario.

With the U.S. Federal Reserve setting the stage for higher interest rates, traditional dividend-paying areas of the market may come under pressure. The sub-advisor's approach of having a mix of higher-yield stocks along with lower-yield stocks that have stronger earnings growth should help combat an environment of higher bond yields. Given current challenges, the sub-advisor believes the environment continues to favour investors who excel at picking individual stocks rather than making portfolio decisions based on macroeconomic trends.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 \$13,000 (2014 – \$18,000) or 9% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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 F												
Dec. 31, 2015	21.66	0.79	(0.19)	0.24	(2.64)	(1.80)	(0.02)	(0.58)	—	—	(0.60)	19.16
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
Series O												
Dec. 31, 2015	21.67	0.79	(0.02)	0.24	(2.64)	(1.63)	(0.03)	(0.74)	—	—	(0.77)	19.17
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

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, 2015	19.16	3 781	197	0.91	0.91	30.87	0.06
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
Series O							
Dec. 31, 2015	19.17	205 546	10 720	0.10	0.10	30.87	0.06
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

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 manager 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.

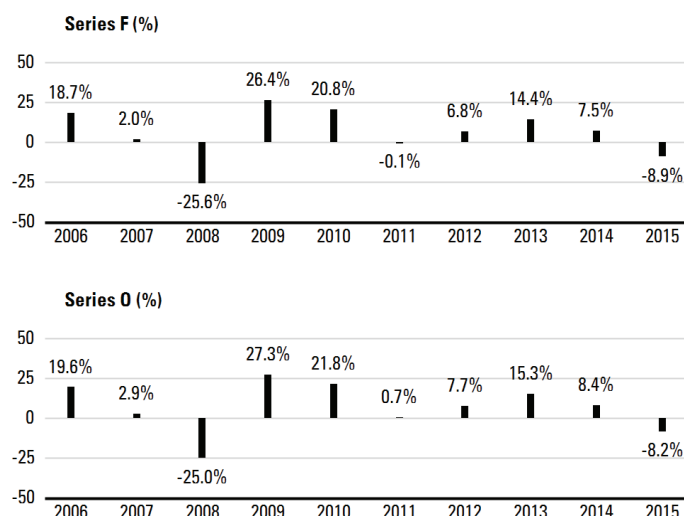


PAST PERFORMANCE

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, 2015, compared with the following benchmarks:

The blended benchmark (the "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 Composite Index – Oil and Gas Storage and Transportation (CAD)
- 5% S&P/TSX Index – Real Estate Investment Trusts (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	-8.9	3.8	3.6	5.1	—
Benchmark	-8.0	4.6	3.7	—	—
Broad-based index	-8.3	4.6	2.3	4.4	—
Series O	-8.2	4.7	4.5	5.9	—
Benchmark	-8.0	4.6	3.7	—	—
Broad-based index	-8.3	4.6	2.3	4.4	—

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 index.

Inception dates are not provided for series that have been in existence for more than 10 years.

The 10-year performance for the 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.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2015

Investment Mix

	% of Net Asset Value
Financials	43.7
Energy	17.7
Telecommunication Services	7.7
Information Technology	5.9
Industrials	5.7
Materials	4.1
Utilities	4.1
Consumer Staples	3.9
Consumer Discretionary	3.8
Health Care	2.1
Cash/Other	1.3

Top 25 Holdings

	% of Net Asset Value
Enbridge Inc.	4.3
Brookfield Asset Management Inc., Class A	4.1
Bank of Nova Scotia	4.1
Emera Inc.	4.1
Great-West Lifeco Inc.	4.0
DH Corp.	4.0
Element Financial Corp.	4.0
National Bank of Canada	4.0
Royal Bank of Canada	4.0
Vermilion Energy Inc.	4.0
Intact Financial Corp.	4.0
Manulife Financial Corporation	3.9
Toronto-Dominion Bank	3.9
BCE Inc.	3.9
Allied Properties Real Estate Investment Trust	3.9
Loblaw Companies Ltd.	3.9
TELUS Corp.	3.8
Canadian Pacific Railway Ltd.	3.8
Magna International Inc., Class A	3.8
Pembina Pipeline Corp.	3.7
Concordia Healthcare Corp.	2.2
Chemtrade Logistics Income Fund	2.1
Cominar Real Estate Investment Trust	2.0
Constellation Software Inc.	2.0
CCL Industries, Class B	1.9
Top 25 Holdings	89.4

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, 2015

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 4, 2016.

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/reports 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 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 \$3.1 billion as of December 31, 2015, from \$2.4 billion at the end of 2014. The increase was due to net inflows.

Over the past year, the Fund's Series O units lost 8.1%, which outperformed the 8.3% decline in the benchmark. The Fund's return is after the deduction of 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 any other series, which may vary because of differences in management fees and expenses.

The S&P/TSX Composite Index, Canada's equity benchmark, underperformed most other global indices during the period. Declining commodity prices weighed on many global markets, but the resource-heavy Canadian index was especially impacted. The price of crude oil declined further in 2015 as the market struggled with excess supply. This weighed on Canadian energy stocks, which account for about a fifth of the S&P/TSX market capitalization. Global growth concerns also deepened throughout the year after economic data out of a number of large economies, most notably China, indicated the possibility of slower growth going forward. These factors prompted the Bank of Canada (the "BOC") to cut its overnight lending rate twice throughout the year. Meanwhile, the U.S. Federal Reserve (the "Fed") felt the U.S. economy was on solid enough footing to finally embark on a long-anticipated tightening cycle, although the cadence of future increases is likely to be measured.

Positive relative performance in the Financials, Materials and Utilities sectors was partially offset by weaker performance in the Energy sector.

In the Financials sector, an overweight position in Brookfield Property Partners and Element Financial contributed to performance. During the year, shares of Element Financial rose after the company announced that it had acquired General Electric's leasing business. An underweight position in Potash and an overweight allocation to Agrium in the Materials sector aided returns. The continued volatility in commodity prices weighed on Potash Corp. shares during the period. In the Utilities sector, an overweight position in Algonquin Power & Utilities also contributed to performance.

An overweight position in the Energy sector hindered returns as lower oil prices continued to be an overhang to companies in the sector. Overweight allocations to Newalta and Gibson Energy were the main detractors from performance. Newalta's stock, like many other energy and related companies, has suffered from the large decline in commodity prices due to the potential implications that a continued low oil-price environment has on drilling activity and production.

Recent Developments

An improvement in the performance of Canadian equity markets will require a bigger contribution from stocks in the Financials and Energy sectors. For that to happen, energy prices will have to move higher, in the view of the portfolio manager. Energy prices, specifically oil, are difficult to forecast, and it now appears prices will be lower on average and more volatile than in the recent past, although an eventual rebalancing of the market is likely to see prices move higher from current levels. For growth, Canada also depends on the U.S., where a stronger labour market and improving housing market indicate an improving economy. The interest-rate policy divergence between the Fed and the BOC is likely to widen if commodity prices remain weak, which could add further pressure to the Canadian dollar.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 \$374,000 (2014 – \$216,000) or 10% (2014 – 14%) 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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 F												
Dec. 31, 2015	23.29	0.74	(0.16)	(0.01)	(2.68)	(2.11)	(0.02)	(0.47)	(0.12)	—	(0.61)	20.68
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
Series O												
Dec. 31, 2015	23.41	0.73	(0.02)	(0.01)	(2.66)	(1.96)	(0.02)	(0.62)	(0.12)	—	(0.76)	20.78
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

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, 2015	20.68	14 710	711	0.71	0.71	43.95	0.14
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
Series O							
Dec. 31, 2015	20.78	3 134 604	150 813	0.07	0.07	43.95	0.14
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

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 manager 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.

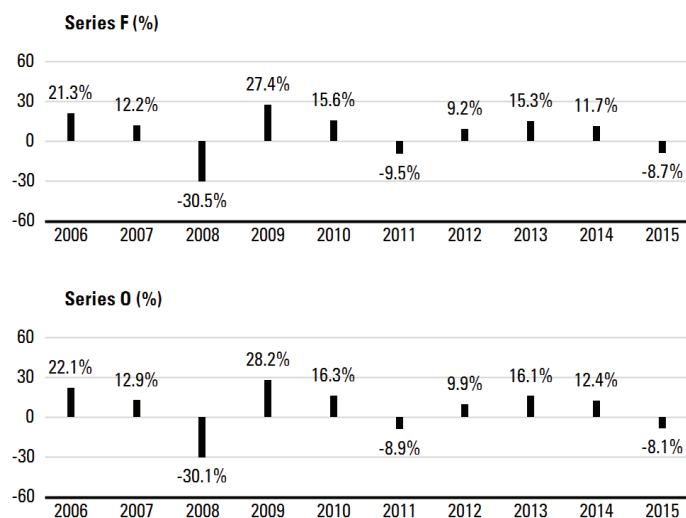


PAST PERFORMANCE

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, 2015, 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	-8.7	5.6	3.1	4.9	—
Benchmark	-8.3	4.6	2.3	4.4	—
Series O	-8.1	6.3	3.7	5.6	—
Benchmark	-8.3	4.6	2.3	4.4	—

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.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Financials	36.0
Energy	20.5
Industrials	8.6
Consumer Discretionary	6.1
Materials	6.0
Consumer Staples	4.5
Telecommunication Services	4.0
Utilities	4.0
Information Technology	1.9
Health Care	0.6
Cash/Other	7.8

Top 25 Holdings

	% of Net Asset Value
Royal Bank of Canada	6.8
Cash & Cash Equivalents	4.8
Bank of Nova Scotia	3.9
Toronto-Dominion Bank	3.9
Canadian National Railway Co.	3.5
Enbridge Inc.	2.9
TransCanada Corp.	2.9
Suncor Energy Inc.	2.8
RBC Canadian Small & Mid-Cap Resources Fund	2.7
Manulife Financial Corporation	2.6
Brookfield Asset Management Inc., Class A	2.4
Bank of Montreal	2.2
Canadian Pacific Railway Ltd.	2.1
Canadian Natural Resources Ltd.	2.1
TELUS Corp.	1.9
Canadian Imperial Bank of Commerce	1.6
Brookfield Property Partners LP	1.5
Magna International Inc., Class A	1.5
Agrium Inc.	1.5
Pembina Pipeline Corp.	1.4
Sun Life Financial Inc.	1.4
Potash Corporation of Saskatchewan Inc.	1.4
Fortis Inc.	1.3
Alimentation Couche-Tard Inc.	1.3
BCE Inc.	1.2
Top 25 Holdings	61.6

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.

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



CANADIAN EQUITY

**RBC PRIVATE CANADIAN
GROWTH EQUITY POOL**

December 31, 2015

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 4, 2016.

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 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 qualitative 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 fell to \$179 million as of December 31, 2015, from \$220 million at the end of 2014. The decrease was due to a combination of net redemptions and investment losses.

Over the past year, the Fund's Series O units lost 7.1%, which outperformed the 8.3% decline in the benchmark. The Fund's return is after the deduction of 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 any other series, which may vary because of differences in management fees and expenses.

The best-performing stocks in the portfolio during the period included: Constellation Software, IMAX, CGI, Catamaran, Gildan, Dollarama and Alimentation Couche-Tard. The worst-performing stocks during the period were: First Quantum Minerals, Paramount Resources, MEG Energy, Bombardier, HudBay Minerals and NuVista Energy. The Information Technology and Consumer Discretionary sectors contributed the most to the Fund's returns, as stock selection helped performance in these areas. The Fund's return was hindered by holdings in the Materials and Energy sectors, where stocks were negatively impacted by falling commodity prices. Aiding the performance was a total lack of exposure to Valeant Pharmaceuticals. The stock soared through the first two-thirds of the year, briefly becoming the largest company by market value in Canadian equity markets, before plunging during the latter months of 2015 on the back of allegedly unscrupulous business practices.

During the year, the Fund added six stocks and sold six stocks. Additions included: Mitel Networks, Stantec, Amaya, Cenovus, Canadian Pacific Railway and CCL Industries. Deletions from

the portfolio included: Catamaran, which was acquired, Silver Wheaton, Magna, Paramount Resources, First Quantum Minerals and Dollarama. The Fund sold its stake in Bombardier early in the year, and re-established the position at a lower price by investing in a February equity issue. The Fund added Cenovus after it repaired its balance sheet, and Canadian Pacific Railway, as a drop in the stock made the valuation more attractive and there is the potential for gains if the company is successful in its efforts to acquire Norfolk Southern. The Fund sold two natural-resources stocks, First Quantum Minerals and Paramount Resources, as the declining prices for copper, and oil and natural gas, respectively, hurt the outlook for these companies.

Recent Developments

The sub-advisor has a positive outlook on the stock market, and expects the U.S. Federal Reserve to raise short-term rates at a graduated pace so as not to compromise the economic recovery. The sub-advisor expects it will take much higher short- and long-term rates, and more expensive stock valuations, to end the bull market. That view is predicated on momentum in the U.S. economy continuing into 2016, China managing a soft landing in its economy through the use of easy monetary policies and fiscal spending, and the European economy showing signs of stabilization.

In the sub-advisor's opinion, the cash released via monetary easing in Europe and Japan combined with investors' cash holdings will provide further support for stock gains. The significant decline in Canadian markets in 2015, especially in resources stocks, has made valuations more attractive, and the sub-advisor is therefore more optimistic about the market's prospects.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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.



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 \$51,000 (2014 – \$23,000) or 17% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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 F												
Dec. 31, 2015	213.33	4.17	(1.97)	9.65	(28.36)	(16.51)	—	(2.01)	(11.75)	—	(13.76)	182.83
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
Series O												
Dec. 31, 2015	215.22	4.21	(0.12)	9.74	(28.63)	(14.80)	—	(3.93)	(12.12)	—	(16.05)	184.12
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

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, 2015	182.83	5 611	31	0.93	0.93	38.37	0.14
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
Series O							
Dec. 31, 2015	184.12	173 438	942	0.06	0.06	38.37	0.14
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

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 manager 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.

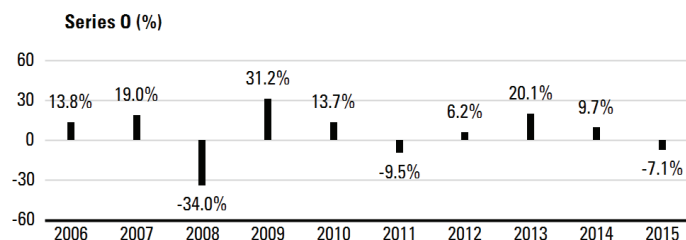
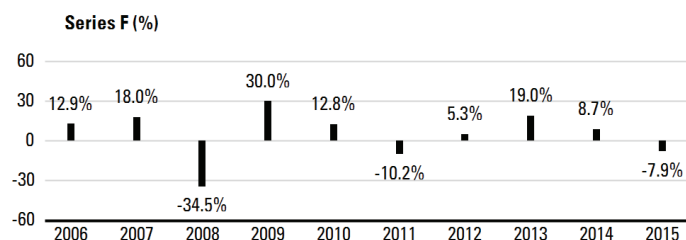


PAST PERFORMANCE

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, 2015, 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	-7.9	6.0	2.4	3.7	—
Benchmark	-8.3	4.6	2.3	4.4	—
Series O	-7.1	7.0	3.3	4.6	—
Benchmark	-8.3	4.6	2.3	4.4	—

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.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Financials	32.3
Energy	14.7
Industrials	11.3
Information Technology	11.2
Consumer Staples	9.3
Consumer Discretionary	8.7
Materials	8.4
Cash/Other	4.1

Top 25 Holdings

	% of Net Asset Value
Toronto-Dominion Bank	6.8
Bank of Montreal	6.7
Bank of Nova Scotia	6.2
Manulife Financial Corporation	4.1
Cash & Cash Equivalents	4.0
Open Text Corp.	3.7
Gildan Activewear Inc., Class A	3.7
Alimentation Couche-Tard Inc.	3.7
CGI Group Inc., Class A	3.5
Canadian Pacific Railway Ltd.	3.5
Canadian Natural Resources Ltd.	3.3
Loblaw Companies Ltd.	2.9
Maple Leaf Foods Inc.	2.8
Enbridge Inc.	2.7
West Fraser Timber Co. Ltd.	2.5
Intact Financial Corp.	2.5
Constellation Software Inc.	2.4
Element Financial Corp.	2.3
Canadian National Railway Co.	2.3
Goldcorp Inc.	2.3
CAE Inc.	2.2
Stantec Inc.	2.2
IGM Financial Inc.	2.1
Imax Corp.	1.8
Pembina Pipeline Corp.	1.7
Top 25 Holdings	81.9

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
MID-CAP EQUITY POOL**

December 31, 2015

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 4, 2016.

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/reports 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 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 fell to \$117 million as of December 31, 2015, from \$295 million at the end of 2014. The decrease was due mainly to net redemptions.

Over the past year, the Fund's Series O units lost 12.3%, which outperformed the 16.0% decline in the benchmark. The Fund's return is after the deduction of 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 any other series, which may vary because of differences in management fees and expenses.

The S&P/TSX Composite Index, Canada's equity benchmark, underperformed most other global indexes during the period. Declining commodity prices weighed on many global markets, but the resource-heavy Canadian index was especially impacted. The price of crude oil declined further in 2015 as the market struggled with excess supply. This weighed on Canadian energy stocks, which account for about a fifth of the S&P/TSX market capitalization. Global growth concerns also deepened throughout the year after economic data out of a number of large economies, most notably China, indicated the possibility of slower growth going forward. These factors prompted the Bank of Canada (the "BOC") to unexpectedly cut its overnight lending rate twice throughout the year. Meanwhile, the U.S. Federal Reserve (the "Fed") felt the U.S. economy was on solid enough footing to finally embark on a long-anticipated tightening cycle, although measured.

Canadian mid-cap stocks underperformed their larger-cap peers in 2015. In the Fund, positive relative performance in the Energy, Consumer Discretionary, Information Technology and Materials sectors was offset by weaker relative performance in the Telecommunication Services sector.

In the Energy sector, the Fund's lack of exposure to Baytex Energy and Pacific Rubiales Energy contributed positively to performance.

Outperformance in the Consumer Discretionary sector was driven by stock selection. A position in Cara Operations benefited the Fund's performance. The foodservices company went public in the first half of 2015 and was well received by investors given its attractive growth potential, underutilized balance sheet and potential to participate in industry consolidation.

In the Information Technology sector, an overweight position in Descartes Systems contributed positively to performance after the company continued to deliver solid organic growth and deployed a record amount of capital on acquisitions while also expanding margins.

In the Materials sector, the Fund benefited from overweight positions in gold-related companies Detour Gold and Torex Gold, which benefited from a strengthening U.S. dollar.

In the Telecommunication Services sector, a zero weight position in Manitoba Telecom held back performance. Shares of the company were depressed at the beginning of 2015, but recovered through the year as new management implemented extensive restructuring and appears to have finally found a buyer for its Allstream unit.

Recent Developments

An improvement in the performance of Canadian equity markets will require a bigger contribution from stocks in the Financials and Energy sectors. For that to happen, energy prices will have to move higher, in the view of the portfolio manager. Energy prices, specifically oil, are difficult to forecast, and it now appears prices will be lower on average and more volatile than in the recent past, although an eventual rebalancing of the market is likely to see prices move higher from current levels. For growth, Canada also depends on the U.S., where a stronger labour market, improving housing market and lower commodity prices indicate an improving economy. The interest-rate policy divergence between the Fed and the BOC is likely to widen if commodity prices remain weak, which could add further pressure to the Canadian dollar.



Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 (2014 – \$43,000) or 17% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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 F												
Dec. 31, 2015	22.50	0.59	(0.15)	(1.01)	(2.21)	(2.78)	(0.09)	(0.35)	—	—	(0.44)	19.20
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
Series O												
Dec. 31, 2015	22.74	0.55	(0.02)	(0.94)	(2.06)	(2.47)	(0.11)	(0.47)	—	—	(0.58)	19.40
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

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, 2015	19.20	2 777	145	0.71	0.71	92.80	0.28
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
Series O							
Dec. 31, 2015	19.40	114 159	5 885	0.11	0.11	92.80	0.28
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

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 manager 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.

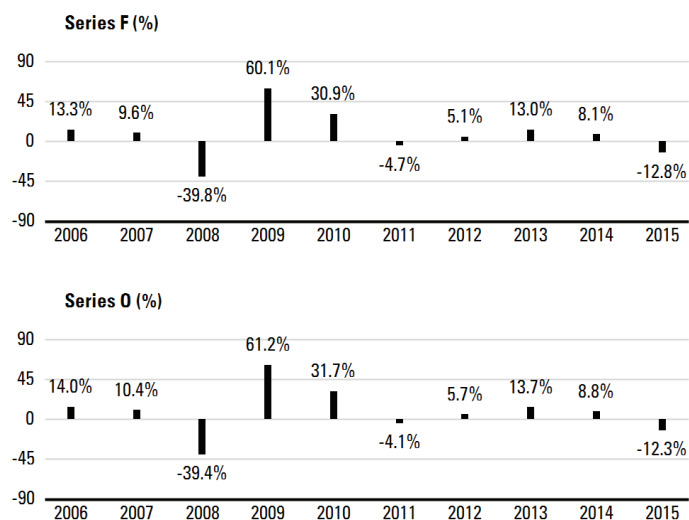


PAST PERFORMANCE

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, 2015, 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	-12.8	2.1	1.3	5.3	—
Benchmark	-16.0	-1.3	-0.8	3.1	—
Series O	-12.3	2.7	1.9	5.9	—
Benchmark	-16.0	-1.3	-0.8	3.1	—

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.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Energy	18.9
Materials	18.7
Financials	16.8
Industrials	12.7
Utilities	8.6
Consumer Discretionary	8.2
Consumer Staples	6.2
Information Technology	5.0
Health Care	1.7
Cash/Other	3.2

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	3.0
H&R Real Estate Investment Trust	2.6
Canadian Utilities Ltd., Class A	2.5
Emera Inc.	2.4
CCL Industries, Class B	2.3
George Weston Ltd.	2.3
Detour Gold Corp.	2.3
BlackBerry Ltd.	2.3
Eldorado Gold Corp.	2.2
ARC Resources Ltd.	2.0
Canadian Real Estate Investment Trust	2.0
Tahoe Resources Inc.	1.9
Norbord Inc.	1.9
PrairieSky Royalty Ltd.	1.9
CAE Inc.	1.9
Smart Real Estate Investment Trust	1.9
Whitecap Resources Inc.	1.8
Linamar Corp.	1.8
Canadian Apartment Properties Real Estate Investment Trust	1.8
Ritchie Bros. Auctioneers Inc.	1.7
Industrial Alliance Insurance & Financial Services Inc.	1.7
Empire Co. Ltd., Class A	1.6
Peyto Exploration & Development Corp.	1.6
Allied Properties Real Estate Investment Trust	1.5
Progressive Waste Solutions Ltd.	1.5
Top 25 Holdings	50.4

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, 2015

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 4, 2016.

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 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 \$369 million as of December 31, 2015, from \$344 million at the end of 2014. The increase was due to investment gains.

Over the past year, the Fund's Series O units gained 19.3%, which outperformed the 14.5% rise in the benchmark. The broad-based index rose 20.2%. The Fund's return is after the deduction of 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 any other series, which may vary because of differences in management fees and expenses.

After a relatively uneventful first half of 2015, equity markets experienced elevated volatility in the second half of the year as mixed economic data, fears of slowing global growth and diverging central-bank policies weighed on investors' minds.

The Fund's relative performance was aided by strong security selection in the Health Care, Information Technology and Consumer Staples sectors. Favourable trends in managed care helped shares of Cigna and Aetna. A wave of consolidation swept through the Health Care sector, with Aetna acquiring Humana for US\$37 billion during June 2015, and Anthem buying Cigna for US\$48 billion in July 2015. Another holding, Amdocs, benefited from increased billing complexity in the telecommunications industry. Skyworks Solutions benefited from growing demand for its semiconductors in Internet-ready devices. Favourable tailwinds in the residential and home-improvement market helped shares of Home Depot outperform.

Unfavourable security selection in the Consumer Discretionary and Industrials sectors, and an underweight position in real estate investment trusts (REITs), had a negative impact on relative performance. A decline in commodity shipments and a sluggish overall industrial landscape led to lower rail volumes, causing shares of Union Pacific to underperform. Auto-parts supplier BorgWarner underperformed following an admission by a large customer, Volkswagen, that the automaker cheated on U.S. emissions tests and could face a fine of as much as US\$18 billion. In media, shares of Time Warner and Viacom lagged on a decline in ad spending and increased concerns that customers are cancelling cable TV to watch their shows on the Internet. While subscriber and advertising growth has moderated, the sub-advisor believes that the two holdings offer attractive cash flows given stable affiliate fee contracts that can help offset a drop in subscribers. Shares of Garmin underperformed after management raised spending on its lower-margin fitness segment to deal with increased competition from Fitbit and Apple.

Recent Developments

The U.S. Federal Reserve raised interest rates 0.25% as the U.S. economy continues to show gradual overall improvement. However, other monetary policymakers in Europe and Japan are likely to remain more accommodative in their stance. This divergence in policy, as well as an economic slowdown outside the U.S., is likely to lead to higher levels of volatility in all markets. The sub-advisor will continue to focus on what it considers high-quality businesses with visible, but undervalued growth prospects, and attractive margins of safety to protect client funds.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 \$4,000 (2014 – \$3,000) or 4% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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, 2015	209.30	4.03	(2.75)	25.30	11.39	37.97	—	(1.24)	—	—	(1.24)	245.73
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
Series O												
Dec. 31, 2015	211.98	4.08	(0.23)	25.64	11.55	41.04	—	(3.89)	—	—	(3.89)	248.81
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

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, 2015	245.73	1 323	5	1.19	1.19	29.26	0.03
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
Series O							
Dec. 31, 2015	248.81	367 833	1 478	0.10	0.10	29.26	0.03
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

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 manager 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.

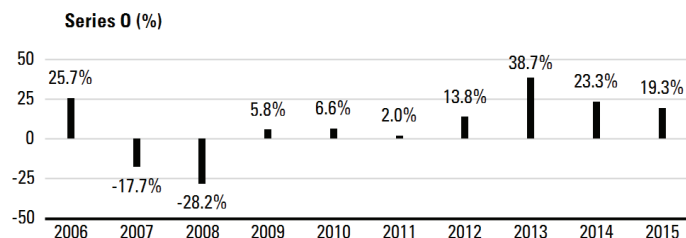
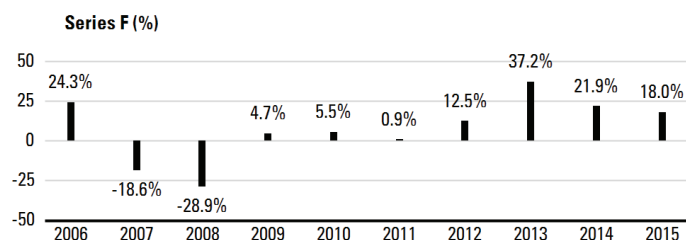


PAST PERFORMANCE

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, 2015, 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	18.0	25.5	17.5	5.9	—
Benchmark	14.5	26.3	18.8	8.0	—
Broad-based index	20.2	28.4	20.1	9.3	—
Series O	19.3	26.8	18.8	7.1	—
Benchmark	14.5	26.3	18.8	8.0	—
Broad-based index	20.2	28.4	20.1	9.3	—

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.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Financials	22.2
Health Care	13.7
Industrials	13.2
Information Technology	12.9
Consumer Discretionary	9.7
Consumer Staples	9.5
Energy	8.2
Utilities	4.0
Materials	2.0
Telecommunication Services	2.0
Cash/Other	2.6

Top 25 Holdings

	% of Net Asset Value
Wells Fargo & Company	3.7
JPMorgan Chase & Co.	3.6
Johnson & Johnson	3.3
Bank of America Corp.	3.2
General Dynamics Corp.	2.9
Amdocs Ltd.	2.8
Cash & Cash Equivalents	2.5
American International Group Inc.	2.2
Booz Allen Hamilton Holding Corp.	2.2
ACE Ltd.	2.2
Home Depot Inc.	2.2
Cardinal Health Inc.	2.2
Honeywell International Inc.	2.2
Abbott Laboratories	2.2
Colgate-Palmolive Company	2.1
The J.M. Smucker Company	2.1
Becton Dickinson & Co.	2.1
McCormick & Co. Inc.	2.1
NextEra Energy Inc.	2.1
General Mills Inc.	2.0
Cigna Corp.	2.0
Simon Property Group Inc.	2.0
Boeing Co.	2.0
Verizon Communications Inc.	2.0
Chevron Corp.	2.0
Top 25 Holdings	59.9

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.



U.S. EQUITY

RBC PRIVATE U.S. LARGE-CAP VALUE EQUITY CURRENCY NEUTRAL POOL

December 31, 2015

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 4, 2016.

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/reports 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 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 rose to \$15.8 million as of December 31, 2015, from \$15.6 million at the end of 2014. The increase was due to a combination of net inflows and investment gains.

Over the past year, the Fund’s Series O units lost 0.3%, which outperformed the 3.8% decline in the benchmark. The broad-based index rose 0.9%. The Fund’s return is after the deduction of 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 any other series, which may vary because of differences in management fees and expenses.

After a relatively uneventful first half of 2015, equity markets experienced elevated volatility in the second half of the year as mixed economic data, fears of slowing global growth and diverging central-bank policies weighed on investors’ minds.

The Fund’s relative performance was aided by strong security selection in the Health Care, Information Technology and Consumer Staples sectors. Favourable trends in managed care helped shares of Cigna and Aetna. A wave of consolidation swept through the Health Care sector, with Aetna acquiring Humana for US\$37 billion during June 2015, and Anthem buying Cigna for US\$48 billion in July 2015. Another holding, Amdocs, benefited from increased billing complexity in the telecommunications industry. Skyworks

Solutions benefited from growing demand for its semiconductors in Internet-ready devices. Favourable tailwinds in the residential and home-improvement market helped shares of Home Depot outperform.

Unfavourable security selection in the Consumer Discretionary and Industrials sectors, and an underweight position in real estate investment trusts (REITs), had a negative impact on relative performance. A decline in commodity shipments and a sluggish overall industrial landscape led to lower rail volumes, causing shares of Union Pacific to underperform. Auto-parts supplier Borg-Warner underperformed following an admission by a large customer, Volkswagen, that the automaker cheated on U.S. emissions tests and could face a fine of as much as US\$18 billion. In media, shares of Time Warner and Viacom lagged on a decline in ad spending and increased concerns that customers are cancelling cable TV to watch their shows on the Internet. While subscriber and advertising growth has moderated, the sub-advisor believes that the two holdings offer attractive cash flows given stable affiliate fee contracts that can help offset a drop in subscribers. Shares of Garmin underperformed after management raised spending on its lower-margin fitness segment to deal with increased competition from Fitbit and Apple.

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 impact on the Fund in 2015, as unitholders did not benefit from the U.S. dollar’s appreciation against the Canadian dollar.

Recent Developments

The U.S. Federal Reserve raised interest rates 0.25% as the U.S. economy continues to show gradual overall improvement. However, other monetary policymakers in Europe and Japan are likely to remain more accommodative in their stance. This divergence in policy, as well as an economic slowdown outside the U.S., is likely to lead to higher levels of volatility in all markets. The sub-advisor will continue to focus on what it considers high-quality businesses with visible, but undervalued growth prospects, and attractive margins of safety to protect client funds.

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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 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.

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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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 O												
Dec. 31, 2015	16.10	0.27	(0.01)	1.15	(1.32)	0.09	—	(0.26)	(0.75)	—	(1.01)	15.06
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

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 O							
Dec. 31, 2015	15.06	15 781	1 048	0.15	0.18	48.03	0.03
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

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 manager 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.

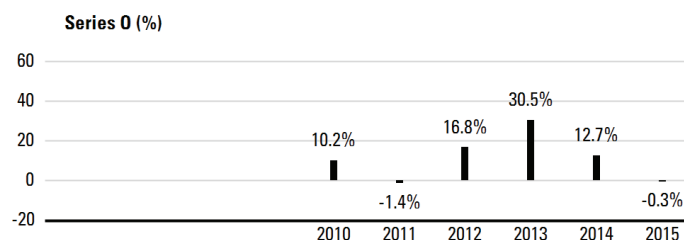


PAST PERFORMANCE

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, 2015, 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	-0.3	13.6	11.0	—	11.0
Benchmark	-3.8	13.1	11.3	—	12.7
Broad-based index	0.9	15.0	12.4	—	13.9

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.

Series 0 units have been available for sale to unitholders since January 11, 2010.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Financials	22.2
Health Care	13.7
Industrials	13.2
Information Technology	12.9
Consumer Discretionary	9.7
Consumer Staples	9.5
Energy	8.2
Utilities	4.0
Materials	2.0
Telecommunication Services	2.0
Cash/Other	2.6

Top 25 Holdings*

	% of Net Asset Value
Wells Fargo & Company	3.7
JPMorgan Chase & Co.	3.6
Johnson & Johnson	3.3
Bank of America Corp.	3.2
General Dynamics Corp.	2.9
Amdocs Ltd.	2.8
Cash & Cash Equivalents	2.5
American International Group Inc.	2.2
Booz Allen Hamilton Holding Corp.	2.2
ACE Ltd.	2.2
Home Depot Inc.	2.2
Cardinal Health Inc.	2.2
Honeywell International Inc.	2.2
Abbott Laboratories	2.2
Colgate-Palmolive Company	2.1
The J.M. Smucker Company	2.1
Becton Dickinson & Co.	2.1
McCormick & Co. Inc.	2.1
NextEra Energy Inc.	2.1
General Mills Inc.	2.0
Cigna Corp.	2.0
Simon Property Group Inc.	2.0
Boeing Co.	2.0
Verizon Communications Inc.	2.0
Chevron Corp.	2.0
Top 25 Holdings	59.9

* 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, 2015

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 4, 2016.

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/reports 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 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 \$395 million as of December 31, 2015, from \$342 million at the end of 2014. The increase was due to investment gains.

Over the past year, the Fund's Series O units gained 28.2%, which outperformed the 25.8% rise in the benchmark. The broad-based index rose 20.2%. The Fund's return is after the deduction of 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 any other series, which may vary because of differences in management fees and expenses.

Several stocks in the Consumer Discretionary sector aided returns, including Amazon. The company benefited from the performance of its web-services division, a "cloud-computing" business that allows users to store and retrieve data from remote locations. The business has been more profitable than expected, and Amazon's traditional ecommerce business also generated solid results.

Declines in some of the Fund's holdings in the Consumer Staples sector hurt relative performance. A position in Whole Foods was sold after the stock extended declines during the year amid increased competition and a decision to introduce a retail concept with lower prices. Mead Johnson, which makes infant formulas, was weak as the company struggled to adapt to greater competition and improve

its position in online sales. The company is adjusting its distribution channels, and the sub-advisor added to the position. The Information Technology sector aided returns through long-time holdings Cognizant and Genpact, and recently added Facebook.

The Energy sector continued to struggle during 2015. The sub-advisor sold two of the Fund's three long-held energy stocks – Core Laboratories and Schlumberger. Dynamics governing the price of oil changed dramatically in 2014 and 2015, as OPEC's decision to sustain production even as prices fell led to an oversupply, and even lower prices. The result was significant earnings declines for energy-related holdings. In this environment, attempting to accurately predict the direction of oil prices has gone from extremely difficult to virtually impossible.

Recent Developments

The sub-advisor has no recent developments to report.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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 F													
Dec. 31, 2015	127.74	0.95	(1.75)	18.45	17.31	34.96	—	—	—	—	—	161.98	
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	
Series O													
Dec. 31, 2015	129.64	0.97	(0.12)	18.74	17.58	37.17	—	(0.91)	—	—	(0.91)	165.20	
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	

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, 2015	161.98	941	6	1.19	1.19	30.59	0.03
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
Series O							
Dec. 31, 2015	165.20	394 114	2 386	0.08	0.08	30.59	0.03
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

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 manager 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.

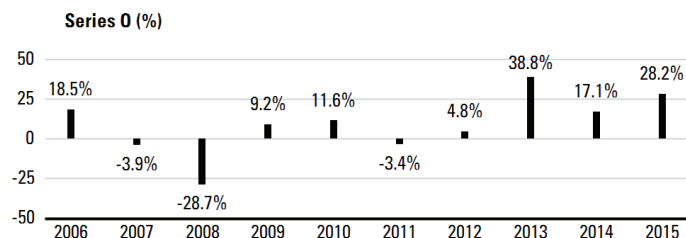
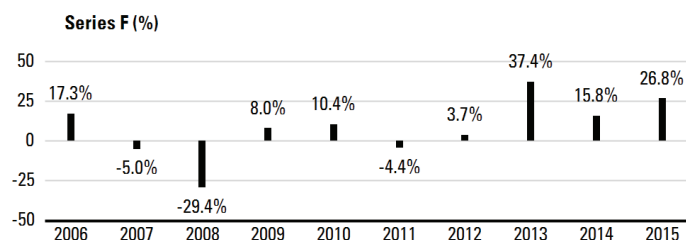


PAST PERFORMANCE

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, 2015, 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	26.8	26.4	14.9	6.5	—
Benchmark	25.8	30.5	21.2	10.4	—
Broad-based index	20.2	28.4	20.1	9.3	—
Series O	28.2	27.7	16.1	7.6	—
Benchmark	25.8	30.5	21.2	10.4	—
Broad-based index	20.2	28.4	20.1	9.3	—

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.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Information Technology	38.8
Health Care	14.9
Consumer Discretionary	14.3
Industrials	10.3
Consumer Staples	9.8
Financials	3.4
Materials	3.0
Energy	1.5
Cash/Other	4.0

Top 25 Holdings

	% of Net Asset Value
Amazon.com, Inc.	4.8
Visa Inc., Class A	4.6
Facebook Inc., Class A	4.3
Starbucks Corp.	4.2
Cash & Cash Equivalents	4.0
Express Scripts Holding Co.	3.6
TripAdvisor Inc.	3.6
Danaher Corp.	3.5
Estée Lauder Companies Inc., Class A	3.5
Costco Wholesale Corp.	3.4
Bristol-Myers Squibb Co.	3.4
The Charles Schwab Corporation	3.4
Intuitive Surgical Inc.	3.3
Stericycle Inc.	3.3
Salesforce.com Inc.	3.3
Ecolab Inc.	3.0
Mead Johnson Nutrition Co., Class A	2.9
Amphenol Corp., Class A	2.8
NXP Semiconductor N.V.	2.8
Cognizant Technology Solutions Corp., Class A	2.7
Alexion Pharmaceuticals Inc.	2.5
Apple Inc.	2.5
Genpact Ltd.	2.4
FleetCor Technologies Inc.	2.2
Alphabet Inc., Class A	2.2
Top 25 Holdings	82.2

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 CORE EQUITY POOL

December 31, 2015

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 4, 2016.

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/reports 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 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 \$1.8 billion as of December 31, 2015, from \$687 million at the end of 2014. The increase was due mainly to net inflows.

Over the past year, the Fund's Series O units gained 19.4%, which underperformed the 20.7% rise in the benchmark. The Fund's return is after the deduction of 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 any other series, which may vary because of differences in management fees and expenses.

U.S. stocks posted modest gains in the first half of 2015 before falling in the third quarter – the worst quarter for the S&P 500 Index in four years. Stocks recovered in the fourth quarter to finish the year up slightly. The U.S. Federal Reserve boosted its benchmark interest rate late in the year – the first increase in 11 years. At the index level, five of the 10 economic sectors in the S&P 500 Index gained in 2015, with the Consumer Discretionary sector performing best, followed by Health Care and Consumer Staples. The Energy, Materials and Utilities sectors were the worst-performing in the index.

In line with its investment philosophy, the portfolio manager kept the Fund's sector allocation largely neutral, meaning it did not emphasize investments in any one sector at the expense of any other. During 2015, however, a slight underweight allocation to the Energy sector had a measurably positive impact on performance because the sector declined significantly and was in fact the worst-performing sector in the benchmark.

Stock selection had a negative impact on performance during the period with unfavourable stock selection in the Consumer Discretionary and Industrials sectors outweighing positive stock selection in the Consumer Staples sector. In the Consumer Discretionary sector, hotel operator Hilton Worldwide Holdings and motor-vehicle parts supplier BorgWarner were two of the weakest performers. In the Industrials sector, railroad Union Pacific and Ryder System, the commercial truck-rental company, hurt relative returns.

Recent Developments

While the portfolio manager remains optimistic about the outlook for equities going into 2016, there is potential for continued volatility and uncertainty, mainly surrounding geopolitical risks and falling commodity prices. The portfolio manager remains confident in the Fund's process for finding stocks with the potential to outperform in any market environment.

The Fund is positioned to take advantage of several trends heading into 2016. In the Consumer Discretionary sector, the portfolio manager is overweight in department stores and other large retailers at the expense of specialty retailers. Specialty retailers tend to be situated in malls, and mall traffic continues to decline as online shopping increases. Specialty retailers also tend to be more promotional and subject to fickle fashion trends. In regard to Information Technology, the Fund is overweight in semiconductors as the portfolio manager seeks exposure to the so-called Internet of Things – the idea that everyday things can be controlled remotely. This transition is also occurring in autos and industrial automation, appliances and fitness accessories such as watches and eyeglasses. The Fund is overweight in the Health Care sector, specifically in managed care, on expectations that health-care reform will increase the number of people seeking care.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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 F												
Dec. 31, 2015	18.58	0.37	(0.19)	1.93	1.00	3.11	—	(0.11)	(0.99)	—	(1.10)	20.89
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
Series O												
Dec. 31, 2015	18.78	0.35	(0.02)	1.83	0.94	3.10	—	(0.28)	(1.01)	—	(1.29)	21.11
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

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, 2015	20.89	19 219	920	0.89	0.89	90.05	0.12
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
Series O							
Dec. 31, 2015	21.11	1 751 255	82 966	0.11	0.11	90.05	0.12
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

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 manager 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.

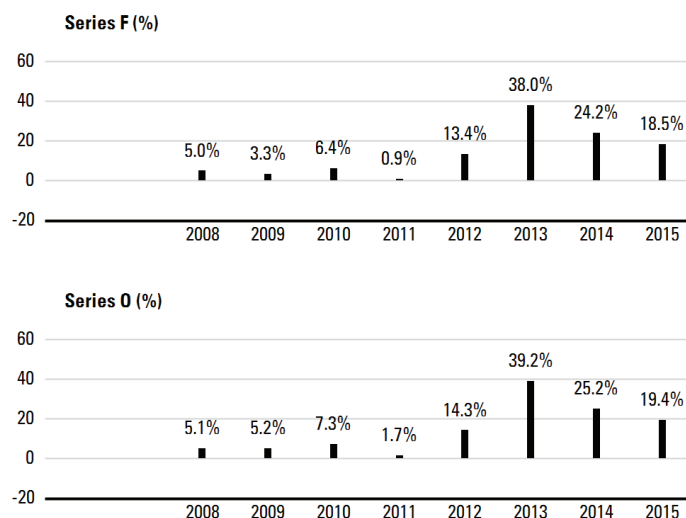


PAST PERFORMANCE

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, 2015, 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	18.5	26.6	18.4	—	14.7
Benchmark	20.7	28.6	20.2	—	15.6
Series O	19.4	27.7	19.3	—	15.8
Benchmark	20.7	28.6	20.2	—	15.6

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.

Series F and Series O units have been available for sale to unitholders since October 20, 2008.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Information Technology	23.4
Financials	17.0
Health Care	15.2
Consumer Discretionary	13.6
Industrials	8.9
Consumer Staples	8.9
Energy	6.2
Materials	2.9
Utilities	2.7
Cash/Other	1.2

Top 25 Holdings

	% of Net Asset Value
Microsoft Corp.	3.6
Apple Inc.	3.3
Alphabet Inc., Class C	2.9
Amazon.com, Inc.	2.6
Facebook Inc., Class A	2.2
Honeywell International Inc.	2.0
Wells Fargo & Company	2.0
PepsiCo Inc.	2.0
Visa Inc., Class A	1.9
The Procter & Gamble Co.	1.9
Citigroup Inc.	1.8
Invesco Ltd.	1.8
Johnson & Johnson	1.8
Medtronic Plc.	1.8
Occidental Petroleum Corp.	1.7
Lowe's Companies	1.7
Thermo Fisher Scientific Inc.	1.6
Synchrony Financial	1.6
Skyworks Solutions Inc.	1.6
Bank of America Corp.	1.5
Allergan plc	1.4
Cigna Corp.	1.4
McGraw Hill Financial Inc.	1.4
General Electric Company	1.4
Merck & Co. Inc.	1.4
Top 25 Holdings	48.3

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, 2015

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 4, 2016.

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/reports 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 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 rose to \$15 million as of December 31, 2015, from \$8 million at the end of 2014. The increase was due to net inflows.

Over the past year, the Fund’s Series O units lost 0.2%, which underperformed the 1.4% rise in the benchmark. The Fund’s return is after the deduction of 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 any other series, which may vary because of differences in management fees and expenses.

U.S. stocks posted modest gains in the first half of 2015 before falling in the third quarter – the worst quarter for the S&P 500 Index in four years. Stocks recovered in the fourth quarter to finish the year up slightly. The U.S. Federal Reserve boosted its benchmark interest rate late in the year – the first increase in 11 years. At the index level, five of the 10 economic sectors in the S&P 500 Index gained in 2015, with the Consumer Discretionary sector performing best, followed by Health Care and Consumer Staples. The Energy, Materials and Utilities sectors were the worst-performing in the index.

In line with its investment philosophy, the portfolio manager kept the Fund’s sector allocation largely neutral, meaning it did not emphasize investments in any one sector at the expense of any other. During 2015, however, a slight underweight allocation to the Energy sector had a measurably positive impact on performance because the sector declined significantly and was in fact the worst-performing sector in the benchmark.

Stock selection had a negative impact on performance during the period with unfavourable stock selection in the Consumer Discretionary and Industrials sectors outweighing positive stock selection in the Consumer Staples sector. In the Consumer Discretionary sector, hotel operator Hilton Worldwide Holdings and motor-vehicle parts supplier BorgWarner were two of the weakest performers. In the Industrials sector, railroad Union Pacific and Ryder System, the commercial truck-rental company, hurt relative 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 impact on the Fund in 2015, as unitholders did not benefit from the U.S. dollar’s appreciation against the Canadian dollar.

Recent Developments

While the portfolio manager remains optimistic about the outlook for equities going into 2016, there is potential for continued volatility and uncertainty, mainly surrounding geopolitical risks and falling commodity prices. The portfolio manager remains confident in the Fund’s process for finding stocks with the potential to outperform in any market environment.

The Fund is positioned to take advantage of several trends heading into 2016. In the Consumer Discretionary sector, the portfolio manager is overweight in department stores and other large retailers at the expense of specialty retailers. Specialty retailers tend to be situated in malls, and mall traffic continues to decline as online shopping increases. Specialty retailers also tend to be more promotional and subject to fickle fashion trends. In regard to Information Technology, the Fund is overweight in semiconductors as the portfolio manager seeks exposure to the so-called Internet of Things – the idea that everyday things can be controlled remotely. This transition is also occurring in autos and industrial automation, appliances and fitness accessories such as watches and eyeglasses. The Fund is overweight in the Health Care sector, specifically in managed care, on expectations that health-care reform will increase the number of people seeking care.



Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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 O												
Dec. 31, 2015	13.19	0.18	(0.01)	—	(0.15)	0.02	—	(0.17)	—	—	(0.17)	13.01
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

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 O							
Dec. 31, 2015	13.01	15 162	1 165	0.17	0.20	40.21	0.12
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

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 manager 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.

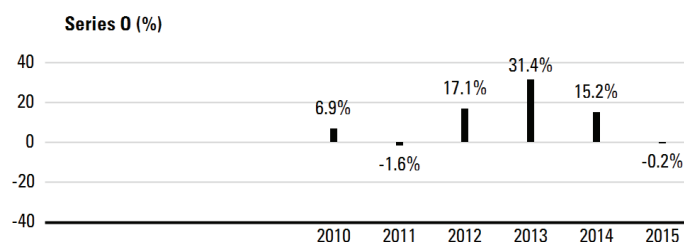


PAST PERFORMANCE

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 O of the Fund and for each of the periods indicated ended on December 31, 2015, 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 O	-0.2	14.7	11.7	—	11.0
Benchmark	1.4	15.1	12.6		13.9

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.

Series O units have been available for sale to unitholders since January 11, 2010.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Information Technology	23.4
Financials	17.0
Health Care	15.2
Consumer Discretionary	13.6
Industrials	8.9
Consumer Staples	8.9
Energy	6.2
Materials	2.9
Utilities	2.7
Cash/Other	1.2

Top 25 Holdings*

	% of Net Asset Value
Microsoft Corp.	3.6
Apple Inc.	3.3
Alphabet Inc., Class C	2.9
Amazon.com, Inc.	2.6
Facebook Inc., Class A	2.2
Honeywell International Inc.	2.0
Wells Fargo & Company	2.0
PepsiCo Inc.	2.0
Visa Inc., Class A	1.9
The Procter & Gamble Co.	1.9
Citigroup Inc.	1.8
Invesco Ltd.	1.8
Johnson & Johnson	1.8
Medtronic Plc.	1.8
Occidental Petroleum Corp.	1.7
Lowe's Companies	1.7
Thermo Fisher Scientific Inc.	1.6
Synchrony Financial	1.6
Skyworks Solutions Inc.	1.6
Bank of America Corp.	1.5
Allergan plc	1.4
Cigna Corp.	1.4
McGraw Hill Financial Inc.	1.4
General Electric Company	1.4
Merck & Co. Inc.	1.4
Top 25 Holdings	48.3

* 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, 2015

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 4, 2016.

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/reports 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 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 \$171 million as of December 31, 2015, from \$186 million at the end of 2014. The decrease was due to net redemptions.

Over the past year, the Fund's Series O units gained 18.2%, which outperformed the 13.8% rise in the benchmark. The Fund's return is after the deduction of 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 any other series, which may vary because of differences in management fees and expenses.

The portfolio's outperformance was due to returns in the Health Care, Consumer Discretionary, Industrials and Information Technology sectors. Helen of Troy, which makes hair dryers and other consumer appliances, performed especially well. In the Industrials sector, Rollins Inc. outperformed, as its share price held up relatively well while much of the rest of the sector declined. The only sector in the Fund that significantly underperformed was Financials, as the portfolio's bank holdings did not keep up with the benchmark.

The Fund was more exposed to so-called value stocks, which tend to have relatively low price-earnings ratios and book values rather than fast-growing companies, which usually carry higher valuations. As industrial areas of the economy slowed in 2015, the sub-advisor found better investment opportunities in stocks less tied to the economic cycle, such as Health Care and Information Technology. The sub-advisor reduced holdings significantly in the Energy, Industrials and Materials sectors, which are closely linked to the pace of economic expansion. As a result, the Fund is now underweight in the Energy sector, market weight in the Industrials sector and slightly overweight in Materials. Exposure to Health Care increased significantly.

Recent Developments

The sub-advisor has been cautious about owning companies that have excessive debt. While the Fund contains some relatively highly leveraged companies, the sub-advisor believes they generate ample cash flow to make interest payments. More importantly, the sub-advisor has shunned companies that require access to the debt markets to fund continued growth through acquisitions.

As 2015 came to a close, several high-yield bond funds closed due to significant withdrawals. More importantly, these funds noted that they were having difficulty liquidating holdings required to meet redemptions. These bond-fund closures could mean that access to debt could be curtailed for some companies, and could affect the type of company held in the portfolio.

The sub-advisor continues to be somewhat overweight in the Information Technology sector and somewhat underweight the Financials sector.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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 F												
Dec. 31, 2015	117.16	1.45	(2.01)	24.46	(3.49)	20.41	—	—	(19.28)	—	(19.28)	117.16
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
Series O												
Dec. 31, 2015	127.33	1.55	(0.16)	26.09	(3.72)	23.76	—	(1.38)	(21.17)	—	(22.55)	127.78
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

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, 2015	117.16	396	3	1.53	1.53	58.71	0.16
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
Series O							
Dec. 31, 2015	127.78	170 400	1 334	0.11	0.11	58.71	0.16
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

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 manager 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.

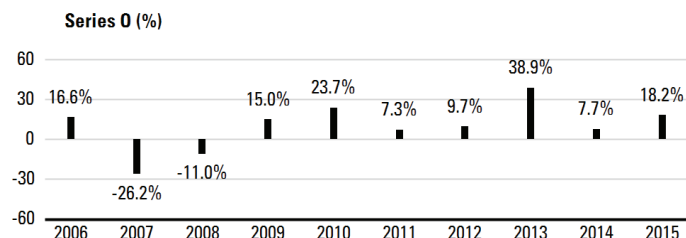
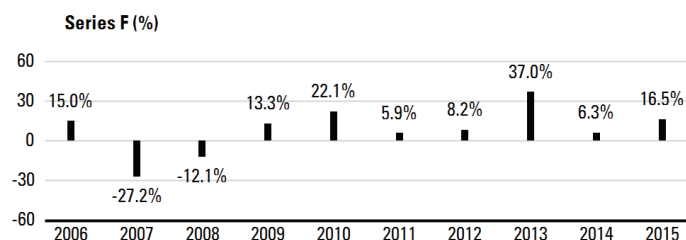


PAST PERFORMANCE

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, 2015, compared with the following benchmark:

Russell 2000 Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series F	16.5	19.3	14.2	7.1	—
Benchmark	13.8	24.7	16.6	8.7	—
Series O	18.2	20.9	15.8	8.5	—
Benchmark	13.8	24.7	16.6	8.7	—

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.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Information Technology	21.4
Financials	21.1
Health Care	18.6
Consumer Discretionary	11.0
Industrials	11.0
Materials	4.6
Utilities	3.1
Energy	1.5
Cash/Other	7.7

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	7.6
Sykes Enterprises Inc.	3.2
The Laclede Group Inc.	3.1
MedAssets Inc.	3.1
Rollins Inc.	2.9
West Pharmaceutical Services Inc.	2.8
Investors Bancorp Inc.	2.7
Itron Inc.	2.6
SciQuest Inc.	2.5
Old National Bancorp	2.4
Rofin-Sinar Technologies Inc.	2.4
Magellan Health Inc.	2.4
Parexel International Corp.	2.2
The Children's Place Inc.	2.2
Helen Of Troy Ltd.	2.2
Microsemi Corp.	2.2
Gramercy Property Trust Real Estate Investment Trust	2.1
PTC Inc.	2.1
Kite Realty Group Trust Real Estate Investment Trust	2.1
Universal Electronics Inc.	2.0
Clarcor Inc.	2.0
EverBank Financial Corp.	1.9
PROS Holdings Inc.	1.9
CROCS Inc.	1.9
Hill-Rom Holdings Inc.	1.8
Top 25 Holdings	64.3

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.



INTERNATIONAL EQUITY

RBC PRIVATE EAFE EQUITY POOL

December 31, 2015

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 4, 2016.

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 growth primarily through capital appreciation by investing in a portfolio of common stocks, American Depositary 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. The Fund may invest up to 20% of its assets in securities of companies not domiciled in EAFE countries, which may include 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 \$310 million as of December 31, 2015, from \$298 million at the end of 2014. The increase was due to investment gains.

Over the past year, the Fund's Series O units gained 13.6%, which underperformed the 19.0% rise in the benchmark. The Fund's return is after the deduction of 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 any other series, which may vary because of differences in management fees and expenses.

Global equity markets generally posted losses in 2015, with developed markets outperforming emerging markets. Investors focused on policies of the world's major central banks as the Chinese ramped up stimulus efforts, the Japanese renewed monetary stimulus and the European Central Bank expanded efforts to combat low inflation. As the year progressed, the market focused on the U.S. Federal Reserve and its intention to raise interest rates before the end of 2015 in response to a strengthening domestic economy. The U.S. dollar appreciated as a result, propelled as well by falling commodity prices, oil in particular. In this environment of rising U.S. interest rates and falling oil and metals prices, currencies of emerging markets and developed-country commodity producers plunged.

The Fund lagged its benchmark due to its allocation to emerging-market stocks, an area where the Fund is allowed to invest a limited portion of its assets. Holdings in countries such as Brazil, India, and Turkey lagged broad international indexes. Emerging-market banks have underperformed due in many cases to falling commodity prices, as well as falling currencies and expectations that U.S. interest rates will rise. The Fund had strong selection in developed markets.

There were no material changes in the portfolio's composition during the period.

Recent Developments

In the opinion of the sub-advisor, emerging markets present more compelling growth opportunities than many developed markets, and also trade at a significant discount. Countries such as South Korea have infrastructure and regional/global opportunities similar to Japan, but without the regulatory limitations and high debt, and have thus seen an increase in business confidence and capacity utilization.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 \$0 (2014 – \$3,000) or 0% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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 F												
Dec. 31, 2015	10.93	0.29	(0.15)	0.42	0.79	1.35	—	(0.15)	—	—	(0.15)	12.13
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
Series O												
Dec. 31, 2015	10.96	0.29	(0.01)	0.42	0.79	1.49	—	(0.28)	—	—	(0.28)	12.17
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

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, 2015	12.13	6 620	546	1.23	1.23	10.14	0.05
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
Series O							
Dec. 31, 2015	12.17	303 502	24 946	0.09	0.09	10.14	0.05
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

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 manager 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.

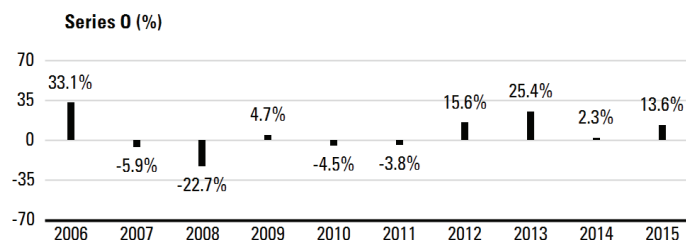
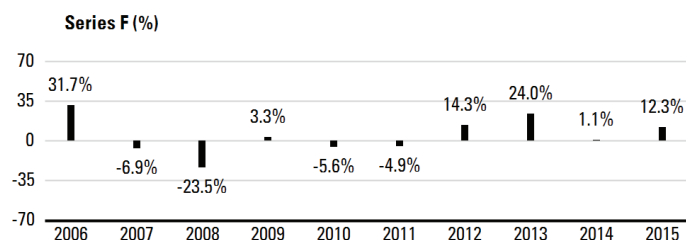


PAST PERFORMANCE

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, 2015, 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	12.3	12.1	8.9	3.4	—
Benchmark	19.0	17.3	10.8	4.8	—
Series O	13.6	13.4	10.1	4.6	—
Benchmark	19.0	17.3	10.8	4.8	—

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.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
United Kingdom	17.4
Japan	10.4
Switzerland	6.4
United States	6.4
Austria	6.0
Sweden	5.0
Ireland	4.6
Norway	4.4
Germany	4.3
China	3.7
Taiwan	3.2
France	3.0
Italy	3.0
Spain	3.0
Netherlands	2.5
South Korea	2.2
Other Countries	12.2
Cash/Other	2.3

Top 25 Holdings

	% of Net Asset Value
ICON Plc.	4.6
ARM Holdings Plc. ADR	4.3
Shire Plc.	3.5
Everest Re Group Ltd.	3.3
Getinge AB	3.2
Denso Corp.	3.1
Carnival Corp.	3.1
Roche Holdings AG Genusscheine	3.1
Amadeus IT Holding S.A.	3.0
Luxottica Group S.p.A. ADR	3.0
Secom Co. Ltd.	2.7
Core Laboratories N.V.	2.5
Diageo Plc.	2.4
ITV Plc.	2.3
Cash & Cash Equivalents	2.3
Novartis AG	2.3
Unilever Plc.	2.2
DnB ASA	2.2
Erste Bank Der Oesterreichischen Sparkassen AG	1.9
Teva Pharmaceutical Industries Ltd. ADR	1.8
BASF AG	1.8
Telefonaktiebolaget LM Ericsson ADR	1.8
Kubota Corp.	1.8
Advanced Semiconductor Engineering Inc. ADR	1.8
Voestalpine AG	1.8
Top 25 Holdings	65.8

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, 2015

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 4, 2016.

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/reports 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 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 \$277 million as of December 31, 2015, from \$235 million at the end of 2014. The increase was due mainly to investment gains.

Over the past year, the Fund's Series O units gained 14.0%, which underperformed the 19.0% rise in the benchmark. The Fund's return is after the deduction of 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 any other series, which may vary because of differences in management fees and expenses.

In 2015, gains in international equities lagged the strong performance that occurred between 2012 and 2014. Returns in U.S. dollar terms were held back by concern about the impact of China's slowing economy on the rest of the world amid efforts by the country to shift more of the economy to services from a focus on manufacturing and infrastructure. These concerns were offset by optimism that Europe's prospects for economic growth had improved after the European Central Bank adopted a policy of large-scale bond purchases aimed at boosting economic growth. The Fund's returns benefited significantly from the fall in the Canadian dollar.

In Japan, confidence increased that the economy was on a recovery path. Wages increased and the domestic economy was boosted by tourism due to a weak currency. The benefits of the competitive exchange rate became evident in corporate profits, and the adoption of new corporate-governance standards incorporating return-on-equity targets augurs well for improving shareholder returns.

Performance was led by the Fund's Japanese holdings, which contributed four of the five best-performing stocks, led by railway operator East Japan Railway. Asia-Pacific was the worst-performing region, due mainly to casino operator Galaxy Entertainment, whose stock fell significantly because of the Chinese government's crackdown on corruption.

Regionally, the Fund's exposure to Japan increased to 37% from about 34%, largely as a result of price appreciation. The biggest change during the year was a significant reduction in the Fund's European exposure, to 26% from 33%, after the disposal of stocks including Fresenius Medical Care, Heineken and SAP. While these are good businesses for investors seeking growth, valuations had reached levels that no longer reflected their growth prospects.

Exposure to the Health Care sector and automakers was reduced after the stocks hit the sub-advisor's valuation targets. Holdings in the Energy and Telecommunication Services sectors increased, as valuations in these areas became more attractive.

Recent Developments

The oil price has continued to fall, and in inflation-adjusted terms now stands at a historical low. Prices for other commodities such as iron ore and copper have generally followed suit. These price declines have had significantly negative implications for commodity producers, particularly in emerging markets. The sub-advisor expects the price of oil to recover as demand increases and/or supply falls in late 2016. By contrast, the outlook for other commodities is less promising.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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 F												
Dec. 31, 2015	9.51	0.33	(0.14)	0.52	0.39	1.10	—	(0.18)	(0.38)	—	(0.56)	10.15
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
Series O												
Dec. 31, 2015	9.62	0.34	(0.02)	0.53	0.40	1.25	—	(0.30)	(0.39)	—	(0.69)	10.27
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

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, 2015	10.15	738	73	1.30	1.30	29.11	0.10
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
Series O							
Dec. 31, 2015	10.27	276 539	26 925	0.16	0.16	29.11	0.10
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

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 manager 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.

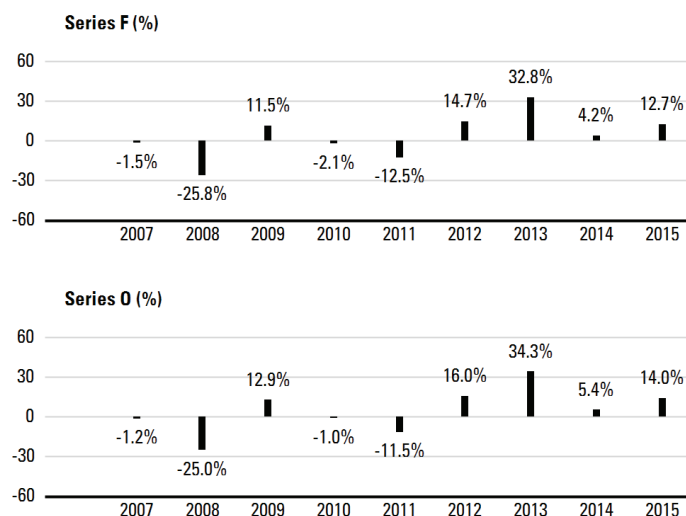


PAST PERFORMANCE

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, 2015, 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	12.7	16.0	9.4	—	2.7
Benchmark	19.0	17.3	10.8	—	3.2
Series O	14.0	17.3	10.6	—	3.9
Benchmark	19.0	17.3	10.8	—	3.2

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.

Series F and Series O units have been available for sale to unitholders since August 29, 2007.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
Japan	36.7
United Kingdom	21.4
Switzerland	8.3
Hong Kong	7.9
Germany	7.3
France	5.2
Singapore	3.1
Finland	3.0
Netherlands	2.3
Thailand	2.1
China	2.0
Cash/Other	0.7

Top 25 Holdings

	% of Net Asset Value
East Japan Railway Company	3.5
KDDI Corporation	3.3
Nippon Telegraph & Telephone Corp.	3.2
Roche Holdings AG Genussscheine	3.1
Sumitomo Mitsui Financial Group Inc.	3.1
Novartis AG	3.1
Japan Tobacco Inc.	3.0
BG Group Plc.	3.0
Nokia OYJ	3.0
CK Hutchison Holdings Ltd.	3.0
Toyota Motor Corp.	3.0
Sumitomo Mitsui Trust Holdings Inc.	2.9
Carnival Plc.	2.9
AstraZeneca Plc.	2.7
BNP Paribas S.A.	2.7
Nomura Holdings Inc.	2.7
Swire Pacific Ltd. 'A'	2.5
Total S.A.	2.5
Bayer AG	2.5
Panasonic Corp.	2.4
Commerzbank AG	2.4
E.ON SE	2.4
HSBC Holdings Plc. (U.K. Reg.)	2.4
Galaxy Entertainment Group Ltd.	2.3
Unilever N.V.	2.3
Top 25 Holdings	69.9

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.



GLOBAL EQUITY

RBC PRIVATE WORLD EQUITY POOL

December 31, 2015

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 4, 2016.

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/reports 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 growth primarily through capital appreciation by investing in a portfolio of common stocks, American Depositary 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 \$287 million as of December 31, 2015, from \$253 million at the end of 2014. The increase was due mainly to investment gains.

Over the past year, the Fund’s Series O units gained 19.3%, which outperformed the 18.9% rise in the benchmark. The Fund’s return is after the deduction of 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 any other series, which may vary because of differences in management fees and expenses.

Stocks in developed markets declined slightly in 2015 as gains in the first half of the year gave way to a global sell-off late in the summer and a smaller setback in the final weeks of the year. U.S. stocks weakened as optimism about the domestic economy was offset by concerns about subdued global growth, the collapse in oil prices and the potential impact of rising interest rates. In Europe, stocks moved higher in local currencies but lower in U.S. dollar terms given the strong appreciation of the U.S. currency. In Japan, stocks rose as solid business investment and consumer spending helped the economy show resilience late in the year. In China, stocks moved higher as share prices stabilized in the second half following a sharp mid-year sell-off.

The portfolio was aided by strong results from Japanese industrial and technology-oriented companies. Shares of Keyence, a maker of factory-automation sensors, rebounded strongly in the second half after fears of a slowdown in industrial spending faded. Murata Manufacturing, an electronic-components maker, overcame worries about a slowing Chinese economy as smartphone sales exceeded expectations. Verisign, the domain-name management company, benefited from growth in website registrations coupled with price increases. Danish diabetes-treatment company Novo Nordisk gained as demand for its medicines continued to grow. Portfolio results were also positively affected by Royal Caribbean Cruises, which was helped by an increase in travel, lower oil prices and fuller ships.

On the downside, the portfolio was negatively impacted by Cenovus Energy, which was hurt by the plunge in energy prices. Shares of Hitachi fell as the electronics conglomerate was ensnared in an accounting scandal that revealed its profits to be overstated. Aberdeen Asset Management suffered as emerging markets, where the company specializes, felt the impact of the softening Chinese economy and sagging commodities prices. A complete lack of exposure to Amazon.com, whose shares more than doubled, hurt relative returns. The portfolio also was negatively impacted by a cash position.

Recent Developments

The sub-advisor believes there are opportunities in the Health Care sector, particularly among pharmaceutical companies that are working on next-generation medical treatments. Part of the appeal of the industry is the potential for growth in China, as traditional Chinese medicine slowly gives way to Western treatments for cancer and heart disease. China’s health-care system is growing exponentially, creating prospects for drugmakers in developed markets. Another area of interest is the cosmetics industry, which tends to be more resilient than other industries during recessions. The growth is driven by several factors, including improved living standards and a rise in the number of women entering the workforce in developing economies. There are also possibilities related to the so-called “Internet of things.” This term refers to a world in which everyday items such as thermostats and baby monitors are connected through the “cloud” and controlled remotely via a laptop or smartphone. The sub-advisor will extensively research companies across a range of industries to identify those with the potential to do well in a challenging economic environment.



Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager 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 \$6,000 (2014 – \$2,000) or 3% (2014 – 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 Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the 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 F												
Dec. 31, 2015	187.57	4.07	(2.62)	18.77	13.37	33.59	—	(1.24)	(6.80)	—	(8.04)	213.17
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
Series O												
Dec. 31, 2015	188.04	4.09	(0.35)	18.82	13.41	35.97	—	(3.57)	(6.83)	—	(10.40)	213.62
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

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, 2015	213.17	6 652	31	1.26	1.26	27.86	0.07
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
Series O							
Dec. 31, 2015	213.62	280 279	1 312	0.17	0.17	27.86	0.07
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

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 manager 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.

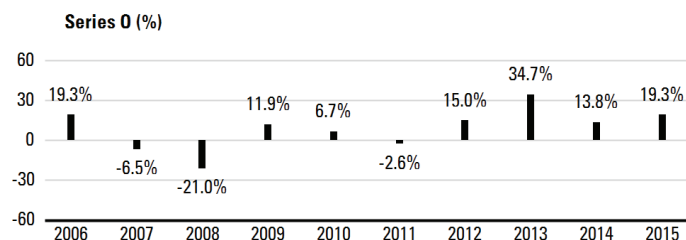
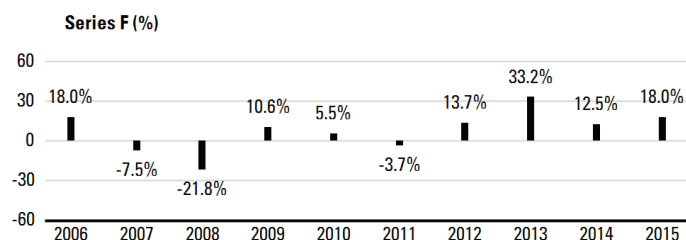


PAST PERFORMANCE

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, 2015, 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	18.0	20.9	14.1	6.8	—
Benchmark	18.9	22.5	15.0	6.8	—
Series O	19.3	22.3	15.4	8.0	—
Benchmark	18.9	22.5	15.0	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.

Inception dates are not provided for series that have been in existence for more than 10 years.

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, 2015

Investment Mix

	% of Net Asset Value
United States	47.3
United Kingdom	12.4
France	7.8
Japan	7.7
Switzerland	5.8
Denmark	2.8
Netherlands	2.7
Hong Kong	2.4
Finland	2.0
Germany	1.4
Other Countries	5.2
Cash/Other	2.5

Top 25 Holdings

	% of Net Asset Value
AstraZeneca Plc.	3.2
Novo Nordisk A/S	2.9
Cash & Cash Equivalents	2.4
AIA Group Ltd.	2.4
Keyence Corp.	2.3
Unilever Plc.	2.2
Nielsen Holdings Plc.	2.1
Imperial Tobacco Group Plc.	2.1
Sampo OYJ	2.0
Pernod-Ricard S.A.	2.0
ASML Holding N.V.	2.0
Boeing Co.	1.9
The Goldman Sachs Group Inc.	1.9
Newell Rubbermaid Inc.	1.9
Verizon Communications Inc.	1.8
Nestlé S.A.	1.8
CME Group Inc., Class A	1.7
Royal Caribbean Cruises Ltd.	1.7
Chevron Corp.	1.7
Assa Abloy AB	1.7
Roche Holdings AG Genussscheine	1.7
Visa Inc., Class A	1.6
Microsoft Corp.	1.5
Verisign Inc.	1.4
Cerner Corp.	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 by calling us at 1-800-662-0652.



If you have questions regarding RBC Funds and/or RBC Private Pools, you can contact us using the following options:

By Phone

Investors: **1-800-463-FUND (3863)**
Dealers: **1-800-662-0652**

By Mail

Head office:

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For general mutual fund enquiries, write to:

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M5W 1P9**

On the Internet

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Email us at: **funds.investments@rbc.com**



**RBC Global
Asset Management**