



Global Asset
Management

RBC FUNDS AND RBC PRIVATE POOLS

2017
Annual Management
Report of Fund
Performance

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CONTACT US

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MONEY MARKET FUND

RBC CANADIAN T-BILL FUND

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value fell to \$325 million as of December 31, 2017, from \$362 million at the end of 2016. The decrease was due to net redemptions.

As of December 31, 2017, the current yields were 0.7% for Series A units and 0.7% for Series D units.

Over the past year, the Fund's Series A units returned 0.36%, compared with the 0.56% 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 maintained at reduced levels by RBC GAM. The decision to reduce management fees is determined at the discretion of RBC GAM.

A stronger-than-expected start to 2017 prompted investors to reconsider their view that the Bank of Canada (the "BOC") would continue to leave interest rates unchanged, as emergency-level rates were no longer necessary given rising business investment, a buoyant housing market and falling unemployment. Accordingly, in June the BOC announced that its commitment to historically low rates had outlived its usefulness, and shortly thereafter hiked its benchmark rate for the first time in seven years by ¼ percentage point. The BOC raised rates a second time in September. A resurgent U.S. economy aided the Canadian outlook, as did a broad global economic recovery, with most central banks either tightening monetary policy for the first time in years, or moving in that direction.

The portfolio manager maintained a longer average term to maturity during the first half of the year, but adjusted to the BOC policy shift by placing more emphasis on shorter-dated securities in anticipation of a rise in market interest rates.

The supply of federal government treasury bills fell during the year as the government relied more on bond issuance for its funding. The limited issuance kept yields on bills relatively low throughout the year. Consequently, the portfolio manager continued to rely on provincial securities, floating-rate notes and money-market bonds to enhance yield. Provincial securities made up the bulk of the Fund's assets as they provided relatively attractive yields without sacrificing liquidity or safety, helping the Fund to outperform its benchmark.

Recent Developments

The BOC has signalled that it's leaning toward raising policy rates as the economy expands. The medium-term outlook for the domestic economy is somewhat uncertain, however, given risks surrounding the renegotiation of the North American Free Trade Agreement, heavily indebted households and geopolitical risks. Supporting the trend of rate hikes in Canada is the strengthening U.S. economy, which prompted three hikes in 2017 by the U.S. Federal Reserve, with more expected in 2018.

Major central banks are retreating from emergency-level interest rates as most industrial economies are quickly recovering. The portfolio manager expects this trend to continue into 2018, prompting further monetary-policy tightening.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	10.00	0.08	(0.04)	—	—	0.04	(0.04)	—	—	—	(0.04)	10.00
Dec. 31, 2016	10.00	0.06	(0.04)	—	—	0.02	(0.02)	—	—	—	(0.02)	10.00
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
Series D												
Dec. 31, 2017	10.00	0.08	(0.04)	—	—	0.04	(0.04)	—	—	—	(0.04)	10.00
Dec. 31, 2016	10.00	0.06	(0.04)	—	—	0.02	(0.02)	—	—	—	(0.02)	10.00
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

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, 2017	10.00	270 209	27 020	0.44	0.44	n/a	—
Dec. 31, 2016	10.00	306 017	30 601	0.44	0.44	n/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	—
Series D							
Dec. 31, 2017	10.00	55 144	5 514	0.44	0.44	n/a	—
Dec. 31, 2016	10.00	55 714	5 571	0.44	0.44	n/a	—
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	—

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	0.75%	33%	67%
Series D	0.60%	17%	83%

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

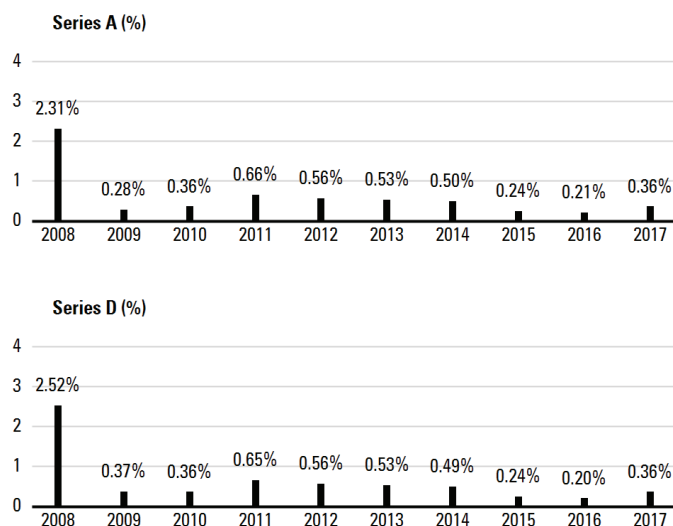


PAST PERFORMANCE

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

Year-by-Year Returns (%)

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



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, 2017

Investment Mix

	% of Net Asset Value
Provincial Obligations	97.9
Federal Obligations	1.9
Cash/Other	0.2

Top 25 Holdings

	% of Net Asset Value
Province of Manitoba 1.050% Jan 31 2018	9.4
Province of Alberta 0.730% Jan 2 2018	9.1
Province of Quebec 1.300% Feb 16 2018	6.5
Province of Ontario 1.200% May 16 2018	6.4
Province of British Columbia 1.098% Mar 21 2018	6.1
Province of Ontario 1.299% Apr 11 2018	6.1
Province of Alberta 0.770% May 30 2018	5.0
Province of New Brunswick 1.058% Feb 1 2018	4.7
Province of Quebec 1.051% Jan 26 2018	4.6
Province of Saskatchewan 1.079% Feb 6 2018	4.6
Province of Ontario 1.309% Mar 7 2018	4.6
Province of New Brunswick 0.748% Mar 26 2018	3.2
Province of Ontario 1.300% Mar 28 2018	3.1
Province of New Brunswick 1.102% Jan 11 2018	2.9
Province of British Columbia 1.072% Feb 27 2018	2.7
Province of Alberta 1.067% Feb 13 2018	2.7
Province of Manitoba 1.044% Jan 2 2018	2.0
Province of Alberta 0.869% Mar 15 2018	2.0
Financement-Québec 0.780% Mar 1 2018	1.9
Province of Ontario 1.174% Mar 5 2018	1.9
Government of Canada Treasury Bills 1.245% Mar 15 2018	1.9
Province of New Brunswick 1.050% Feb 15 2018	1.9
Province of Saskatchewan 1.111% Mar 16 2018	1.5
Province of Saskatchewan 1.099% Apr 3 2018	1.5
Province of British Columbia 1.069% Jan 12 2018	1.5
Top 25 Holdings	97.8

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.



MONEY MARKET FUND

RBC CANADIAN MONEY MARKET FUND

December 31, 2017

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 8, 2018.

A Note on Forward-looking Statements

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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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value was \$1.6 billion as of December 31, 2017, essentially unchanged from the end of 2016.

As of December 31, 2017, the current yields were 0.8% for Series A units, 0.8% for Advisor Series units, 0.8% for Series D units, 0.8% for Series F units and 1.4% for Series O units.

Over the past year, the Fund's Series A units returned 0.48%, compared with the 0.56% 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 maintained at reduced levels by RBC GAM. The decision to reduce management fees is determined at the discretion of RBC GAM.

A stronger-than-expected start to 2017 prompted investors to reconsider their view that the Bank of Canada (the "BOC") would continue to leave interest rates unchanged, as emergency-level rates were no longer necessary given rising business investment, a buoyant housing market and falling unemployment. Accordingly, in June the BOC announced that its commitment to historically low rates had outlived its usefulness, and shortly thereafter hiked its benchmark rate for the first time in seven years by ¼ percentage point. The BOC raised rates a second time in September. A resurgent U.S. economy aided the Canadian outlook, as did a broad global economic recovery, with most central banks either tightening monetary policy for the first time in years, or moving in that direction.

The portfolio manager maintained a longer average term to maturity during the first half of the year, but adjusted to the BOC policy shift by placing more emphasis on shorter-dated securities in anticipation of a rise in market interest rates.

The portfolio manager continued to concentrate the Fund's assets in asset-backed paper, where supply was plentiful and yields were highest. This was followed by bank securities and corporate issuers, which showed virtually no growth during the year, in part because of credit downgrades that pre-empted purchases of those issuers. The portfolio manager also invested in floating-rate notes, which gained popularity after the BOC indicated its intention to raise short-term interest rates. Regulatory minimum liquidity rules continued to be satisfied with a small position in provincial paper.

Recent Developments

The BOC has signalled that it's leaning toward raising policy rates as the economy expands. The medium-term outlook for the domestic economy is somewhat uncertain, however, given risks surrounding the renegotiation of the North American Free Trade Agreement, heavily indebted households and geopolitical risks. Supporting the trend of rate hikes in Canada is the strengthening U.S. economy, which prompted three hikes in 2017 by the U.S. Federal Reserve, with more expected in 2018.

Major central banks are retreating from emergency-level interest rates as most industrial economies are quickly recovering. The portfolio manager expects this trend to continue into 2018, prompting further monetary-policy tightening.



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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	10.00	0.11	(0.06)	—	—	0.05	(0.05)	—	—	—	(0.05)	10.00
Dec. 31, 2016	10.00	0.09	(0.06)	—	—	0.03	(0.03)	—	—	—	(0.03)	10.00
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
Advisor Series												
Dec. 31, 2017	10.00	0.11	(0.06)	—	—	0.05	(0.05)	—	—	—	(0.05)	10.00
Dec. 31, 2016	10.00	0.09	(0.06)	—	—	0.03	(0.03)	—	—	—	(0.03)	10.00
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
Series D												
Dec. 31, 2017	10.00	0.11	(0.06)	—	—	0.05	(0.05)	—	—	—	(0.05)	10.00
Dec. 31, 2016	10.00	0.09	(0.06)	—	—	0.03	(0.03)	—	—	—	(0.03)	10.00
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
Series F												
Dec. 31, 2017	10.00	0.11	(0.06)	—	—	0.05	(0.05)	—	—	—	(0.05)	10.00
Dec. 31, 2016	10.00	0.10	(0.06)	—	—	0.04	(0.04)	—	—	—	(0.04)	10.00
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
Series O												
Dec. 31, 2017	10.00	0.11	—	—	—	0.11	(0.11)	—	—	—	(0.11)	10.00
Dec. 31, 2016	10.00	0.09	—	—	—	0.09	(0.09)	—	—	—	(0.09)	10.00
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

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, 2017	10.00	1 048 238	104 818	0.60	0.60	n/a	—
Dec. 31, 2016	10.00	1 224 869	122 485	0.60	0.60	n/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	—
Advisor Series							
Dec. 31, 2017	10.00	13 676	1 368	0.61	0.61	n/a	—
Dec. 31, 2016	10.00	14 759	1 476	0.61	0.61	n/a	—
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	—
Series D							
Dec. 31, 2017	10.00	161 812	16 180	0.61	0.61	n/a	—
Dec. 31, 2016	10.00	164 136	16 413	0.61	0.61	n/a	—
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	—
Series F							
Dec. 31, 2017	10.00	24 381	2 438	0.56	0.56	n/a	—
Dec. 31, 2016	10.00	12 499	1 250	0.56	0.56	n/a	—
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	—
Series O							
Dec. 31, 2017	10.00	323 862	32 385	0.02	0.02	n/a	—
Dec. 31, 2016	10.00	168 559	16 856	0.02	0.02	n/a	—
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	—

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	0.75%	33%	67%
Advisor Series	0.75%	33%	67%
Series D	0.60%	17%	83%
Series F	0.50%	—	100%

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

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

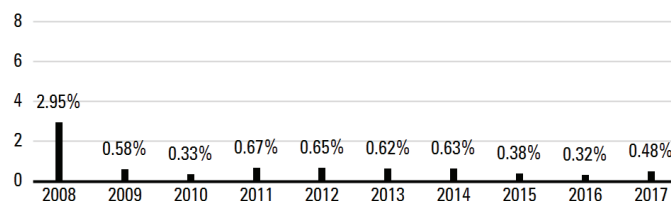
PAST PERFORMANCE

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

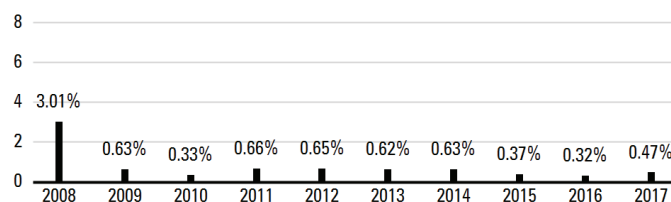
Year-by-Year Returns (%)

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

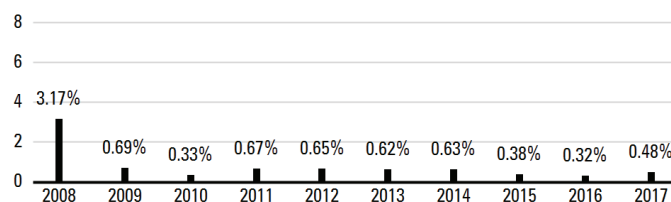
Series A (%)



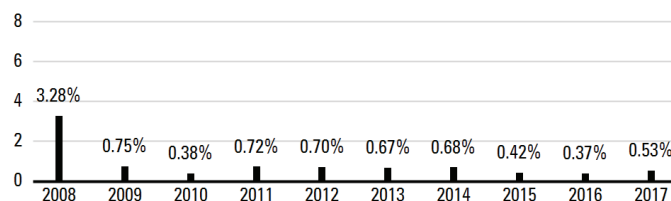
Advisor Series (%)



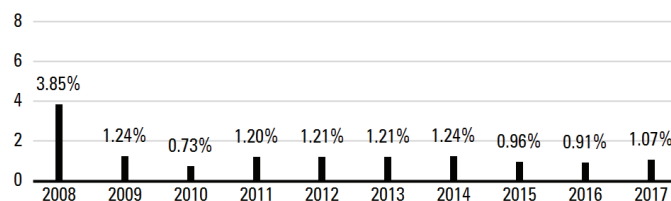
Series D (%)



Series F (%)



Series O (%)



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, 2017

Investment Mix

	% of Net Asset Value
Commercial Paper	64.6
Bankers Acceptances and Bank Obligations	28.7
Provincial Obligations	6.3
Cash/Other	0.4

Top 25 Holdings

	% of Net Asset Value
Zeus Receivables Trust - Senior Notes 1.401% Jan 17 2018	2.3
Toronto-Dominion Bank 1.253% Jan 2 2018	2.3
Province of New Brunswick 1.058% Feb 1 2018	2.1
HSBC Bank Canada 1.332% Feb 26 2018	2.0
Prime Trust - Senior Notes 1.297% Jan 19 2018	1.9
Bank of Nova Scotia 1.040% Jan 29 2018	1.9
Canadian Imperial Bank of Commerce 0.995% Feb 9 2018	1.9
Clarity Trust 1.311% Jan 26 2018	1.9
Bank of Nova Scotia 1.121% Mar 22 2018	1.8
Banner Trust 1.619% Apr 26 2018	1.8
National Bank of Canada 1.308% Jan 22 2018	1.8
Toronto-Dominion Bank 1.100% Apr 25 2018	1.6
BNP Paribas Capital Trust 1.339% Jan 24 2018	1.6
Bay Street Funding Trust - Class A 1.401% Feb 1 2018	1.6
Canadian Imperial Bank of Commerce 1.550% Jun 8 2018	1.6
Fusion Trust 1.399% Jan 29 2018	1.5
King Street Funding Trust 1.451% Feb 15 2018	1.4
Toronto-Dominion Bank 1.100% Mar 5 2018	1.4
Fusion Trust 1.401% Feb 5 2018	1.4
SAFE Trust - Series 1996-1 1.401% Jan 10 2018	1.4
SAFE Trust - Series 1996-1 1.409% Mar 9 2018	1.3
Province of Manitoba 1.044% Jan 2 2018	1.3
HSBC Bank Canada 1.580% Apr 3 2018	1.3
Canadian Master Trust - Series A 1.286% Mar 7 2018	1.3
King Street Funding Trust 1.392% Jan 25 2018	1.3
Top 25 Holdings	41.7

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.



MONEY MARKET FUND

RBC PREMIUM MONEY MARKET FUND

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value fell to \$1.2 billion as of December 31, 2017, from \$1.4 billion at the end of 2016. The decrease was due to net redemptions.

As of December 31, 2017, the current yields were 1.0% for Series A units and 1.1% for Series F units.

Over the past year, the Fund's Series A units returned 0.73%, compared with the 0.56% 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 stronger-than-expected start to 2017 prompted investors to reconsider their view that the Bank of Canada (the "BOC") would continue to leave interest rates unchanged, as emergency-level rates were no longer necessary given rising business investment, a buoyant housing market and falling unemployment. Accordingly, in June the BOC announced that its commitment to historically low rates had outlived its usefulness, and shortly thereafter hiked its benchmark rate for the first time in seven years by ¼ percentage point. The BOC raised rates a second time in September. A resurgent U.S. economy aided the Canadian outlook, as did a broad global economic recovery, with most central banks either tightening monetary policy for the first time in years, or moving in that direction.

The portfolio manager maintained a longer average term to maturity during the first half of the year, but adjusted to the BOC policy shift by placing more emphasis on shorter-dated securities in anticipation of a rise in market interest rates.

The portfolio manager continued to concentrate the Fund's assets in asset-backed paper, where supply was plentiful and yields were highest. This was followed by bank securities and corporate issuers, which showed virtually no growth during the year, in part because of credit downgrades that pre-empted purchases of those issuers. The portfolio manager also invested in floating-rate notes, which gained popularity after the BOC indicated its intention to raise short-term interest rates. Regulatory minimum liquidity rules continued to be satisfied with a small position in provincial paper.

Recent Developments

The BOC has signalled that it's leaning toward raising policy rates as the economy expands. The medium-term outlook for the domestic economy is somewhat uncertain, however, given risks surrounding the renegotiation of the North American Free Trade Agreement, heavily indebted households and geopolitical risks. Supporting the trend of rate hikes in Canada is the strengthening U.S. economy, which prompted three hikes in 2017 by the U.S. Federal Reserve, with more expected in 2018.

Major central banks are retreating from emergency-level interest rates as most industrial economies are quickly recovering. The portfolio manager expects this trend to continue into 2018, prompting further monetary-policy tightening.



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

Distributors

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Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	10.00	0.11	(0.04)	—	—	0.07	(0.07)	—	—	—	(0.07)	10.00
Dec. 31, 2016	10.00	0.10	(0.04)	—	—	0.06	(0.06)	—	—	—	(0.06)	10.00
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
Series F												
Dec. 31, 2017	10.00	0.11	(0.02)	—	—	0.09	(0.09)	—	—	—	(0.09)	10.00
Dec. 31, 2016	10.00	0.09	(0.02)	—	—	0.07	(0.07)	—	—	—	(0.07)	10.00
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

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, 2017	10.00	1 215 455	121 538	0.35	0.35	n/a	—
Dec. 31, 2016	10.00	1 372 269	137 224	0.35	0.35	n/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	—
Series F							
Dec. 31, 2017	10.00	29 617	2 962	0.24	0.24	n/a	—
Dec. 31, 2016	10.00	12 234	1 223	0.25	0.25	n/a	—
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	—

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	0.30%	83%	17%
Series F	0.20%	—	100%

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

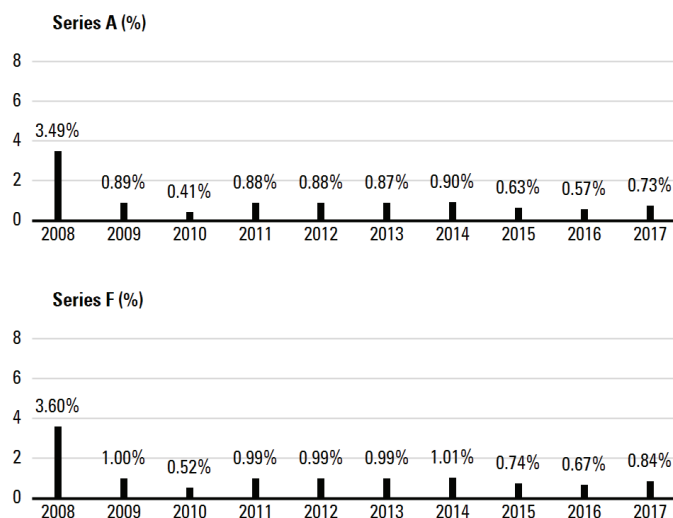


PAST PERFORMANCE

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.



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, 2017

Investment Mix

	% of Net Asset Value
Commercial Paper	61.8
Bankers Acceptances and Bank Obligations	31.2
Provincial Obligations	6.4
Cash/Other	0.6

Top 25 Holdings

	% of Net Asset Value
SAFE Trust - Series 1996-1 1.401% Jan 10 2018	3.7
HSBC Bank Canada 1.449% Mar 27 2018	3.6
Clarity Trust 1.399% Jan 29 2018	2.2
Canadian Imperial Bank of Commerce 1.550% Jun 8 2018	2.0
Bank of Nova Scotia 1.040% Jan 29 2018	1.9
Canadian Imperial Bank of Commerce 0.995% Feb 9 2018	1.9
Canadian Imperial Bank of Commerce 1.430% Apr 26 2018	1.9
Toronto-Dominion Bank 1.119% Apr 2 2018	1.9
Clarity Trust 1.621% Apr 27 2018	1.8
Bank of Nova Scotia 1.121% Mar 22 2018	1.8
Honda Canada Finance Inc. 1.242% Jan 8 2018	1.8
Merit Trust - Senior Notes 1.526% Apr 26 2018	1.7
Inter Pipeline Ltd. 1.332% Jan 15 2018	1.6
Inter Pipeline Ltd. 1.380% Jan 19 2018	1.5
SURE Trust 1.401% Feb 1 2018	1.5
Zeus Receivables Trust - Senior Notes 1.400% Feb 28 2018	1.5
Province of Manitoba 1.044% Jan 2 2018	1.4
Enbridge Pipelines Inc. 1.331% Jan 12 2018	1.3
Toronto-Dominion Bank 1.471% Feb 26 2018	1.3
Fusion Trust 1.389% Feb 27 2018	1.3
Prime Trust - Senior Notes 1.501% Feb 20 2018	1.3
SURE Trust 1.619% Apr 10 2018	1.3
King Street Funding Trust 1.451% Feb 15 2018	1.3
Toronto-Dominion Bank 1.100% Mar 5 2018	1.3
Bank of Montreal 1.166% Dec 29 2017	1.2
Top 25 Holdings	44.0

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 \$U.S. MONEY MARKET FUND

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$240 million as of December 31, 2017, from \$137 million at the end of 2016. The increase was due to net inflows.

As of December 31, 2017, the current yields were 1.4% for Series A units, 1.4% for Series D units and 1.7% for Series O units.

Over the past year, the Fund's Series A units returned 1.00%, compared with the 0.84% 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 maintained at reduced levels by RBC GAM. The decision to reduce management fees is determined at the discretion of RBC GAM.

The U.S. economy improved during the course of 2017, allowing the U.S. Federal Reserve (the "Fed") to follow through on its intention to raise short-term interest rates during the year. Economic gains were particularly noticeable in strong employment numbers which, with inflation low, served as a prime justification for rate hikes. In addition to raising rates three times in 2017, the Fed began reducing its US\$4.5 trillion balance sheet, which ballooned after a decade of policies aimed at dampening longer-term interest rates. The global economy also showed significant signs of recovery after years of ultra-easy monetary policy, prompting most major central banks to tighten policy, consider tightening or stipulate that the era of extreme policy was over.

The portfolio manager controlled the Fund's average term to maturity in an effort to take advantage of the Fed's anticipated tightening dates. This approach necessitated building up investments maturing around dates on which the Fed was expected to hike rates in order to capture higher yields when reinvesting. Occasionally, as the market built in expectations of more hikes in the future, rates further out the curve became compelling, allowing longer-dated investments to be added to the Fund at significantly higher rates. The Fund's primary holdings continued to be asset-backed commercial paper as corporate issuance was scarce. Regulatory minimum-liquidity requirements were satisfied through holdings of government paper.

Recent Developments

With U.S. economic growth on a sustainable path, the Fed is likely to extend its policy of raising short-term rates and decreasing its stockpile of bonds. In the portfolio manager's opinion, such policy is appropriate because U.S. tax reform will further boost economic growth. Moreover, inflation pressures may be stirring. Barring any unforeseen circumstances that would derail the recovery, the Fund will be managed with an emphasis on shorter-term securities that can be reinvested at higher yields as rates rise.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	10.00	0.13	(0.03)	—	—	0.10	(0.10)	—	—	—	(0.10)	10.00
Dec. 31, 2016	10.00	0.08	(0.03)	—	—	0.05	(0.05)	—	—	—	(0.05)	10.00
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
Series D												
Dec. 31, 2017	10.00	0.14	(0.03)	—	—	0.11	(0.11)	—	—	—	(0.11)	10.00
Dec. 31, 2016	10.00	0.09	(0.03)	—	—	0.06	(0.06)	—	—	—	(0.06)	10.00
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
Series O												
Dec. 31, 2017	10.00	0.14	—	—	—	0.14	(0.14)	—	—	—	(0.14)	10.00
Dec. 31, 2016	10.00	0.08	—	—	—	0.08	(0.08)	—	—	—	(0.08)	10.00
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

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, 2017	10.00	95 886	9 588	0.33	0.33	n/a	—
Dec. 31, 2016	10.00	93 352	9 335	0.30	0.30	n/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	—
Series D							
Dec. 31, 2017	10.00	42 903	4 290	0.28	0.28	n/a	—
Dec. 31, 2016	10.00	25 494	2 549	0.25	0.25	n/a	—
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	—
Series O							
Dec. 31, 2017	10.00	101 197	10 119	0.02	0.02	n/a	—
Dec. 31, 2016	10.00	18 359	1 836	0.02	0.02	n/a	—
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	—

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	0.85%	29%	71%
Series D	0.60%	17%	83%

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

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

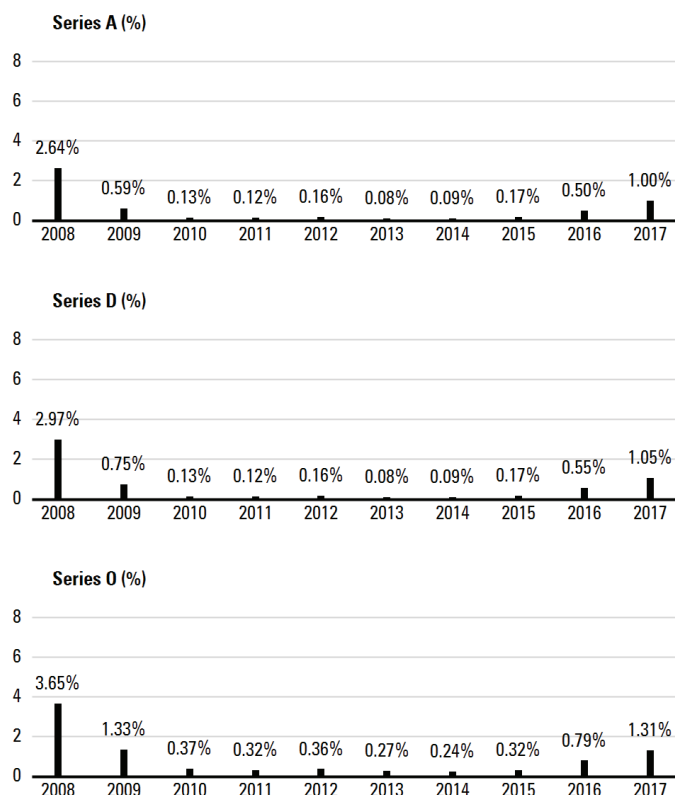


PAST PERFORMANCE (in USD)

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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.



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, 2017

Investment Mix

	% of Net Asset Value
Commercial Paper	69.3
Provincial Obligations	15.6
Bankers Acceptances and Bank Obligations	14.7
Cash/Other	0.4

Top 25 Holdings

	% of Net Asset Value
Province of Alberta 1.736% Mar 20 2018	6.2
Province of Ontario 1.202% Jan 18 2018	5.1
Enbridge Pipelines Inc. 1.506% Jan 8 2018	4.0
Province of Alberta 1.573% Feb 9 2018	3.8
Farm Credit Canada 1.201% Jan 3 2018	3.7
SOUND Trust 1.861% May 8 2018	2.8
Prime Trust - Senior Notes 2.100% Feb 20 2018	2.7
National Bank of Canada 1.552% Feb 16 2018	2.6
Clarity Trust 1.570% Jan 17 2018	2.6
Ridge Trust 1.949% Mar 14 2018	2.5
Prime Trust - Senior Notes 1.569% Jan 19 2018	2.3
Bank of Nova Scotia 1.353% Jan 11 2018	2.2
Merit Trust - Senior Notes 1.998% Feb 15 2018	2.2
Zeus Receivables Trust - Senior Notes 1.949% Mar 14 2018	2.2
King Street Funding Trust 2.103% Jan 24 2018	2.1
Bay Street Funding Trust - Class A 2.103% Jan 24 2018	2.1
Canadian Imperial Bank of Commerce 1.501% Apr 27 2018	2.1
Banner Trust 1.700% Jan 19 2018	2.0
Zeus Receivables Trust - Senior Notes 1.852% Feb 8 2018	2.0
Clarity Trust 2.030% Mar 21 2018	2.0
Zeus Receivables Trust - Senior Notes 1.700% Mar 29 2018	1.9
Fusion Trust 1.699% Mar 28 2018	1.8
TMX Group Ltd. 1.488% Jan 8 2018	1.8
Ridge Trust 1.968% May 14 2018	1.7
National Bank of Canada 1.467% Feb 7 2018	1.7
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.



MONEY MARKET FUND

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

December 31, 2017

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 8, 2018.

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 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$512 million as of December 31, 2017, from \$339 million at the end of 2016. The increase was due to net inflows.

As of December 31, 2017, the current yields were 1.5% for Series A units and 1.5% for Series F units.

Over the past year, the Fund's Series A units returned 1.11%, compared with the 0.84% 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 maintained at reduced levels by RBC GAM. The decision to reduce management fees is determined at the discretion of RBC GAM.

The U.S. economy improved during the course of 2017, allowing the U.S. Federal Reserve (the "Fed") to follow through on its intention to raise short-term interest rates during the year. Economic gains were particularly noticeable in strong employment numbers which, with inflation low, served as a prime justification for rate hikes. In addition to raising rates three times in 2017, the Fed began reducing its US\$4.5 trillion balance sheet, which ballooned after a decade of policies aimed at dampening longer-term interest rates. The global economy also showed significant signs of recovery after years of ultra-easy monetary policy, prompting most major central banks to tighten policy, consider tightening or stipulate that the era of extreme policy was over.

The portfolio manager controlled the Fund's average term to maturity in an effort to take advantage of the Fed's anticipated tightening dates. This approach necessitated building up investments maturing around dates on which the Fed was expected to hike rates in order to capture higher yields when reinvesting. Occasionally, as the market built in expectations of more hikes in the future, rates further out the curve became compelling, allowing longer-dated investments to be added to the Fund at significantly higher rates. The Fund's primary holdings continued to be asset-backed commercial paper as corporate issuance was scarce. Regulatory minimum-liquidity requirements were satisfied through holdings of government paper.

Recent Developments

With U.S. economic growth on a sustainable path, the Fed is likely to extend its policy of raising short-term rates and decreasing its stockpile of bonds. In the portfolio manager's opinion, such policy is appropriate because U.S. tax reform will further boost economic growth. Moreover, inflation pressures may be stirring. Barring any unforeseen circumstances that would derail the recovery, the Fund will be managed with an emphasis on shorter-term securities that can be reinvested at higher yields as rates rise.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	10.02	0.13	(0.02)	—	—	0.11	(0.11)	—	—	—	(0.11)	10.02
Dec. 31, 2016	10.02	0.08	(0.02)	—	—	0.06	(0.06)	—	—	—	(0.06)	10.02
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
Series F												
Dec. 31, 2017	10.02	0.13	(0.01)	—	—	0.12	(0.12)	—	—	—	(0.12)	10.02
Dec. 31, 2016	10.02	0.10	(0.01)	—	—	0.09	(0.06)	—	—	—	(0.06)	10.02
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

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, 2017	10.02	446 226	44 384	0.24	0.24	n/a	—
Dec. 31, 2016	10.02	324 021	32 166	0.22	0.22	n/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	—
Series F							
Dec. 31, 2017	10.02	66 076	6 596	0.24	0.24	n/a	—
Dec. 31, 2016	10.02	15 199	1 509	0.22	0.22	n/a	—
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	—

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	0.35%	71%	29%
Series F	0.25%	—	100%

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

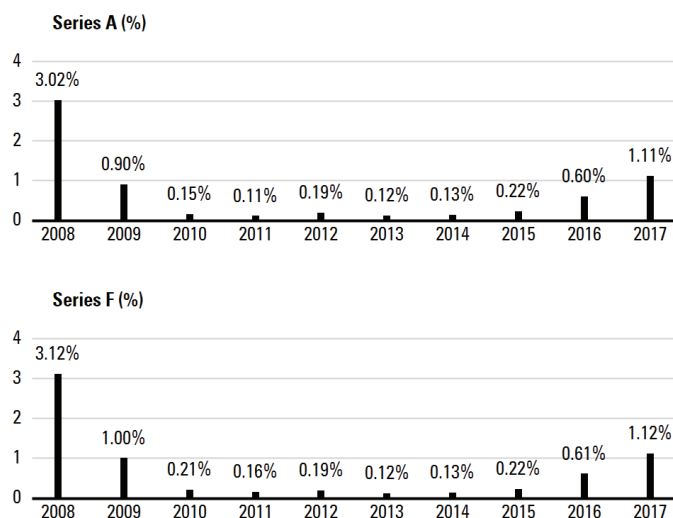


PAST PERFORMANCE (in USD)

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.



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, 2017

Investment Mix

	% of Net Asset Value
Commercial Paper	72.6
Provincial Obligations	16.0
Bankers Acceptances and Bank Obligations	11.5
Cash/Other	(0.1)

Top 25 Holdings

	% of Net Asset Value
Canadian Imperial Bank of Commerce 1.501% Apr 27 2018	4.9
Caisse Centrale Desjardins 1.651% Mar 28 2018	4.7
Province of Alberta 1.573% Feb 9 2018	3.4
Farm Credit Canada 1.201% Jan 3 2018	3.1
Enbridge Pipelines Inc. 1.601% Jan 12 2018	2.9
Province of Alberta 1.560% Mar 5 2018	2.8
Banner Trust 1.728% Jan 3 2018	2.8
Province of Quebec 1.162% Jan 10 2018	2.7
Province of Ontario 1.202% Jan 18 2018	2.7
Prime Trust - Senior Notes 2.100% Feb 20 2018	2.6
SAFE Trust - Series 1996-1 1.701% Mar 20 2018	2.6
Clarity Trust 1.570% Jan 17 2018	2.5
SOUND Trust 1.699% Jan 25 2018	2.4
Prime Trust - Senior Notes 1.949% Mar 14 2018	2.2
Banner Trust 1.700% Jan 19 2018	2.1
Merit Trust - Senior Notes 1.949% Mar 14 2018	2.1
Clarity Trust 1.700% Jan 10 2018	2.0
Canadian Imperial Bank of Commerce 1.388% Jan 22 2018	1.9
Province of Alberta 1.736% Mar 20 2018	1.8
Banner Trust 1.700% Jan 26 2018	1.8
Merit Trust - Senior Notes 1.921% May 22 2018	1.8
National Bank of Canada 1.600% Feb 27 2018	1.7
Clarity Trust 1.831% Apr 25 2018	1.6
Banner Trust 2.000% Jun 11 2018	1.5
OMERS Realty Corp. 1.390% Jan 10 2018	1.5
Top 25 Holdings	62.1

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



FIXED-INCOME FUND

**RBC CANADIAN SHORT-TERM
INCOME FUND**

December 31, 2017

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 8, 2018.

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 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.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$5.5 billion as of December 31, 2017, from \$5.1 billion at the end of 2016. The increase was due to net inflows.

Over the past year, the Fund's Series A units lost 0.6%, which underperformed the 0.1% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

A stronger-than-expected start to 2017 prompted investors to reconsider their view that the Bank of Canada (the "BOC") would continue to leave interest rates unchanged, as emergency-level rates were no longer necessary given rising business investment, a buoyant housing market and falling unemployment. Accordingly, in June the BOC announced that its commitment to historically low rates had outlived its usefulness, and shortly thereafter hiked its benchmark rate for the first time in seven years by a quarter percentage point. The BOC raised rates a second time in September.

The BOC's tightening bias remained in place at the end of the year. However, a more cautious approach was in evidence as economic growth produced little inflation, household debt climbed further and the North American Free Trade Agreement ("NAFTA") negotiations became increasingly difficult. Canadian short-term bond yields rose over the year as the BOC tightened monetary policy and were also pulled higher by the rise in U.S. yields amid tightening by the U.S. Federal Reserve (the "Fed").

The portfolio manager emphasized short-term securities once the BOC shifted toward removing monetary stimulus, giving the Fund the chance to invest at higher rates. The Fund's primary asset remained corporate bonds, although the allocation to this area was reduced as valuations rose over the period. The rest of the portfolio was divided about equally between federal and provincial debt. The Fund's performance was helped by the exposure to corporate bonds, which outperformed government fixed-income securities.

Recent Developments

The BOC has signalled that it's leaning toward raising policy rates as the economy expands. The medium-term outlook for the domestic economy is somewhat uncertain, however, given risks surrounding the renegotiation of NAFTA, heavily indebted households and geopolitical risks. Supporting the trend of rate hikes in Canada is the strengthening U.S. economy, which prompted three hikes in 2017 by the Fed, with more expected in 2018.

Major central banks are retreating from emergency-level interest rates as most industrial economies are quickly recovering. The portfolio manager expects this trend to continue into 2018, prompting further monetary-policy tightening.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	10.68	0.25	(0.11)	(0.03)	(0.17)	(0.06)	(0.14)	—	—	—	(0.14)	10.48
Dec. 31, 2016	10.81	0.28	(0.12)	(0.04)	(0.08)	0.04	(0.16)	—	—	—	(0.16)	10.68
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
Advisor Series												
Dec. 31, 2017	10.73	0.25	(0.11)	(0.03)	(0.17)	(0.06)	(0.14)	—	—	—	(0.14)	10.53
Dec. 31, 2016	10.86	0.28	(0.12)	(0.04)	(0.08)	0.04	(0.16)	—	—	—	(0.16)	10.73
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
Series D												
Dec. 31, 2017	10.71	0.25	(0.07)	(0.03)	(0.18)	(0.03)	(0.18)	—	—	—	(0.18)	10.51
Dec. 31, 2016	10.84	0.28	(0.08)	(0.04)	(0.10)	0.06	(0.20)	—	—	—	(0.20)	10.71
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
Series F												
Dec. 31, 2017	10.77	0.25	(0.05)	(0.03)	(0.20)	(0.03)	(0.21)	—	—	—	(0.21)	10.56
Dec. 31, 2016	10.90	0.28	(0.06)	(0.04)	(0.14)	0.04	(0.22)	—	—	—	(0.22)	10.77
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
Series O												
Dec. 31, 2017	10.75	0.25	—	(0.03)	(0.18)	0.04	(0.25)	—	—	—	(0.25)	10.54
Dec. 31, 2016	10.88	0.28	—	(0.04)	(0.10)	0.14	(0.28)	—	—	—	(0.28)	10.75
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

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, 2017	10.48	637 705	60 869	1.04	1.04	28.17	—
Dec. 31, 2016	10.68	838 389	78 497	1.10 ⁴	1.10	30.90	—
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	—
Advisor Series							
Dec. 31, 2017	10.53	20 129	1 911	1.04	1.04	28.17	—
Dec. 31, 2016	10.73	25 152	2 343	1.10 ⁴	1.10	30.90	—
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	—
Series D							
Dec. 31, 2017	10.51	22 803	2 170	0.66	0.66	28.17	—
Dec. 31, 2016	10.71	24 826	2 317	0.71 ⁴	0.71	30.90	—
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	—
Series F							
Dec. 31, 2017	10.56	39 644	3 753	0.49	0.49	28.17	—
Dec. 31, 2016	10.77	29 528	2 741	0.54 ⁴	0.54	30.90	—
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	—
Series O							
Dec. 31, 2017	10.54	4 765 340	451 958	0.02	0.02	28.17	—
Dec. 31, 2016	10.75	4 228 496	393 436	0.02	0.02	30.90	—
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	—

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 Effective June 30, 2016, the management fees were changed in respect of Series A, Advisor Series, Series D and Series F units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 1.05%, Advisor Series – 1.04%, Series D – 0.66% and Series F – 0.49%.



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	0.90%	50%	50%
Advisor Series	0.90%	50%	50%
Series D	0.55%	23%	77%
Series F	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.

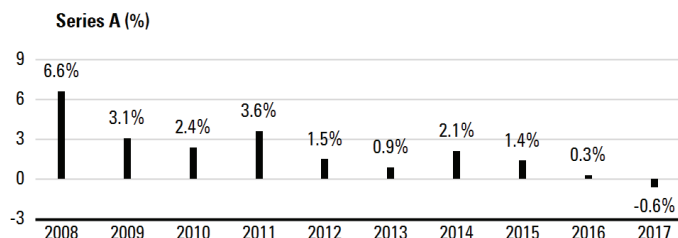
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

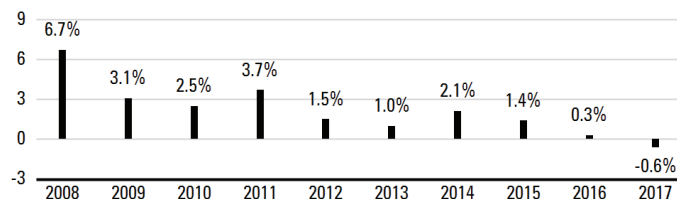
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional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

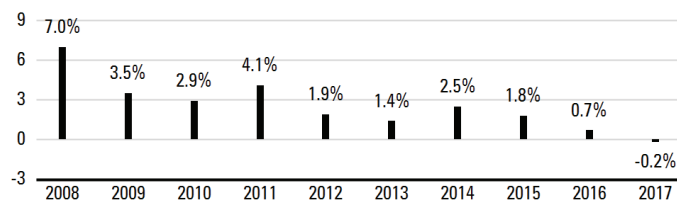
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



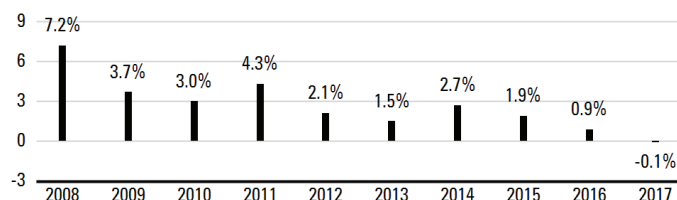
Advisor Series (%)



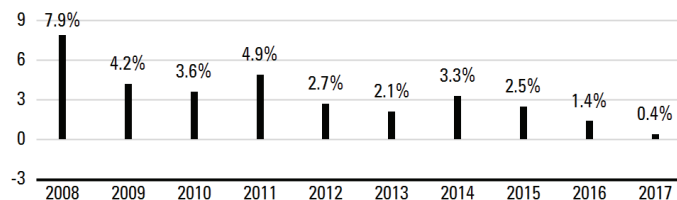
Series D (%)



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, 2017, compared with the following benchmark:

FTSE TMX Canada Short Term Bond Index

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A	-0.6	0.4	0.8	2.1	—
Benchmark	0.1	1.2	1.7	3.2	—
Advisor Series	-0.6	0.4	0.8	2.1	—
Benchmark	0.1	1.2	1.7	3.2	—
Series D	-0.2	0.7	1.2	2.5	—
Benchmark	0.1	1.2	1.7	3.2	—
Series F	-0.1	0.9	1.4	2.7	—
Benchmark	0.1	1.2	1.7	3.2	—
Series O	0.4	1.4	1.9	3.3	—
Benchmark	0.1	1.2	1.7	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.

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

INDEX DESCRIPTION

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.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Corporate Bonds	43.8
Provincial/Municipal Bonds	28.2
Federal Bonds	25.5
Cash/Other	2.5

Top 25 Holdings

	% of Net Asset Value
Government of Canada 0.500% Mar 1 2022	3.3
Government of Canada 0.500% Nov 1 2018	3.2
Province of Ontario 2.100% Sep 8 2018	3.0
Canada Housing Trust No. 1 3.350% Dec 15 2020	3.0
Province of Ontario 2.100% Sep 8 2019	2.9
Province of Ontario 4.000% Jun 2 2021	2.8
Government of Canada 1.500% Jun 1 2023	2.7
Province of Ontario 2.850% Jun 2 2023	2.6
Province of Quebec 3.500% Dec 1 2022	2.4
Canada Housing Trust No. 1 1.250% Jun 15 2021	2.1
Cash & Cash Equivalents	2.0
Government of Canada 0.750% Sep 1 2020	2.0
Province of Ontario 1.350% Mar 8 2022	1.7
Canada Housing Trust No. 1 2.650% Mar 15 2022	1.6
Province of New Brunswick 4.500% Jun 2 2020	1.6
Province of Manitoba 1.550% Sep 5 2021	1.5
Province of Quebec 4.500% Dec 1 2020	1.4
HSBC Bank Canada 2.491% May 13 2019	1.3
Province of Quebec 4.500% Dec 1 2019	1.2
Province of Alberta 1.350% Sep 1 2021	1.2
Province of Ontario 4.400% Jun 2 2019	1.2
Government of Canada 0.750% Mar 1 2021	1.1
Province of Alberta 1.600% Jun 15 2018	1.1
Canadian Imperial Bank of Commerce 1.850% Jul 14 2020	1.1
Bank of Montreal 2.270% Jul 11 2022	1.0
Top 25 Holdings	49.0

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



FIXED-INCOME FUND

RBC MONTHLY INCOME BOND FUND

December 31, 2017

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 8, 2018.

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 multiple risks, which 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the “new risk classification methodology”). Pursuant to the new risk classification methodology, certain funds’ risk ratings were changed. RBC GAM reviews each fund’s risk rating on an annual basis or if there has been a material change to a fund’s investment objectives or investment strategies. Any changes to a fund’s risk rating are the result of RBC GAM’s annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund’s risk rating during the reporting period.

Results of Operations

The Fund’s net asset value was \$1.2 billion as of December 31, 2017, essentially unchanged from the end of 2016.

Over the past year, the Fund’s Series A units gained 1.3%, which underperformed the 1.5% rise in the benchmark. The broad-based index rose 2.5%. 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 2017, the Fund made monthly distributions of 2.25 cents per Series A unit. For the year, the Fund made total distributions of approximately 27 cents per Series A unit, consisting of 20 cents per unit of interest, 6 cents return of capital and 1 cent of capital gains.

Global economic growth surged to the highest in seven years in 2017 thanks to a confluence of factors. The expansion was highly synchronized, encompassing the bulk of developed and many emerging-market nations. In the U.S., measures of confidence and risk appetite were robust, benefiting from the macroeconomic strength and helping to sustain it. Economic growth in the Eurozone and Japan continued to impress with a persistence that would have been hard to fathom several years ago. Canadian growth was unexpectedly brisk, prompting the Bank of Canada (the “BOC”) to raise interest rates twice during the year, even as investors worried about Canadians’ high household debts and the future of the North American Free Trade Agreement (“NAFTA”).

Bonds issued by national governments, known as sovereign bonds, ended 2017 with modest returns as inflation remained subdued and most major central banks extended bond-buying programs aimed at holding down interest rates. Yields moved lower in the first eight months of the year due to escalating tension between the U.S. and North Korea and continued skepticism about the Trump administration’s ability to enact its pro-growth policies. However, government-bond yields reversed higher in September as investors began anticipating efforts by central banks to scale back monetary stimulus and the likelihood of U.S. tax cuts increased. Helping to stabilize rates were actions by the U.S. Federal Reserve (the “Fed”), which increased its short-term interest rate three times during 2017 and began reducing the size of its balance sheet in October. The BOC’s initial interest-rate increase in July was its first hike in seven years, and, combined with a second increase in September, pushed bond yields sharply higher. However, domestic yields soon retreated as the BOC became more cautious about further increases, citing concerns about high household debts, NAFTA uncertainties and new housing rules.

All five of the Fund’s investments had a positive impact on performance, led by the RBC Bond Fund, the Phillips, Hager & North Total Return Bond Fund and the RBC Global Corporate Bond Fund.

Recent Developments

The global economy continues to expand at a healthy pace and the direction of monetary policy is gradually changing. Concerted policy tightening by major central banks is expected to gather pace over the next year and is likely to push bond yields higher. Moreover, a decrease in asset purchases by central banks should start exerting upward pressure on yields.



Canadian government yields will likely rise less than their U.S. counterparts given that the BOC has signalled that it's in no rush to raise rates again, while the Fed appears poised to continue increasing the fed funds rate. The portfolio manager expects that the BOC will be reluctant to hike short-term interest rates in the near term given NAFTA negotiations, as well as the impact of new mortgage rules and higher rates on highly indebted Canadian households.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	9.95	0.29	(0.10)	0.01	(0.07)	0.13	(0.20)	—	(0.01)	(0.06)	(0.27)	9.82
Dec. 31, 2016	10.01	0.32	(0.11)	0.08	(0.08)	0.21	(0.22)	—	(0.08)	—	(0.30)	9.95
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
Advisor Series												
Dec. 31, 2017	9.97	0.29	(0.11)	0.01	(0.06)	0.13	(0.20)	—	(0.01)	(0.06)	(0.27)	9.83
Dec. 31, 2016	10.02	0.32	(0.11)	0.08	(0.07)	0.22	(0.22)	—	(0.08)	—	(0.30)	9.97
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
Series D												
Dec. 31, 2017	10.19	0.29	(0.07)	0.01	(0.08)	0.15	(0.20)	—	(0.01)	(0.06)	(0.27)	10.10
Dec. 31, 2016	10.20	0.33	(0.07)	0.08	(0.11)	0.23	(0.22)	—	(0.08)	—	(0.30)	10.19
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
Series F												
Dec. 31, 2017	10.29	0.30	(0.05)	0.01	(0.09)	0.17	(0.20)	—	(0.01)	(0.06)	(0.27)	10.21
Dec. 31, 2016	10.28	0.33	(0.06)	0.08	(0.19)	0.16	(0.22)	—	(0.08)	—	(0.30)	10.29
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
Series O												
Dec. 31, 2017	10.69	0.31	—	0.01	0.23	0.55	(0.20)	—	(0.01)	(0.06)	(0.27)	10.67
Dec. 31, 2016	10.63	0.31	—	0.07	(0.32)	0.06	(0.23)	—	(0.09)	—	(0.32)	10.69
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

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, 2017	9.82	956 564	97 453	1.09	1.09	6.42	—
Dec. 31, 2016	9.95	1 040 586	104 537	1.14 ⁴	1.14	5.70	—
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	—
Advisor Series							
Dec. 31, 2017	9.83	46 340	4 716	1.10	1.10	6.42	—
Dec. 31, 2016	9.97	52 166	5 234	1.15 ⁴	1.15	5.70	—
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	—
Series D							
Dec. 31, 2017	10.10	20 237	2 004	0.70	0.70	6.42	—
Dec. 31, 2016	10.19	19 732	1 936	0.75 ⁴	0.75	5.70	—
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	—
Series F							
Dec. 31, 2017	10.21	144 956	14 195	0.54	0.54	6.42	—
Dec. 31, 2016	10.29	116 475	11 320	0.58 ⁴	0.58	5.70	—
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	—
Series O							
Dec. 31, 2017	10.67	56	5	0.07	0.07	6.42	—
Dec. 31, 2016	10.69	2 404	225	0.06	0.06	5.70	—
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	—

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 Effective June 30, 2016, the management fees were changed in respect of Series A, Advisor Series, Series D and Series F units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 1.09%, Advisor Series – 1.10%, Series D – 0.70% and Series F – 0.54%.



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	0.90%	50%	50%
Advisor Series	0.90%	50%	50%
Series D	0.55%	23%	77%
Series F	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.

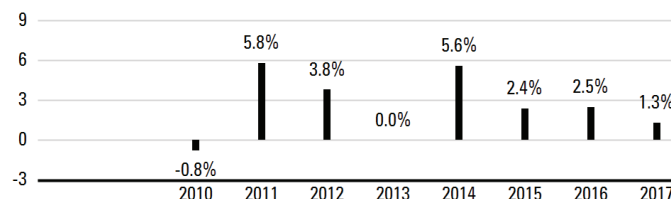
PAST PERFORMANCE

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.

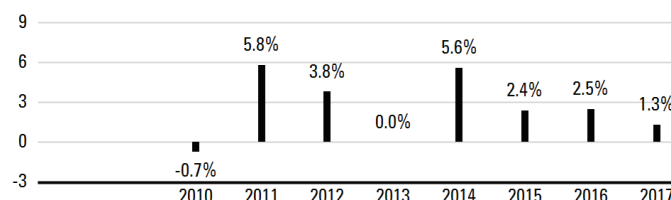
Year-by-Year Returns (%)

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.

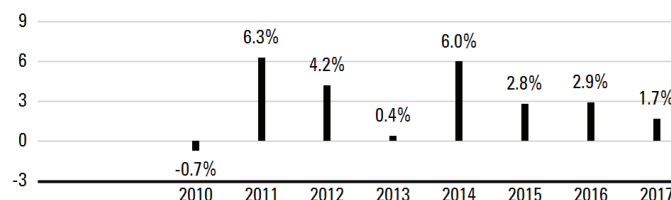
Series A (%)



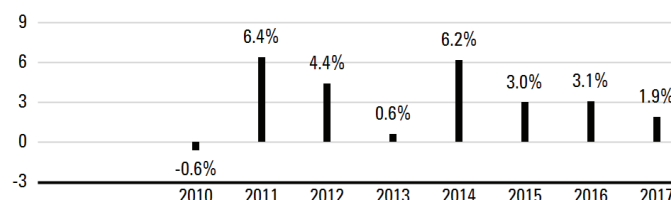
Advisor Series (%)



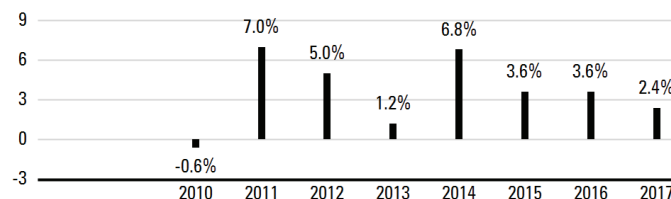
Series D (%)



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, 2017, compared with the following benchmarks:

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

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

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

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A	1.3	2.1	2.4	—	2.8
Benchmark	1.5	2.0	2.5	—	3.1
Broad-based index	2.5	2.6	3.0	—	3.8
Advisor Series	1.3	2.1	2.4	—	2.9
Benchmark	1.5	2.0	2.5	—	3.1
Broad-based index	2.5	2.6	3.0	—	3.8
Series D	1.7	2.5	2.8	—	3.2
Benchmark	1.5	2.0	2.5	—	3.1
Broad-based index	2.5	2.6	3.0	—	3.8
Series F	1.9	2.6	2.9	—	3.4
Benchmark	1.5	2.0	2.5	—	3.1
Broad-based index	2.5	2.6	3.0	—	3.8
Series O	2.4	3.2	3.5	—	4.0
Benchmark	1.5	2.0	2.5	—	3.1
Broad-based index	2.5	2.6	3.0	—	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 index.

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

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

All outstanding Series H units were re-designated as Series A units and all outstanding Series I units were re-designated as Series F units effective June 30, 2016.

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.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Income Funds	99.2
Cash/Other	0.8

Top 25 Holdings*

	% of Net Asset Value
Phillips, Hager & North Short Term Bond & Mortgage Fund	39.1
RBC Bond Fund	21.8
Phillips, Hager & North Total Return Bond Fund	20.9
RBC Global Corporate Bond Fund	10.1
RBC Emerging Markets Bond Fund	5.0
RBC High Yield Bond Fund	2.3
Cash & Cash Equivalents	0.8
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 CANADIAN BOND INDEX FUND

formerly, RBC Advisor Canadian Bond Fund

December 31, 2017

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

Sub-Advisor (for the underlying fund): 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 8, 2018.

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 currently seeks to provide a total return consisting of income and modest capital gains by tracking the performance of the FTSE TMX Canada Universe + Maple Bond Index and investing primarily in units of the RBC Canadian Bond Index ETF (the “underlying fund”).

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the “new risk classification methodology”). Pursuant to the new risk classification methodology, certain funds’ risk ratings were changed. RBC GAM reviews each fund’s risk rating on an annual basis or if there has been a material change to a fund’s investment objectives or investment strategies. Any changes to a fund’s risk rating are the result of RBC GAM’s annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund’s risk rating during the reporting period.

Results of Operations

The Fund’s net asset value fell to \$36 million as of December 31, 2017, from \$49 million at the end of 2016. The decrease was due to net redemptions, partially offset by investment returns.

Over the past year, the Fund’s Series A units gained 1.9%, which underperformed the 2.5% 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.

Canadian government bonds recorded negligible returns in 2017, with gains on longer-term fixed income offset by losses on shorter-term securities. The low global interest-rate environment created demand for longer-maturity government bonds as investors searched for higher-yielding investments. Meanwhile, the yield on the two-year government security doubled in 2017 after the Bank of Canada raised interest rates twice, the first increases in seven years, amid

stronger-than-expected growth earlier in the year. However, yields soon retreated as the central bank became more cautious about high consumer debt, uncertainty surrounding the survival of the North American Free Trade Agreement and concern about an overheated housing market.

Effective on or about September 15, 2017, State Street Global Advisors, Ltd. became the sub-advisor to the RBC Canadian Bond Index ETF, an underlying fund of the Fund.

Effective September 21, 2017, the Fund was invested primarily in units of the RBC Canadian Bond Index ETF.

As of December 31, 2017, about 32% of the Fund’s assets were invested in corporate bonds, about 35% in provincial bonds and about 33% in federal-government bonds or bonds guaranteed by the federal government.

Recent Developments

The sub-advisor has no recent developments to report.

Effective June 30, 2017, the Fund’s investment objective was changed to provide the Fund with the ability to invest in other mutual funds managed by RBC GAM or an affiliate of RBC GAM. The Fund’s investment strategies were amended to reflect a change to the index the Fund tracks from the FTSE TMX Canada Universe Bond Index to the FTSE TMX Canada Universe + Maple Bond Index, effective on or about September 15, 2017. Also effective June 30, 2017, the name of the Fund was changed to RBC Canadian Bond Index Fund.

Effective June 30, 2017, Advisor Series units were renamed Series A units. Also effective June 30, 2017, management fees were reduced as follows: from 0.80% to 0.60% for Series A units; and from 0.50% to 0.10% for 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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 units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by the Fund.

Registrar

RBC IS is the registrar of the Fund and keeps records of who owns the units of the Fund. The registrar earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$2,000 (2016 – \$0) or 100% (2016 – 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, 2017	11.83	0.40	(0.09)	0.26	(0.33)	0.24	(0.32)	—	(0.16)	—	(0.48)	11.58
Dec. 31, 2016	12.06	0.41	(0.11)	0.14	(0.33)	0.11	(0.30)	—	(0.04)	—	(0.34)	11.83
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
Series F												
Dec. 31, 2017	12.05	0.41	(0.05)	0.26	(0.31)	0.31	(0.39)	—	(0.16)	—	(0.55)	11.78
Dec. 31, 2016	12.28	0.42	(0.08)	0.15	(0.36)	0.13	(0.34)	—	(0.04)	—	(0.38)	12.05
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

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, 2017	11.58	28 542	2 463	—⁴	—	6.06	—
Dec. 31, 2016	11.83	33 157	2 802	0.93	0.93	16.85	—
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	—
Series F							
Dec. 31, 2017	11.78	7 572	642	0.42⁴	0.43	6.06	—
Dec. 31, 2016	12.05	15 570	1 292	0.61	0.61	16.85	—
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	—

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 Effective June 30, 2017, the management fees were changed in respect of Series A and Series F units of the Fund. If the changes to the management fees would have been in effect throughout 2017, the adjusted MER for each series of the Fund would be: Series A – 0.62% and Series F – 0.08%.

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%	31%	69%
Series F	0.00%	—	100%

* Effective September 21, 2017, the management fees for Series A units were reduced to 0.50% from 0.60%; and for Series F units were reduced to 0.00% from 0.10% to account for the management fee charged by the underlying fund. Effective June 30, 2017, the management fees for Series A units were reduced to 0.60% from 0.80%; and for Series F units were reduced to 0.10% from 0.50%.

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

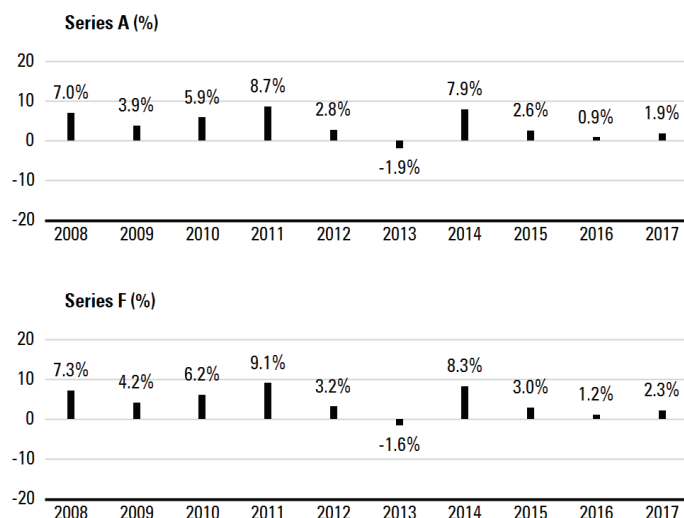


PAST PERFORMANCE

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, 2017, compared with the following benchmarks:

The new benchmark (the "New benchmark") is the FTSE TMX Canada Universe + Maple Bond 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	1.9	1.8	2.2	3.9	—
New benchmark	2.5	2.6	3.0	—	—
Old benchmark	2.5	2.6	3.0	4.7	—
Series F	2.3	2.2	2.6	4.3	—
New benchmark	2.5	2.6	3.0	—	—
Old benchmark	2.5	2.6	3.0	4.7	—

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.

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

All outstanding Advisor Series units were renamed Series A units effective June 30, 2017.

The 10-year performance for the New benchmark is not available as the FTSE TMX Canada Universe + Maple Bond Index does not have a 10-year history.

INDEX DESCRIPTIONS

FTSE TMX Canada Universe + Maple Bond Index This index is a measure of the performance of bonds denominated in Canadian dollars, including securities issued by non-Canadian companies.

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.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Federal Bonds	35.8
Provincial/Municipal Bonds	32.6
Corporate Bonds	30.8
Cash/Other	0.8

Top 25 Holdings*

	% of Net Asset Value
Canada Housing Trust No. 1 3.350% Dec 15, 2020	3.7
Canada Housing Trust No. 1 1.250% Jun 15, 2021	3.2
Government of Canada 3.500% Dec 01, 2045	2.5
Province of Quebec 9.500% Mar 30, 2023	2.3
Government of Canada 0.500% Feb 01, 2019	2.3
Government of Canada 1.500% Jun 01, 2026	2.3
Province of Ontario 2.600% Jun 02, 2025	2.1
Canada Housing Trust No. 1 2.350% Sep 15, 2023	2.0
Province of Quebec 5.000% Dec 01, 2041	1.8
Province of Ontario 2.900% Dec 02, 2046	1.8
Government of Canada 1.500% Jun 01, 2023	1.5
TCHC Issuer Trust 4.877% May 11, 2037	1.5
Province of Quebec 3.500% Dec 01, 2045	1.4
Royal Bank of Canada 2.030% Mar 15, 2021	1.2
Government of Canada 0.750% May 01, 2019	1.2
Government of Canada 4.000% Jun 01, 2041	1.2
Government of Canada 0.750% Aug 01, 2019	1.2
Government of Canada 1.000% Jun 01, 2027	1.2
Province of Ontario 2.100% Sep 08, 2019	1.1
Greater Toronto Airports Authority 3.040% Sep 21, 2022	1.0
Canada Housing Trust No. 1 1.950% Jun 15, 2019	1.0
Province of Ontario 3.150% Jun 02, 2022	1.0
Province of Ontario 3.450% Jun 02, 2045	1.0
Hydro One Inc. 5.360% May 20, 2036	0.9
Bank of Montreal 1.880% Mar 31, 2021	0.9
Top 25 Holdings	41.3

* The Fund invests substantially all of its assets directly in the RBC Canadian Bond Index ETF. The above are the Top 25 holdings of the RBC Canadian Bond Index ETF.

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 CANADIAN GOVERNMENT
BOND INDEX FUND**

December 31, 2017

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 8, 2018.

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 by tracking the performance of the FTSE TMX Canada Federal Bond Index.

The Fund invests primarily in fixed-income securities issued or guaranteed by Canadian governments in substantially the same proportion as the index, either directly or indirectly through investment in other mutual funds managed by RBC GAM or an affiliate of RBC GAM.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value fell to \$175 million as of December 31, 2017, from \$209 million at the end of 2016. The decrease was due to net redemptions.

Over the past year, the Fund's Series A units lost 0.4%, which underperformed the 0.1% rise in the benchmark. The broad-based index rose 2.5%. 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.

Canadian government bonds recorded negligible returns in 2017, with gains on longer-term fixed income offset by losses on shorter-term securities. The low global interest-rate environment created demand for longer-maturity government bonds as investors searched for higher-yielding investments. Meanwhile, the yield on the 2-year government security doubled in 2017 after the Bank of Canada

(the "BOC") raised interest rates twice, the first increases in seven years, amid stronger-than-expected growth earlier in the year. However, yields soon retreated as the central bank became more cautious about high consumer debt, uncertainty surrounding the survival of the North American Free Trade Agreement ("NAFTA") and concern about an overheated housing market.

In the one-year period ended December 31, 2017, bonds maturing in fewer than five years increased to 59.1% of the Fund's assets from 53.7%. For bonds maturing in five to 10 years, the number decreased to 20.3% from 26.1%. For maturities exceeding 10 years, the percentage increased to 20.6% from 20.1%.

Recent Developments

The portfolio manager expects the BOC to remain cautious about future rate hikes given decelerating economic growth and the concerns about the country's housing market. Other factors worrying the BOC include NAFTA talks and the impact of new rules making it harder for borrowers to get mortgages. The portfolio manager expects government-bond yields to drift higher. However, Canadian government bonds will likely continue to outperform their U.S. counterparts given that the U.S. Federal Reserve appears poised to continue raising rates while the BOC indicates that it's in no rush to do so.

Effective June 30, 2017, the Fund's investment objective was changed to provide the Fund with the ability to invest in other mutual funds managed by RBC GAM or an affiliate of RBC GAM. The investment strategies of the Fund were amended to refer to the FTSE TMX Canada Federal Bond Index, the index the Fund tracks.

Effective June 30, 2017, management fees were reduced as follows: from 0.40% to 0.20% for Series F units. Also effective June 30, 2017, administration fees were reduced as follows: from 0.10% to 0.05% for Series A 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	11.88	0.28	(0.08)	0.04	(0.28)	(0.04)	(0.20)	—	—	—	(0.20)	11.63
Dec. 31, 2016	12.16	0.29	(0.08)	0.06	(0.34)	(0.07)	(0.21)	—	(0.01)	—	(0.22)	11.88
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
Series F												
Dec. 31, 2017	9.58	0.23	(0.03)	0.04	(0.37)	(0.13)	(0.19)	—	—	—	(0.19)	9.38
Dec. 31, 2016 ³	10.00 [†]	0.12	(0.02)	0.03	(0.64)	(0.51)	(0.08)	—	(0.01)	—	(0.09)	9.58

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 July 4, 2016.

[†] 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, 2017	11.63	172 163	14 804	0.64⁴	0.64	16.56	—
Dec. 31, 2016	11.88	208 349	17 543	0.66	0.66	14.98	—
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	—
Series F							
Dec. 31, 2017	9.38	2 757	294	0.35⁴	0.35	16.56	—
Dec. 31, 2016 ⁵	9.58	641	67	0.50	0.50	14.98	—

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 Effective June 30, 2017, the management fees were changed in respect of Series F units of the Fund and the administration fees were changed in respect of Series A units of the Fund. If the changes to the management fees and administration fees would have been in effect throughout 2017, the adjusted MER for each series of the Fund would be: Series A – 0.61% and Series F – 0.28%.

⁵ From July 4, 2016.



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	0.50%	20%	80%
Series F	0.20%	—	100%

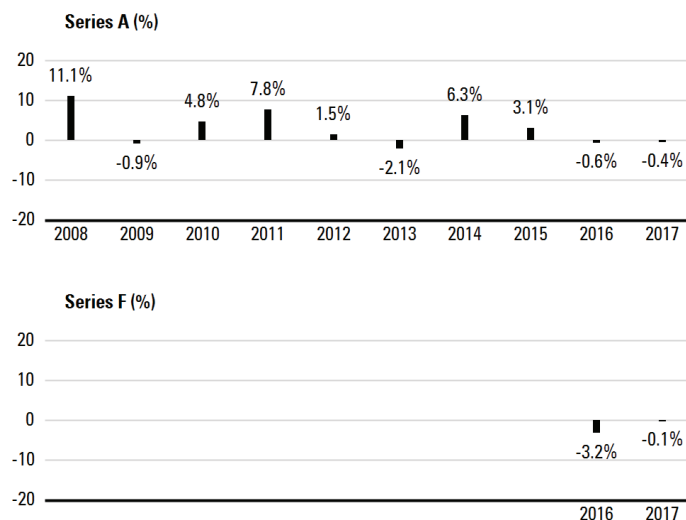
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

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, 2017, 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	-0.4	0.7	1.2	3.0	—
Benchmark	0.1	1.3	1.8	3.6	—
Broad-based index	2.5	2.6	3.0	4.7	—
Series F	-0.1	—	—	—	-2.3
Benchmark	0.1	—	—	—	-1.9
Broad-based index	2.5	—	—	—	-0.1

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 F units have been available for sale to unitholders since July 4, 2016.

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.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Federal Bonds	96.6
Supranational Bonds	2.6
Cash/Other	0.8

Top 25 Holdings

	% of Net Asset Value
Canada Housing Trust No. 1 1.950% Jun 15 2019	10.2
Canada Housing Trust No. 1 1.250% Jun 15 2021	10.1
Canada Housing Trust No. 1 3.350% Dec 15 2020	8.8
Government of Canada 4.000% Jun 1 2041	5.6
Government of Canada 3.500% Jun 1 2020	4.6
Government of Canada 3.500% Dec 1 2045	4.5
Government of Canada 2.250% Jun 1 2025	4.5
Government of Canada 5.000% Jun 1 2037	4.5
Government of Canada 1.500% Jun 1 2026	4.1
Government of Canada 1.500% Jun 1 2023	4.1
Canada Housing Trust No. 1 2.650% Mar 15 2022	4.0
Canada Housing Trust No. 1 1.250% Dec 15 2020	3.9
Canada Housing Trust No. 1 2.350% Sep 15 2023	3.9
Government of Canada 0.750% Sep 1 2020	3.6
Government of Canada 0.500% Mar 1 2022	3.5
Government of Canada 5.750% Jun 1 2029	3.3
Government of Canada 2.750% Jun 1 2022	2.9
Canada Housing Trust No. 1 4.100% Dec 15 2018	2.9
Inter-American Development Bank CAD 4.400% Jan 26 2026	2.6
Government of Canada 5.750% Jun 1 2033	1.7
Government of Canada 1.750% Sep 1 2019	1.4
Government of Canada 0.500% Nov 1 2018	1.4
Canada Post Corp. 4.360% Jul 16 2040	0.7
Government of Canada 1.000% Jun 1 2027	0.7
Government of Canada 1.500% Mar 1 2020	0.6
Top 25 Holdings	98.1

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



FIXED-INCOME FUND

RBC BOND FUND

December 31, 2017

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 8, 2018.

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 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 30% 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$18.6 billion as of December 31, 2017, from \$17.0 billion at the end of 2016. The increase was due to a combination of net inflows and investment returns.

Over the past year, the Fund's Series A units gained 2.3%, which underperformed the 2.5% 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.

Investors started 2017 looking for interest-rate cuts from the Bank of Canada (the "BOC"). However, the domestic economy's stronger-than-expected economic performance warranted the removal of some stimulus in the economy. The BOC then raised rates for the first time in seven years in July and again in September, pushing bond yields sharply higher. However, yields soon retreated as the BOC became more cautious about further hikes, citing concerns about high household debts, uncertainties linked to the renegotiation of the North American Free Trade Agreement ("NAFTA") and new housing rules. Short-term bonds underperformed their longer-maturity

counterparts, with the yield on the 2-year government security doubling, while yields on longer maturity bonds declined. The low global interest-rate environment created demand for longer-maturity government bonds as investors favoured higher-yielding securities.

Provincial bonds outperformed, as the excess yields earned on them over federal bonds narrowed to the least since 2010. Canada's top credit rating and relatively high liquidity fostered demand from international investors, who face a reduced global supply of government bonds due to the quantitative easing by the European Central Bank and Bank of Japan. Moreover, strong global demand for longer-dated bonds aligned with the longer average maturity of provincial issues.

Corporate bonds also performed well. The low-interest-rate environment created demand for corporate bonds as investors searched for securities that yielded more than government securities. Also, improving global growth helped improve the earnings of Canadian companies and resulted in corporate bonds outperforming government bonds.

An above-benchmark allocation to non-government bonds was the major contributor to performance, particularly holdings in investment-grade corporate, higher-yield corporate and emerging-market debt. The Fund benefited from the higher income provided by these bonds, and from capital appreciation as the gap between yields on non-government bonds and government bonds narrowed, reflecting an improving economic outlook. The Fund reduced exposure to non-government securities as the potential for further gains diminished.

Recent Developments

The portfolio manager expects that the BOC will be reluctant to hike short-term interest rate in the near term. Factors that have the BOC remaining cautious include the potential breakup of NAFTA, as well as the impact of the new mortgage rules and higher rates on highly indebted households. The global economy continues to expand at a healthy pace and the direction of monetary policy is gradually changing. Concerted policy tightening by major central banks is expected to gather pace over the next year and is likely to push bond yields higher. Moreover, a decrease in asset purchases by central banks should start exerting upward pressure on yields. Canadian government yields will likely rise less than their U.S. counterparts given that the BOC has signalled that it's in no rush to raise rates again, while the U.S. Federal Reserve appears poised to continue increasing the fed funds rate.

International demand for Canada's provincial bonds could be sustained over the next year given their higher credit quality and that most of the provinces' current funding needs have already been met. The portfolio manager expects economic growth to continue to support corporate earnings and therefore expects corporate



bonds to continue to outperform government bonds. However, any outperformance would be modest since the excess yields earned on corporate bonds over similar-maturity government bonds are close to or at the tightest levels since the financial crisis. The Fund has a moderately overweight position in both provincial and corporate bonds but has been reducing these allocations over the past year as rich valuations temper the outlook for these investments.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. The sub-advisor earns a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisor is paid by the manager from the management fee paid by 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$4,000 (2016 – \$17,000) or 3% (2016 – 17%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the 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, 2017	6.57	0.21	(0.07)	0.02	(0.01)	0.15	(0.15)	—	—	—	(0.15)	6.58	
Dec. 31, 2016	6.62	0.22	(0.08)	0.08	(0.07)	0.15	(0.14)	—	(0.06)	—	(0.20)	6.57	
Dec. 31, 2015	6.60	0.24	(0.08)	0.03	—	0.19	(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	
Advisor Series													
Dec. 31, 2017	6.71	0.22	(0.07)	0.02	(0.01)	0.16	(0.15)	—	—	—	(0.15)	6.72	
Dec. 31, 2016	6.76	0.23	(0.08)	0.08	(0.15)	0.08	(0.15)	—	(0.06)	—	(0.21)	6.71	
Dec. 31, 2015	6.74	0.24	(0.08)	0.03	—	0.19	(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	
Series D													
Dec. 31, 2017	6.61	0.21	(0.04)	0.02	(0.02)	0.17	(0.17)	—	—	—	(0.17)	6.62	
Dec. 31, 2016	6.66	0.22	(0.05)	0.08	(0.10)	0.15	(0.17)	—	(0.06)	—	(0.23)	6.61	
Dec. 31, 2015	6.64	0.24	(0.05)	0.03	—	0.22	(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	
Series F													
Dec. 31, 2017	6.78	0.22	(0.03)	0.02	(0.02)	0.19	(0.19)	—	—	—	(0.19)	6.79	
Dec. 31, 2016	6.83	0.22	(0.04)	0.08	(0.32)	(0.06)	(0.19)	—	(0.06)	—	(0.25)	6.78	
Dec. 31, 2015	6.81	0.24	(0.04)	0.03	—	0.23	(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	
Series O													
Dec. 31, 2017	6.85	0.22	—	0.02	(0.01)	0.23	(0.22)	—	—	—	(0.22)	6.86	
Dec. 31, 2016	6.90	0.23	—	0.08	(0.09)	0.22	(0.23)	—	(0.06)	—	(0.29)	6.85	
Dec. 31, 2015	6.89	0.25	—	0.03	—	0.28	(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	

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, 2017	6.58	1 280 465	194 643	1.11	1.11	22.22	—
Dec. 31, 2016	6.57	1 437 109	218 656	1.16 ⁴	1.16	22.46	—
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	—
Advisor Series							
Dec. 31, 2017	6.72	106 026	15 770	1.06	1.06	22.22	—
Dec. 31, 2016	6.71	91 942	13 692	1.10 ⁴	1.10	22.46	—
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	—
Series D							
Dec. 31, 2017	6.62	77 521	11 707	0.66	0.66	22.22	—
Dec. 31, 2016	6.61	74 904	11 328	0.71 ⁴	0.71	22.46	—
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	—
Series F							
Dec. 31, 2017	6.79	256 615	37 792	0.50	0.50	22.22	—
Dec. 31, 2016	6.78	164 460	24 249	0.53 ⁴	0.53	22.46	—
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	—
Series O							
Dec. 31, 2017	6.86	16 835 516	2 454 134	0.03	0.03	22.22	—
Dec. 31, 2016	6.85	15 482 201	2 260 060	0.03	0.03	22.46	—
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	—

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 Effective June 30, 2016, the management fees were changed in respect of Series A, Advisor Series, Series D and Series F units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 1.11%, Advisor Series – 1.06%, Series D – 0.66% and Series F – 0.50%.



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	0.90%	50%	50%
Advisor Series	0.90%	50%	50%
Series D	0.55%	23%	77%
Series F	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.

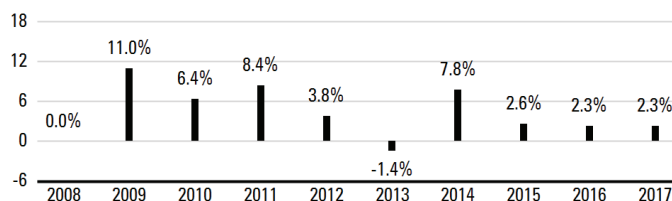
PAST PERFORMANCE

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.

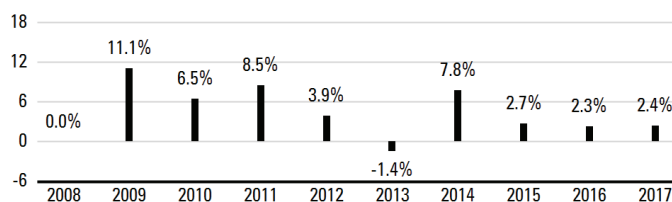
Year-by-Year Returns (%)

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.

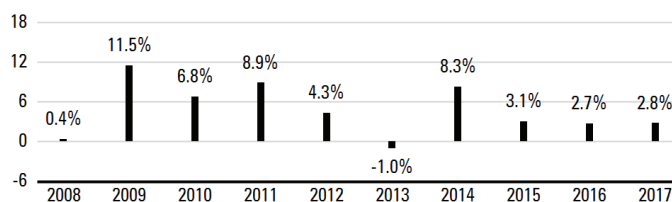
Series A (%)



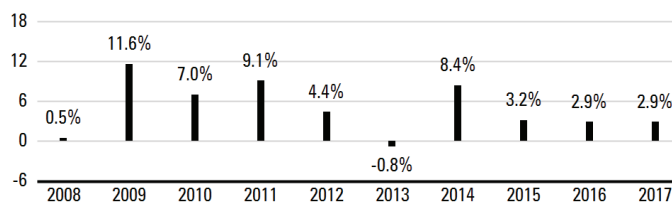
Advisor Series (%)



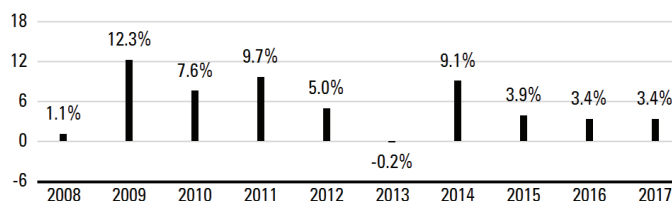
Series D (%)



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, 2017, 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	2.3	2.4	2.7	4.2	—
Benchmark	2.5	2.6	3.0	4.7	—
Advisor Series	2.4	2.5	2.7	4.3	—
Benchmark	2.5	2.6	3.0	4.7	—
Series D	2.8	2.9	3.1	4.7	—
Benchmark	2.5	2.6	3.0	4.7	—
Series F	2.9	3.0	3.3	4.9	—
Benchmark	2.5	2.6	3.0	4.7	—
Series O	3.4	3.6	3.9	5.5	—
Benchmark	2.5	2.6	3.0	4.7	—

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

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

All outstanding Series I units were re-designated as Series F units effective June 30, 2016.

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.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Provincial/Municipal Bonds	39.6
Corporate Bonds	37.4
Federal Bonds	13.2
Foreign Bonds	3.5
Income Funds	3.1
Cash/Other	3.2

Top 25 Holdings

	% of Net Asset Value
Province of Ontario 3.450% Jun 2 2045	3.1
Province of Ontario 3.500% Jun 2 2043	2.4
Province of Ontario 2.900% Dec 2 2046	2.3
Province of Ontario 2.600% Jun 2 2025	2.1
Government of Canada 1.000% Jun 1 2027	2.1
Province of Ontario 4.600% Jun 2 2039	2.0
Government of Canada 1.500% Jun 1 2026	1.9
Government of Canada 2.750% Dec 1 2048	1.9
Province of Ontario 4.650% Jun 2 2041	1.8
RBC Emerging Markets Foreign Exchange Fund	1.7
Province of Ontario 4.000% Jun 2 2021	1.7
Province of Ontario 2.850% Jun 2 2023	1.6
Province of Ontario 2.600% Jun 2 2027	1.5
Province of Ontario 2.400% Jun 2 2026	1.5
Province of Ontario 3.500% Jun 2 2024	1.4
Province of Quebec 3.000% Sep 1 2023	1.3
BlueBay Emerging Markets Corporate Bond Fund	1.1
Government of Canada 2.000% Jun 1 2028	1.1
Province of Quebec 3.750% Sep 1 2024	1.0
Province of Quebec 5.000% Dec 1 2041	1.0
Province of Quebec 4.500% Dec 1 2020	1.0
Province of Quebec 2.750% Sep 1 2025	1.0
Province of Ontario 5.600% Jun 2 2035	0.9
Cash & Cash Equivalents	0.9
Province of Ontario 4.700% Jun 2 2037	0.9
Top 25 Holdings	39.2

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.



FIXED-INCOME FUND

RBC VISION BOND FUND

formerly, Phillips, Hager & North Community Values Bond Fund

December 31, 2017

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 8, 2018.

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 yields and stability of capital by investing primarily in a well-diversified portfolio of fixed-income securities issued by Canadian governments and corporations.

The Fund follows a socially responsible approach to investing.

Investments that qualify for inclusion in the Fund must possess strong environmental, social and governance practices relative to industry peers, as defined by Sustainalytics Best-of-Sector™ methodology.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$226 million as of December 31, 2017, from \$191 million at the end of 2016. The increase was due mainly to net inflows.

Over the past year, the Fund's Series A units gained 1.6%, which underperformed the 2.5% 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.

Canadian bonds posted modest returns as the impact of subdued inflation offset interest-rate hikes from the Bank of Canada (the "BOC") and investor perceptions that Donald Trump's election as U.S. president would bolster economic growth. Against this backdrop, the portfolio manager did not have a strong view on the overall direction of bond yields, and therefore kept the Fund's average maturity close to that of its benchmark for most of the period. Overall, this strategy had a neutral impact on relative performance.

Strategies involving corporate and provincial bonds led performance relative to the benchmark during 2017. Corporate bonds benefited, in particular, as demand increased in a low-yield environment. The strong performance of corporate bonds over the past two years raised valuations to levels that prompted the portfolio manager to reduce exposure in this area to a slight underweight position relative to the benchmark, and to shift the emphasis of the portfolio to higher-quality issuers. Provincial bonds also performed well and exposure was subsequently reduced in this area. Proceeds were used to add to the Fund's holdings of federal-agency bonds, specifically those issued by Canada Housing Trust, which are fully guaranteed by the federal government and offer higher yields than Government of Canada bonds.

Recent Developments

Several years of slow global economic growth and resulting growth-enhancing monetary policies have led to historically low global interest rates. However, the portfolio manager believes that interest rates could turn up as central banks lean towards removing stimulus in response to a stronger global economy.

In Canada, stronger-than-expected economic growth in 2017, especially in the first half of the year, prompted the BOC to begin raising its overnight policy rate for the first time in seven years. The BOC, however, continues to emphasize that future rate decisions will depend on whether economic growth is sustained. Investors are pricing in several more rate hikes for 2018, and the portfolio manager will use any significant movements in rates as opportunities to find attractive areas of investment.

Effective June 30, 2017, the name of the Fund was changed to RBC Vision Bond Fund.

Effective June 30, 2017, administration fees were reduced as follows: from 0.05% to 0.02% for Series O 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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	
		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, 2017	10.85	0.31	(0.11)	(0.03)	0.01	0.18	(0.20)	—	—	—	(0.20)	10.82
Dec. 31, 2016	11.06	0.34	(0.12)	0.13	(0.21)	0.14	(0.21)	—	(0.14)	—	(0.35)	10.85
Dec. 31, 2015	11.24	0.37	(0.13)	0.23	(0.17)	0.30	(0.24)	—	(0.25)	—	(0.49)	11.06
Dec. 31, 2014	10.68	0.38	(0.13)	0.14	0.46	0.85	(0.25)	—	(0.03)	—	(0.28)	11.24
Dec. 31, 2013	11.20	0.39	(0.13)	—	(0.45)	(0.19)	(0.26)	—	(0.07)	—	(0.33)	10.66
Advisor Series												
Dec. 31, 2017	10.85	0.31	(0.11)	(0.03)	0.01	0.18	(0.20)	—	—	—	(0.20)	10.82
Dec. 31, 2016	11.06	0.34	(0.12)	0.13	(0.25)	0.10	(0.21)	—	(0.14)	—	(0.35)	10.85
Dec. 31, 2015	11.24	0.37	(0.13)	0.23	(0.17)	0.30	(0.24)	—	(0.25)	—	(0.49)	11.06
Dec. 31, 2014	10.68	0.38	(0.13)	0.14	0.46	0.85	(0.25)	—	(0.03)	—	(0.28)	11.24
Dec. 31, 2013	11.20	0.39	(0.13)	—	(0.45)	(0.19)	(0.26)	—	(0.07)	—	(0.33)	10.66
Series D												
Dec. 31, 2017	10.76	0.31	(0.06)	(0.03)	0.01	0.23	(0.24)	—	—	—	(0.24)	10.74
Dec. 31, 2016	10.97	0.34	(0.07)	0.13	(0.20)	0.20	(0.26)	—	(0.14)	—	(0.40)	10.76
Dec. 31, 2015	11.16	0.37	(0.07)	0.22	(0.17)	0.35	(0.30)	—	(0.26)	—	(0.56)	10.97
Dec. 31, 2014	10.60	0.38	(0.07)	0.14	0.46	0.91	(0.31)	—	(0.03)	—	(0.34)	11.16
Dec. 31, 2013	11.13	0.39	(0.07)	—	(0.45)	(0.13)	(0.32)	—	(0.07)	—	(0.39)	10.59
Series F												
Dec. 31, 2017	10.81	0.31	(0.05)	(0.03)	—	0.23	(0.25)	—	—	—	(0.25)	10.79
Dec. 31, 2016	11.02	0.34	(0.06)	0.13	(0.33)	0.08	(0.27)	—	(0.14)	—	(0.41)	10.81
Dec. 31, 2015	11.21	0.37	(0.07)	0.23	(0.17)	0.36	(0.31)	—	(0.25)	—	(0.56)	11.02
Dec. 31, 2014	10.64	0.38	(0.07)	0.14	0.46	0.91	(0.31)	—	(0.03)	—	(0.34)	11.21
Dec. 31, 2013	11.17	0.39	(0.07)	—	(0.45)	(0.13)	(0.32)	—	(0.07)	—	(0.39)	10.63
Series O												
Dec. 31, 2017	10.63	0.31	—	(0.03)	(0.02)	0.26	(0.30)	—	—	—	(0.30)	10.61
Dec. 31, 2016	10.84	0.34	(0.01)	0.13	(0.23)	0.23	(0.32)	—	(0.14)	—	(0.46)	10.63
Dec. 31, 2015	11.03	0.37	(0.01)	0.22	(0.16)	0.42	(0.36)	—	(0.25)	—	(0.61)	10.84
Dec. 31, 2014	10.48	0.37	(0.01)	0.14	0.45	0.95	(0.37)	—	(0.03)	—	(0.40)	11.03
Dec. 31, 2013	11.00	0.38	(0.01)	—	(0.44)	(0.07)	(0.38)	—	(0.07)	—	(0.45)	10.47

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.



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, 2017	10.82	8 749	808	1.04	1.04	96.52	—
Dec. 31, 2016	10.85	7 707	711	1.09 ⁴	1.09	152.83	—
Dec. 31, 2015	11.06	7 551	683	1.15	1.15	217.41	—
Dec. 31, 2014	11.24	6 941	617	1.15	1.15	218.50	—
Dec. 31, 2013	10.68	6 327	593	1.15	1.15	316.19	—
Advisor Series							
Dec. 31, 2017	10.82	5 521	510	1.04	1.04	96.52	—
Dec. 31, 2016	10.85	6 296	581	1.09 ⁴	1.09	152.83	—
Dec. 31, 2015	11.06	5 392	488	1.15	1.15	217.41	—
Dec. 31, 2014	11.24	3 959	352	1.15	1.15	218.50	—
Dec. 31, 2013	10.68	4 296	402	1.15	1.15	316.19	—
Series D							
Dec. 31, 2017	10.74	19 000	1 769	0.60	0.60	96.52	—
Dec. 31, 2016	10.76	20 010	1 859	0.60	0.60	152.83	—
Dec. 31, 2015	10.97	20 695	1 886	0.60	0.60	217.41	—
Dec. 31, 2014	11.16	18 979	1 700	0.60	0.60	218.50	—
Dec. 31, 2013	10.60	17 931	1 691	0.60	0.60	316.19	—
Series F							
Dec. 31, 2017	10.79	11 996	1 112	0.50	0.50	96.52	—
Dec. 31, 2016	10.81	9 855	912	0.55 ⁴	0.55	152.83	—
Dec. 31, 2015	11.02	7 246	658	0.60	0.60	217.41	—
Dec. 31, 2014	11.21	4 983	445	0.61	0.61	218.50	—
Dec. 31, 2013	10.64	4 060	382	0.61	0.61	316.19	—
Series O							
Dec. 31, 2017	10.61	180 422	17 000	0.04⁵	0.04	96.52	—
Dec. 31, 2016	10.63	147 357	13 858	0.06	0.06	152.83	—
Dec. 31, 2015	10.84	121 361	11 192	0.06	0.06	217.41	—
Dec. 31, 2014	11.03	119 158	10 801	0.06	0.06	218.50	—
Dec. 31, 2013	10.48	113 627	10 840	0.06	0.06	316.19	—

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 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 Effective June 30, 2016, the management fees were changed in respect of Series A, Advisor Series and Series F units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 1.03%, Advisor Series – 1.03% and Series F – 0.50%.

⁵ Effective June 30, 2017, the administration fees were changed in respect of Series O units of the Fund. If the changes to the administration fees would have been in effect throughout 2017, the adjusted MER for each series of the Fund would be: Series O – 0.02%.



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	0.90%	50%	50%
Advisor Series	0.90%	50%	50%
Series D	0.50%	30%	70%
Series F	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.

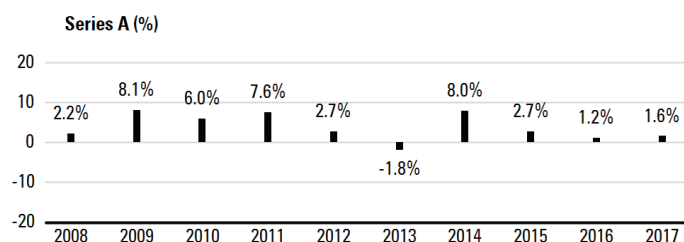
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

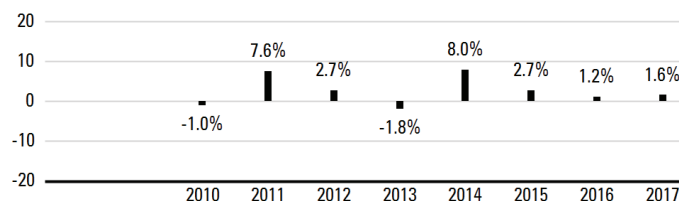
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional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

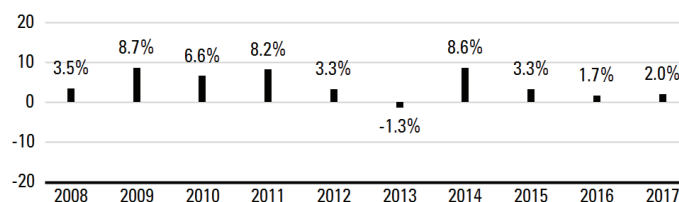
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



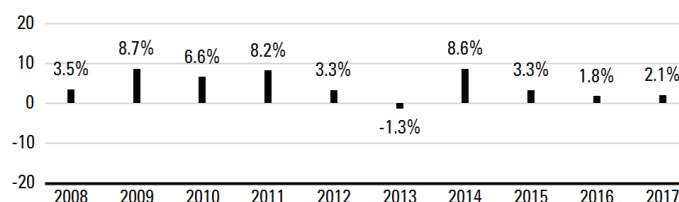
Advisor Series (%)



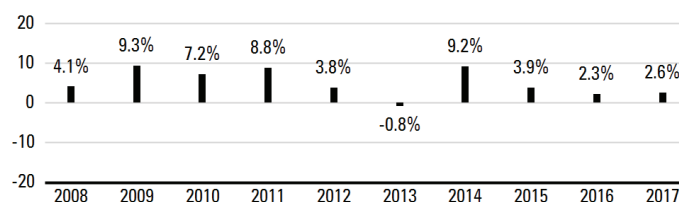
Series D (%)



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, 2017, compared with the following benchmark:

FTSE TMX Canada Universe Bond Index

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A	1.6	1.9	2.3	—	4.2
Benchmark	2.5	2.6	3.0	—	4.8
Advisor Series	1.6	1.9	2.3	—	2.9
Benchmark	2.5	2.6	3.0	—	3.8
Series D	2.0	2.4	2.8	4.4	—
Benchmark	2.5	2.6	3.0	4.7	—
Series F	2.1	2.4	2.9	4.4	—
Benchmark	2.5	2.6	3.0	4.7	—
Series O	2.6	2.9	3.4	5.0	—
Benchmark	2.5	2.6	3.0	4.7	—

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

Advisor Series units have been available for sale to unitholders since October 29, 2010, and Series A units since November 12, 2008.

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

All outstanding Series C units were renamed Series A units effective June 30, 2016. Series D was known as Series A prior to November 17, 2008.

INDEX DESCRIPTION

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

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Federal Bonds	40.1
Provincial/Municipal Bonds	30.8
Corporate Bonds	24.1
Foreign Bonds	1.5
Cash/Other	3.5

Top 25 Holdings

	% of Net Asset Value
Government of Canada 0.750% Sep 1 2020	5.0
Canada Housing Trust No. 1 2.400% Dec 15 2022	3.8
Canada Housing Trust No. 1 1.750% Jun 15 2022	3.7
Province of Ontario 3.500% Jun 2 2024	3.0
Cash & Cash Equivalents	2.9
Royal Bank of Canada 1.400% Apr 26 2019	2.7
Province of Ontario 6.200% Jun 2 2031	2.6
Canada Housing Trust No. 1 1.250% Jun 15 2021	2.5
Province of Ontario 3.500% Jun 2 2043	2.4
Province of Ontario 5.600% Jun 2 2035	2.4
Government of Canada 0.500% Mar 1 2022	2.2
Province of Ontario 4.600% Jun 2 2039	2.0
Government of Canada 3.250% Jun 1 2021	2.0
Government of Canada 1.500% Mar 1 2020	1.9
Government of Canada 1.000% Sep 1 2022	1.7
Enbridge Pipelines Inc. 3.000% Aug 10 2026	1.5
Government of Canada 2.750% Dec 1 2048	1.5
Government of Canada 0.750% Mar 1 2021	1.5
Province of Quebec 8.500% Apr 1 2026	1.3
Government of Canada 1.000% Jun 1 2027	1.2
Government of Canada 1.500% Jun 1 2026	1.2
Government of Canada 2.000% Jun 1 2028	1.0
Province of Ontario 8.500% Dec 2 2025	1.0
Canada Housing Trust No. 1 2.350% Jun 15 2027	1.0
Province of Alberta 2.350% Jun 1 2025	0.9
Top 25 Holdings	52.9

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 GLOBAL BOND FUND

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$6.8 billion as of December 31, 2017, from \$5.5 billion at the end of 2016. The increase was due largely to net inflows.

Over the past year, the Fund's Series A units gained 1.3%, which underperformed the 1.8% 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.

Bonds issued by national governments, known as sovereign bonds, ended 2017 with modest returns as inflation remained subdued and most major central banks extended bond-buying programs aimed at holding down interest rates. Yields moved lower in the first eight months of the year due to escalating tension between the

U.S. and North Korea and continued skepticism about the Trump administration's ability to enact his pro-growth policies. However, government-bond yields reversed higher in September as investors began anticipating efforts by central banks to scale back monetary stimulus. By the end of 2017, yields on government 10-year bonds had finished near levels where they started the year, while shorter-maturity securities recorded increases. Also helping to stabilize rates were actions by the U.S. Federal Reserve, which increased short-term interest rate three times during 2017, and began reducing the size of its balance sheet in October.

Canadian economic growth outpaced that of its major industrialized peers in 2017. The stronger-than-expected economic performance warranted the removal of some stimulus in the economy, prompting the Bank of Canada to unveil its first rate hike in seven years in July and follow with another in September. Bond yields moved sharply higher, and Canadian bonds were the worst performing among global peers. In Europe, the flight to government bonds eased after Emmanuel Macron won the French presidential elections in May, ending for now the threat of a right-wing government. Italian, Spanish and French government bonds performed best while German fixed income lagged.

The Fund's higher exposure to bonds of Italy, Spain and other non-core European countries contributed to the Fund's performance, as did exposure to non-government debt. In particular, the Fund benefited from the higher income provided by riskier corporate and emerging-market debt, and from capital appreciation on such debt. The Fund continued reducing exposure to these securities as the potential for further gains diminished. The Fund also benefited from trading foreign currencies.

Recent Developments

The portfolio manager expects bond yields to rise over the next 12 months, with short-term yields rising faster than those on longer-term bonds. The global economy continues to expand at a healthy pace and, in the opinion of the portfolio manager, the odds of recession are remote. Major central banks have either begun or are expected to begin tightening monetary policy, which is likely to push bond yields higher. In addition to rate hikes, central-bank reductions in asset purchases should eventually help pull up bond yields. By the second half of 2018 – and for the first time in a decade – net purchases by global central banks will not be adding liquidity to the global financial system.



The Fund has an overweight position in higher-quality emerging-market and high-yield corporate debt, but reduced these allocations steadily over the past year as rich valuations tempered the outlook. The portfolio manager sees opportunities in emerging-market currencies, especially relative to the Canadian dollar, and holds a small currency allocation in the Fund. Emerging-market growth is improving and securities denominated in emerging-market currencies offer more attractive yields than developed-market government 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. The sub-advisor earns a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisor is paid by the manager from the management fee paid by 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	10.76	0.22	(0.17)	0.20	(0.11)	0.14	(0.05)	—	(0.27)	—	(0.32)	10.58
Dec. 31, 2016	10.84	0.25	(0.19)	0.65	(0.36)	0.35	(0.05)	—	(0.40)	—	(0.45)	10.76
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
Advisor Series												
Dec. 31, 2017	11.01	0.23	(0.17)	0.20	(0.11)	0.15	(0.05)	—	(0.28)	—	(0.33)	10.83
Dec. 31, 2016	11.09	0.25	(0.19)	0.65	(0.51)	0.20	(0.06)	—	(0.41)	—	(0.47)	11.01
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
Series D												
Dec. 31, 2017	10.88	0.23	(0.10)	0.20	(0.10)	0.23	(0.13)	—	(0.28)	—	(0.41)	10.69
Dec. 31, 2016	10.96	0.25	(0.11)	0.65	(0.40)	0.39	(0.13)	—	(0.41)	—	(0.54)	10.88
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
Series F												
Dec. 31, 2017	11.29	0.23	(0.08)	0.20	(0.10)	0.25	(0.15)	—	(0.29)	—	(0.44)	11.10
Dec. 31, 2016	11.37	0.26	(0.09)	0.67	(0.57)	0.27	(0.16)	—	(0.42)	—	(0.58)	11.29
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
Series I												
Dec. 31, 2017	11.28	0.23	(0.07)	0.21	(0.11)	0.26	(0.16)	—	(0.29)	—	(0.45)	11.10
Dec. 31, 2016	11.36	0.26	(0.07)	0.68	(0.46)	0.41	(0.18)	—	(0.42)	—	(0.60)	11.28
Dec. 31, 2015	11.33	0.29	(0.07)	(0.10)	0.15	0.27	(0.23)	—	—	—	(0.23)	11.36
Dec. 31, 2014 ³	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, 2017	11.07	0.23	—	0.20	(0.10)	0.33	(0.22)	—	(0.28)	—	(0.50)	10.89
Dec. 31, 2016	11.15	0.26	—	0.66	(0.42)	0.50	(0.25)	—	(0.41)	—	(0.66)	11.07
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

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 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, 2017	10.58	120 719	11 410	1.61	1.61	75.51	—
Dec. 31, 2016	10.76	127 932	11 893	1.69 ⁴	1.69	59.34	—
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	—
Advisor Series							
Dec. 31, 2017	10.83	26 489	2 446	1.57	1.57	75.51	—
Dec. 31, 2016	11.01	33 524	3 045	1.65 ⁴	1.65	59.34	—
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	—
Series D							
Dec. 31, 2017	10.69	14 903	1 394	0.89	0.89	75.51	—
Dec. 31, 2016	10.88	14 348	1 319	0.97 ⁴	0.97	59.34	—
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	—
Series F							
Dec. 31, 2017	11.10	422 304	38 054	0.73	0.73	75.51	—
Dec. 31, 2016	11.29	305 543	27 071	0.80 ⁴	0.80	59.34	—
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	—
Series I							
Dec. 31, 2017	11.10	61 751	5 565	0.62	0.62	75.51	—
Dec. 31, 2016	11.28	78 150	6 928	0.62	0.62	59.34	—
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	—



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, 2017	10.89	6 173 423	567 094	0.03	0.03	75.51	—
Dec. 31, 2016	11.07	4 937 352	446 088	0.03	0.03	59.34	—
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	—

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 Effective June 30, 2016, the management fees were changed in respect of Series A, Advisor Series, Series D and Series F units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 1.61%, Advisor Series – 1.59%, Series D – 0.89% and Series F – 0.73%.

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	1.35%	53%	47%
Advisor Series	1.35%	53%	47%
Series D	0.75%	17%	83%
Series F	0.60%	—	100%
Series I	0.50%	—	100%

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

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

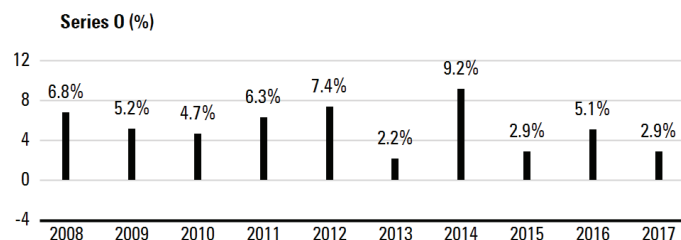
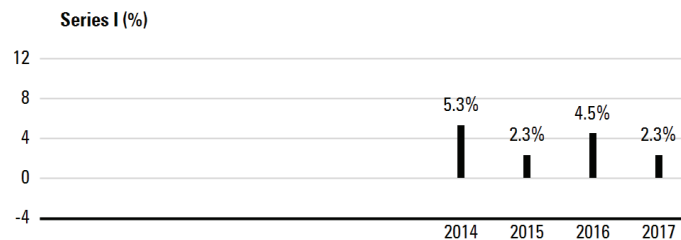
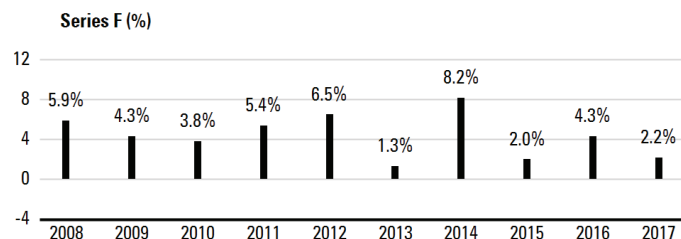
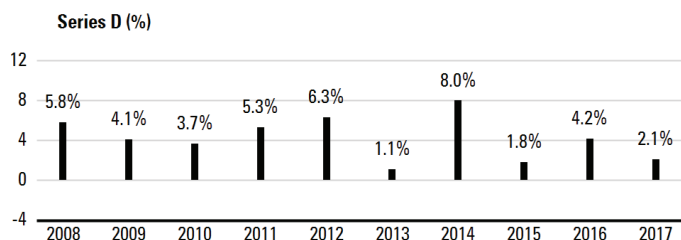
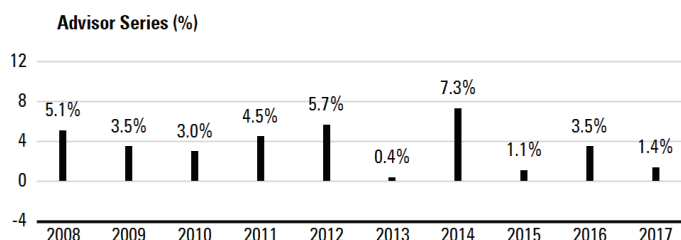
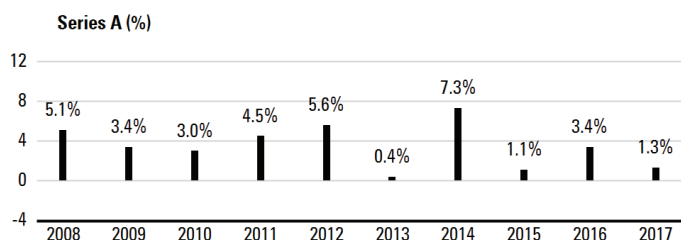


PAST PERFORMANCE

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

Year-by-Year Returns (%)

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





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2017, compared with the following benchmark:

Citi World Government Bond Index (Currency-Hedged in CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A	1.3	2.0	2.7	3.5	—
Benchmark	1.8	2.4	3.5	4.4	—
Advisor Series	1.4	2.0	2.7	3.5	—
Benchmark	1.8	2.4	3.5	4.4	—
Series D	2.1	2.7	3.4	4.2	—
Benchmark	1.8	2.4	3.5	4.4	—
Series F	2.2	2.8	3.6	4.4	—
Benchmark	1.8	2.4	3.5	4.4	—
Series I	2.3	3.1	—	—	3.9
Benchmark	1.8	2.4	—	—	3.7
Series O	2.9	3.7	4.4	5.3	—
Benchmark	1.8	2.4	3.5	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 I units have been available for sale to unitholders since April 21, 2014.

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

INDEX DESCRIPTION

Citi World Government Bond Index (Currency-Hedged in 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, 2017

Investment Mix

	% of Net Asset Value
United States	22.0
Canada	11.6
Japan	11.2
Italy	9.6
Spain	8.8
Income Funds	5.2
United Kingdom	5.1
France	4.6
Germany	3.2
Mexico	0.9
Other Countries	10.3
Cash/Other	7.5

Top 25 Holdings

	% of Net Asset Value
United States Treasury 1.500% Nov 30 2019	6.4
Cash & Cash Equivalents	4.1
United States Treasury 2.375% May 15 2027	3.7
United States Treasury 1.500% Jan 31 2022	3.4
Spain Government EUR 2.750% Apr 30 2019	3.3
Buoni Poliennali Del Tesoro EUR 1.600% Jun 1 2026	2.9
Spain Government EUR 1.150% Jul 30 2020	2.8
BlueBay Emerging Markets Corporate Bond Fund	2.7
United States 10-Year Note Future, March 2018	2.5
RBC Emerging Markets Foreign Exchange Fund	2.5
United Kingdom Gilt GBP 1.250% Jul 22 2027	2.3
United States Treasury 2.500% Feb 15 2045	2.3
Buoni Poliennali Del Tesoro EUR 0.650% Nov 1 2020	2.2
United Kingdom Gilt GBP 3.250% Jan 22 2044	2.2
Japan Government Twenty Year JPY 0.200% Jun 20 2036	2.1
Government of Canada 1.500% Jun 1 2026	2.1
France O.A.T. EUR 0.500% May 25 2026	2.1
Japan Government Thirty Year JPY 0.300% Jun 20 2046	1.9
Belgium Government EUR 2.600% Jun 22 2024	1.9
Buoni Poliennali Del Tesoro EUR 1.500% Aug 1 2019	1.8
United States Treasury 1.750% May 15 2023	1.7
Japan Government Twenty Year JPY 0.500% Sep 20 2036	1.7
France O.A.T. EUR 1.250% May 25 2036	1.6
Japan Government Twenty Year JPY 0.600% Dec 20 2036	1.4
Buoni Poliennali Del Tesoro EUR 1.450% Sep 15 2022	1.4
Top 25 Holdings	63.0

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

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund's risk rating changed from low to low-to-medium.

Results of Operations

The Fund's net asset value rose to \$246 million as of December 31, 2017, from \$152 million at the end of 2016. The increase was due mainly to net inflows.

Over the past year, the Fund's Series A units gained 5.4%, which underperformed the 6.4% 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.

Returns in the U.S. corporate-bond market were driven by earnings growth and strong investor demand for income in an environment of low global interest rates. During 2017, lower-quality (BBB) bonds outperformed higher-quality (A-AAA) fixed-income securities, and the top-performing sectors were Materials, Utilities and Energy. Longer-dated securities outperformed shorter-dated ones, as yields on 2-year bonds increased faster than those on 10-year securities given a push by the U.S. Federal Reserve to raise its short-term benchmark rate. Longer-term bonds are driven by expectations of economic growth and inflation, and with faster inflation failing to materialize, their yields were kept down.

The Fund's relative returns were aided by security selection, particularly in the Information Technology and Utilities sectors. Holdings in Microsoft bonds benefited from the company's strong earnings and the positive impact of U.S. tax reform. The new tax law gave the company incentives to reduce debt, which had increased significantly in recent years to fund dividends and share repurchases. Southern Co., Exelon and American Electric Power, all in the Utilities sector, were among holdings that benefited from bondholder-friendly regulations and valuations.

Other factors contributing to performance were the Fund's overweight position in the Utilities sector and in BBB-rated bonds. The Fund's relative underexposure to the commodity-related sectors, Materials and Energy, held back performance. The Fund did not own bonds of lower-quality commodity companies such as Vale, which performed well during the year as prices stabilized.

Recent Developments

The sub-advisor continues to favour large companies with stable or improving credit profiles, and to avoid companies that are likely to finance large acquisitions with debt or are likely to engage in shareholder-friendly activity at the expense of bondholders. The Fund has overweight positions in banking and utilities given the positive impact of the regulatory environment and earnings outlook for these industries.

Earnings growth and strong balance sheets bode well for corporate bonds in 2018, as will the new U.S. tax law. As a result, the sub-advisor does not anticipate making any material changes to the Fund's positioning in the near future, and continues to prefer companies that focus on the U.S., generate consistent cash flow and are in the process of reducing debt.

The sub-advisor has positioned the Fund in such a way that changes in market interest rates would not have a significant impact on returns relative to the benchmark.



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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. The sub-advisor earns a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisor is paid by the manager from the management fee paid by 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	9.47	0.37	(0.12)	0.02	0.23	0.50	(0.22)	—	(0.05)	—	(0.27)	9.71
Dec. 31, 2016	9.50	0.39	(0.13)	(0.01)	0.01	0.26	(0.26)	—	(0.23)	—	(0.49)	9.47
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, 2017	9.35	0.35	(0.12)	0.02	0.21	0.46	(0.21)	—	(0.05)	—	(0.26)	9.59
Dec. 31, 2016	9.50	0.39	(0.14)	(0.01)	0.14	0.38	(0.25)	—	(0.34)	—	(0.59)	9.35
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 D												
Dec. 31, 2017	9.48	0.36	(0.09)	0.02	0.25	0.54	(0.25)	—	(0.05)	—	(0.30)	9.72
Dec. 31, 2016	9.50	0.38	(0.09)	(0.01)	(0.08)	0.20	(0.29)	—	(0.22)	—	(0.51)	9.48
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, 2017	9.45	0.36	(0.07)	0.02	0.23	0.54	(0.27)	—	(0.05)	—	(0.32)	9.70
Dec. 31, 2016	9.50	0.38	(0.08)	(0.01)	(0.21)	0.08	(0.31)	—	(0.24)	—	(0.55)	9.45
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 O												
Dec. 31, 2017	9.42	0.36	—	0.02	0.24	0.62	(0.34)	—	(0.05)	—	(0.39)	9.67
Dec. 31, 2016	9.46	0.39	—	(0.01)	0.12	0.50	(0.39)	—	(0.22)	—	(0.61)	9.42
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, 2017	9.71	26 828	2 763	1.27	1.27	21.65	—
Dec. 31, 2016	9.47	28 835	3 046	1.33 ⁴	1.33	43.14	—
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 ⁵	10.06	2 067	205	1.47	1.47	46.96	—
Advisor Series							
Dec. 31, 2017	9.59	987	103	1.27	1.27	21.65	—
Dec. 31, 2016	9.35	605	65	1.40 ⁴	1.40	43.14	—
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 ⁵	10.08	139	14	1.47	1.47	46.96	—
Series D							
Dec. 31, 2017	9.72	2 700	278	0.88	0.88	21.65	—
Dec. 31, 2016	9.48	1 464	155	0.92 ⁴	0.92	43.14	—
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 ⁵	10.07	270	27	1.07	1.07	46.96	—
Series F							
Dec. 31, 2017	9.70	19 012	1 960	0.71	0.71	21.65	—
Dec. 31, 2016	9.45	10 599	1 121	0.77 ⁴	0.77	43.14	—
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 ⁵	10.05	198	20	0.90	0.90	46.96	—
Series O							
Dec. 31, 2017	9.67	196 944	20 372	0.02	0.02	21.65	—
Dec. 31, 2016	9.42	110 479	11 722	0.02	0.02	43.14	—
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 ⁵	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 Effective June 30, 2016, the management fees were changed in respect of Series A, Advisor Series, Series D and Series F units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 1.26%, Advisor Series – 1.30%, Series D – 0.86% and Series F – 0.72%.

⁵ 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	1.10%	40%	60%
Advisor Series	1.10%	40%	60%
Series D	0.75%	17%	83%
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.

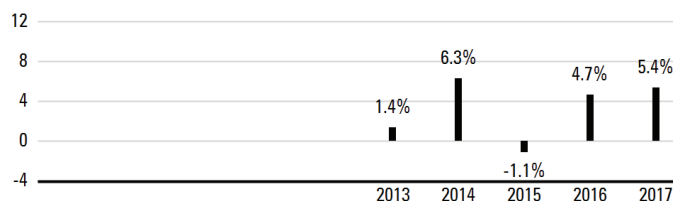
PAST PERFORMANCE (in USD)

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.

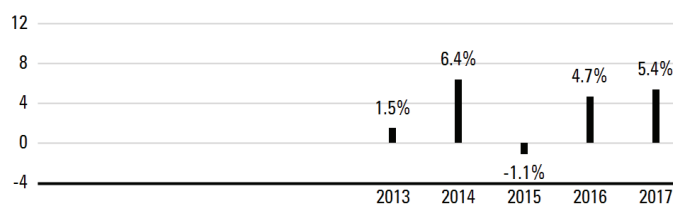
Year-by-Year Returns (%)

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.

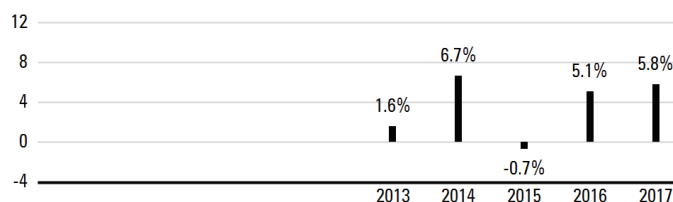
Series A (%)



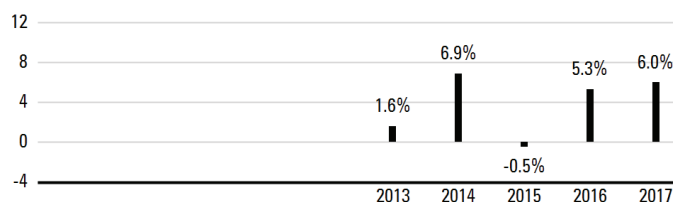
Advisor Series (%)



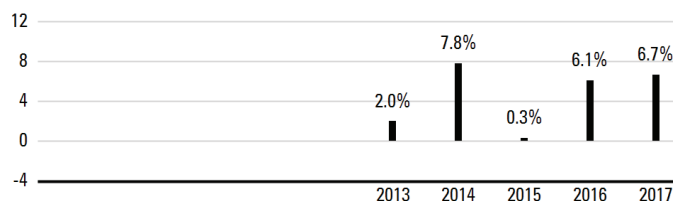
Series D (%)



Series F (%)



Series O (%)





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, 2017, 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	5.4	3.0	—	—	3.8
Benchmark	6.4	3.9	—	—	4.6
Advisor Series	5.4	3.0	—	—	3.8
Benchmark	6.4	3.9	—	—	4.6
Series D	5.8	3.4	—	—	4.2
Benchmark	6.4	3.9	—	—	4.6
Series F	6.0	3.6	—	—	4.4
Benchmark	6.4	3.9	—	—	4.6
Series O	6.7	4.4	—	—	5.2
Benchmark	6.4	3.9	—	—	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 A, Advisor Series, Series D, Series F 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.

All outstanding Series H units were re-designated as Series A units and all outstanding Series I units were re-designated as Series F units effective June 30, 2016.

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, 2017

Investment Mix

	% of Net Asset Value
United States	85.0
Other Countries	12.5
Cash/Other	2.5

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	1.5
Cooperatieve Rabobank U.A. USD 4.375% Aug 4 2025	1.3
Microsoft Corp. 4.250% Feb 6 2047	1.1
Wells Fargo & Co. 3.000% Oct 23 2026	1.0
Newell Brands Inc. 3.850% Apr 1 2023	1.0
Bank of America Corp. 4.200% Aug 26 2024	1.0
The Sherwin-Williams Co. 4.500% Jun 1 2047	0.9
Australia & New Zealand Banking Group Ltd. USD 4.400% May 19 2026	0.9
Citigroup Inc. 2.700% Mar 30 2021	0.8
Citigroup Inc. 3.200% Oct 21 2026	0.8
Duke Energy Corp. 3.750% Sep 1 2046	0.8
Southern Power Co. 4.950% Dec 15 2046	0.8
Appalachian Power Co. 7.000% Apr 1 2038	0.8
The Goldman Sachs Group Inc. 3.625% Jan 22 2023	0.8
Bank of America Corp. 3.875% Aug 1 2025	0.8
MidAmerican Energy Holdings Co. 6.125% Apr 1 2036	0.8
American Express Co. 3.000% Oct 30 2024	0.7
Lloyds Banking Group Plc. USD 2.907% Nov 7 2023	0.7
Diamond 1 Finance Corp. 3.480% Jun 1 2019	0.7
Morgan Stanley 3.591% Jul 22 2028	0.7
JPMorgan Chase & Co. 3.220% Mar 1 2025	0.7
Citigroup Inc. 3.668% Jul 24 2028	0.7
ConocoPhillips Holding Co. 6.950% Apr 15 2029	0.7
Williams Partners LP 3.750% Jun 15 2027	0.7
Verizon Communications Inc. 5.150% Sep 15 2023	0.7
Top 25 Holdings	21.4

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.



FIXED-INCOME FUND

RBC GLOBAL CORPORATE BOND FUND

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$9.9 billion as of December 31, 2017, from \$7.0 billion at the end of 2016. The increase was mainly to net inflows.

Over the past year, the Fund's Series A units gained 3.6%, which underperformed the 5.5% rise in the benchmark. The broad-based index rose 5.9%. 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.

Corporate bonds outperformed government fixed income in 2017, as companies benefited from a strengthening world economy, persistent demand for higher-yielding assets and optimism about the impact of business-friendly U.S. tax reform. Moreover, relatively low inflation boosted borrowing by businesses and consumers. The U.S. Federal Reserve raised its short-term benchmark three times and the Bank of England once, while the Bank of Canada raised rates twice. As a consequence, gains were limited in high-quality government bonds.

Adding to the performance of corporate bonds during the period were provisions in the U.S. tax-reform law that will likely result in a reduction in supply. The environment favoured riskier areas of global fixed income such as high-yield bonds and emerging-market bonds.

The Fund outperformed its benchmark during the period due mostly to positioning in high-quality corporate bonds in the Asia-Pacific region, along with returns from currency investments. Hurting the Fund's performance were cash holdings and lowered exposure to higher-yielding bonds. Emerging-market bonds added to the Fund's overall returns.

Recent Developments

The shift toward tighter monetary policies could have a negative impact on global fixed-income returns in the year ahead, and the portfolio manager has adjusted the Fund's holdings to reflect this possibility. Better global economic growth and expectations that inflation will quicken may result in volatility. As well, a reduction in bond purchases by the European Central Bank would remove an important source of demand for investment-grade corporate debt in Europe. Assuming that yields rise modestly, global corporate bonds, in the view of the portfolio manager, would still provide modest returns for investors.

The Fund is positioned in such a way that changes in market interest rates will not have a significant impact on relative returns, and the portfolio manager has increased exposure to bonds of companies with strong balance sheets and dependable earnings. The portfolio manager has reduced holdings of higher-yield securities to below-benchmark levels as these types of securities have performed well and offer less potential for gains in 2018. The Fund's holdings in emerging markets have also been lowered, and increased for U.S. and Canadian investment-grade 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. The sub-advisor earns a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisor is paid by the manager from the management fee paid by 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$5,000 (2016 – \$3,000) or 7% (2016 – 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	
		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, 2017	9.66	0.36	(0.17)	0.24	(0.08)	0.35	(0.17)	—	—	—	(0.17)	9.83	
Dec. 31, 2016	9.39	0.39	(0.17)	0.23	0.04	0.49	(0.21)	—	—	—	(0.21)	9.66	
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	
Advisor Series													
Dec. 31, 2017	9.79	0.36	(0.17)	0.24	(0.08)	0.35	(0.18)	—	—	—	(0.18)	9.97	
Dec. 31, 2016	9.52	0.40	(0.17)	0.24	0.02	0.49	(0.22)	—	—	—	(0.22)	9.79	
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	
Series D													
Dec. 31, 2017	10.38	0.38	(0.11)	0.26	(0.09)	0.44	(0.26)	—	—	—	(0.26)	10.56	
Dec. 31, 2016	10.09	0.42	(0.11)	0.25	(0.01)	0.55	(0.30)	—	—	—	(0.30)	10.38	
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	
Series F													
Dec. 31, 2017	9.84	0.36	(0.09)	0.24	(0.08)	0.43	(0.26)	—	—	—	(0.26)	10.01	
Dec. 31, 2016	9.57	0.39	(0.09)	0.23	(0.09)	0.44	(0.30)	—	—	—	(0.30)	9.84	
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	
Series O													
Dec. 31, 2017	9.79	0.36	—	0.24	(0.08)	0.52	(0.35)	—	—	—	(0.35)	9.96	
Dec. 31, 2016	9.52	0.40	—	0.23	(0.01)	0.62	(0.38)	—	—	—	(0.38)	9.79	
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	

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, 2017	9.83	146 899	14 940	1.75	1.75	24.11	—
Dec. 31, 2016	9.66	156 474	16 204	1.74	1.74	23.19	—
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	—
Advisor Series							
Dec. 31, 2017	9.97	87 785	8 808	1.73	1.73	24.11	—
Dec. 31, 2016	9.79	93 925	9 596	1.72	1.72	23.19	—
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	—
Series D							
Dec. 31, 2017	10.56	90 389	8 557	1.06	1.06	24.11	—
Dec. 31, 2016	10.38	74 121	7 143	1.05	1.05	23.19	—
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	—
Series F							
Dec. 31, 2017	10.01	167 705	16 746	0.91	0.91	24.11	—
Dec. 31, 2016	9.84	114 699	11 660	0.90	0.90	23.19	—
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	—
Series O							
Dec. 31, 2017	9.96	9 419 213	945 600	0.04	0.04	24.11	—
Dec. 31, 2016	9.79	6 562 512	670 520	0.03	0.03	23.19	—
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	—

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%	53%	47%
Advisor Series	1.50%	53%	47%
Series D	0.90%	17%	83%
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.

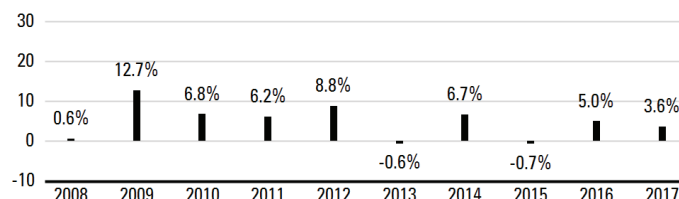
PAST PERFORMANCE

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.

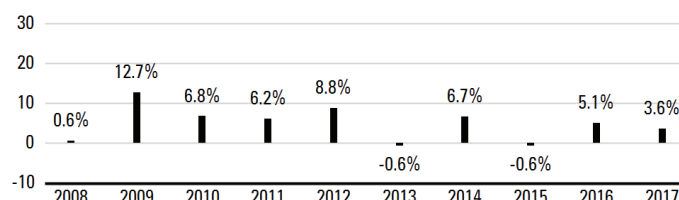
Year-by-Year Returns (%)

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.

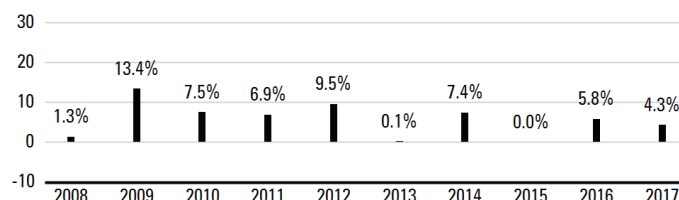
Series A (%)



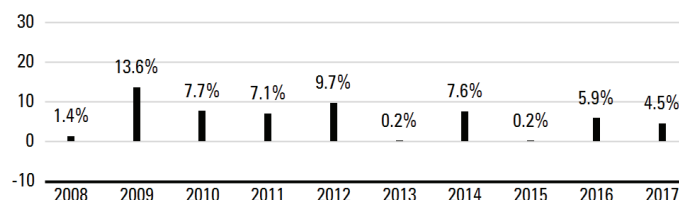
Advisor Series (%)



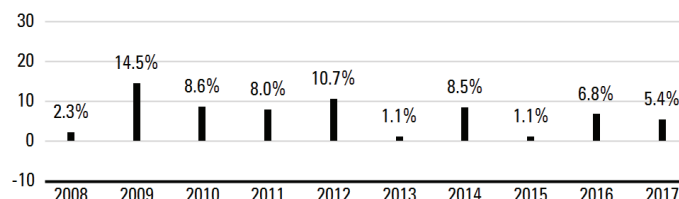
Series D (%)



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, 2017, 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	3.6	2.6	2.8	4.8	—
Benchmark	5.5	4.2	4.2	5.9	—
Broad-based index	5.9	3.8	3.8	5.8	—
Advisor Series	3.6	2.7	2.8	4.9	—
Benchmark	5.5	4.2	4.2	5.9	—
Broad-based index	5.9	3.8	3.8	5.8	—
Series D	4.3	3.4	3.5	5.5	—
Benchmark	5.5	4.2	4.2	5.9	—
Broad-based index	5.9	3.8	3.8	5.8	—
Series F	4.5	3.5	3.6	5.7	—
Benchmark	5.5	4.2	4.2	5.9	—
Broad-based index	5.9	3.8	3.8	5.8	—
Series O	5.4	4.4	4.5	6.6	—
Benchmark	5.5	4.2	4.2	5.9	—
Broad-based index	5.9	3.8	3.8	5.8	—

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

Series O units have been available for sale to unitholders since January 1, 2008.

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.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
United States	38.9
Canada	20.9
Income Funds	10.1
United Kingdom	7.5
Germany	2.6
France	2.4
Netherlands	1.8
Spain	1.2
Other Countries	8.9
Cash/Other	5.7

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	3.3
iShares iBoxx \$ Investment Grade Corporate Bond Fund	3.2
RBC Emerging Markets Bond Fund	2.1
BlueBay Emerging Markets Corporate Bond Fund	2.0
United States 10-Year Note Future, March 2018	1.1
RBC Emerging Markets Foreign Exchange Fund	1.0
Bloomberg Barclays Capital High Yield Bond SPDR Fund	0.9
iShares iBoxx \$ High Yield Corporate Bond Fund	0.9
Bank of America Corp. EUR 0.736% Feb 7 2022	0.5
Great-West Lifeco Inc. EUR 2.500% Apr 18 2023	0.3
Apple Inc. 3.850% Aug 4 2046	0.3
UBS Group Funding Jersey Ltd. EUR 1.500% Nov 30 2024	0.3
ING Groep N.V. EUR 0.750% Mar 9 2022	0.3
Barclays Bank Plc. EUR 6.000% Jan 14 2021	0.3
Morgan Stanley 5.500% Jul 28 2021	0.3
Shell International Finance BV USD 6.375% Dec 15 2038	0.3
Wells Fargo & Co. 4.600% Apr 1 2021	0.3
JPMorgan Chase & Co. 3.200% Jun 15 2026	0.3
JPMorgan Chase & Co. 4.500% Jan 24 2022	0.3
Bio-Rad Laboratories Inc. 4.875% Dec 15 2020	0.3
Iberdrola Finanzas S.A. EUR 1.000% Mar 7 2024	0.3
HSBC Holdings Plc. USD 5.100% Apr 5 2021	0.2
Cisco Systems Inc. 5.900% Feb 15 2039	0.2
Verizon Communications Inc. 4.862% Aug 21 2046	0.2
Bank of Nova Scotia USD 2.450% Sep 19 2022	0.2
Top 25 Holdings	19.4

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 HIGH YIELD BOND FUND

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value fell to \$1.9 billion as of December 31, 2017, from \$2.0 billion at the end of 2016. The decrease was due to net redemptions, somewhat offset by investment returns.

Over the past year, the Fund's Series A units gained 5.0%, which outperformed the 2.5% 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.

High-yield corporate bonds outperformed Canadian investment-grade bonds during 2017, with the premium required to invest in high-yield corporate bonds versus government securities narrowing to its smallest in 40 months. The search for income continued amid exceptionally low market yields. Key support for the strong

performance of fixed-income securities perceived as carrying higher risks stemmed from enthusiasm for President Trump's pro-growth policies, Republican-led tax reform, a growing U.S. economy and higher oil prices, all of which helped drive prices on higher-risk bonds.

The macroeconomic backdrop for corporate bonds remained positive during the period. Overall levels of debt, while elevated, dropped from their cyclical peak, and creditworthiness improved in part due to gains in commodity-related sectors. Corporations had ample access to liquidity, reflecting a low default rate, and the net supply of newly issued bonds remained modest as the largest use of proceeds was to refinance existing debt. One notable development was the rise of issuer-specific risks. For example, some retailers did not share in the positive investing environment, as online sales accounted for an increasing portion of consumer sales.

The portfolio manager reduced the Fund's holdings of investment-grade bonds and increased exposure to high-yield bonds. The portfolio manager also reduced exposure to shorter-dated bonds, and kept cash levels higher than usual as prices rose and valuations became more stretched. The Fund benefited from its exposure to high-yield bonds in general, while the cash position had a negative impact on performance.

Recent Developments

Demand for income from bond investors and a healthy economic backdrop should continue to support prices for corporate bonds. Given that central banks are beginning to lean toward tighter monetary policies, the portfolio manager believes that high-yield corporate bonds remain attractive relative to other fixed-income assets. However, it is likely that future returns will be lower than those experienced in the recent past. The portfolio manager intends to emphasize the credit quality of the portfolio and will look 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	10.67	0.53	(0.15)	0.73	(0.58)	0.53	(0.38)	—	—	—	(0.38)	10.82
Dec. 31, 2016	9.89	0.55	(0.15)	0.44	0.32	1.16	(0.39)	—	—	—	(0.39)	10.67
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
Advisor Series												
Dec. 31, 2017	10.76	0.53	(0.16)	0.74	(0.59)	0.52	(0.38)	—	—	—	(0.38)	10.91
Dec. 31, 2016	9.97	0.55	(0.15)	0.44	0.33	1.17	(0.39)	—	—	—	(0.39)	10.76
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
Series D												
Dec. 31, 2017	10.77	0.53	(0.11)	0.74	(0.60)	0.56	(0.43)	—	—	—	(0.43)	10.91
Dec. 31, 2016	9.97	0.55	(0.11)	0.44	0.34	1.22	(0.43)	—	—	—	(0.43)	10.77
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
Series F												
Dec. 31, 2017	10.79	0.53	(0.10)	0.74	(0.57)	0.60	(0.44)	—	—	—	(0.44)	10.93
Dec. 31, 2016	10.00	0.55	(0.09)	0.44	0.33	1.23	(0.45)	—	—	—	(0.45)	10.79
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
Series O												
Dec. 31, 2017	10.84	0.54	—	0.75	(0.59)	0.70	(0.54)	—	—	—	(0.54)	10.98
Dec. 31, 2016	10.05	0.56	—	0.44	0.36	1.36	(0.55)	—	—	—	(0.55)	10.84
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

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, 2017	10.82	128 435	11 871	1.45	1.45	35.21	—
Dec. 31, 2016	10.67	131 462	12 317	1.43	1.43	46.64	—
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	—
Advisor Series							
Dec. 31, 2017	10.91	62 900	5 765	1.49	1.49	35.21	—
Dec. 31, 2016	10.76	61 156	5 682	1.47	1.47	46.64	—
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	—
Series D							
Dec. 31, 2017	10.91	72 006	6 598	1.04	1.04	35.21	—
Dec. 31, 2016	10.77	62 257	5 782	1.02	1.02	46.64	—
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	—
Series F							
Dec. 31, 2017	10.93	117 315	10 727	0.91	0.91	35.21	—
Dec. 31, 2016	10.79	110 807	10 269	0.89	0.89	46.64	—
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	—
Series O							
Dec. 31, 2017	10.98	1 549 829	141 060	0.05	0.05	35.21	—
Dec. 31, 2016	10.84	1 647 774	151 979	0.02	0.02	46.64	—
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	—

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%	40%	60%
Advisor Series	1.25%	40%	60%
Series D	0.90%	17%	83%
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.

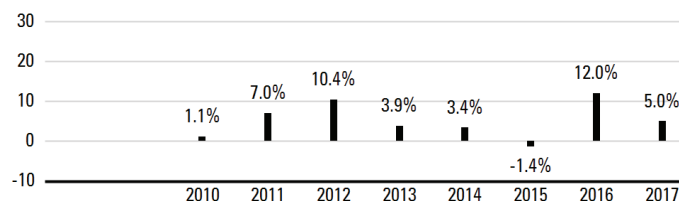
PAST PERFORMANCE

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.

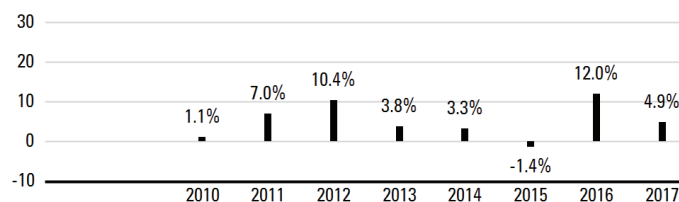
Year-by-Year Returns (%)

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.

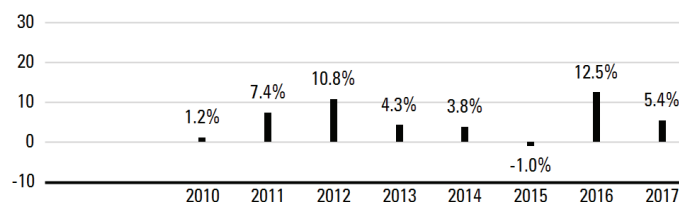
Series A (%)



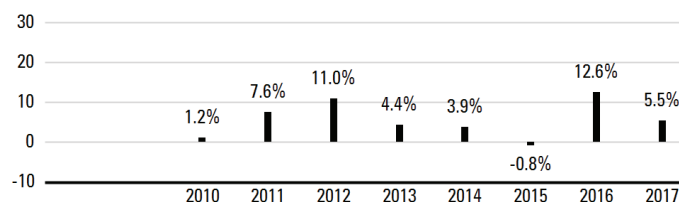
Advisor Series (%)



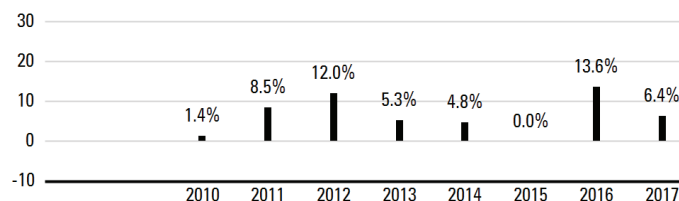
Series D (%)



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, 2017, 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	5.0	5.0	4.5	—	5.6
Benchmark	2.5	2.6	3.0	—	3.8
Advisor Series	4.9	5.0	4.4	—	5.6
Benchmark	2.5	2.6	3.0	—	3.8
Series D	5.4	5.5	4.9	—	6.1
Benchmark	2.5	2.6	3.0	—	3.8
Series F	5.5	5.6	5.0	—	6.2
Benchmark	2.5	2.6	3.0	—	3.8
Series O	6.4	6.5	5.9	—	7.1
Benchmark	2.5	2.6	3.0	—	3.8

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 D, Series F and Series O units have been available for sale to unitholders 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.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
United States	52.2
Canada	20.4
Other Countries	8.0
Cash/Other	19.4

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	11.6
Bloomberg Barclays Capital High Yield Bond SPDR Fund	2.7
iShares iBoxx \$ High Yield Corporate Bond Fund	2.6
Videotron Ltd. 5.750% Jan 15 2026	2.0
HCA Inc. 5.875% Feb 15 2026	1.7
Hanesbrands Inc. 4.875% May 15 2026	1.6
CCO Holdings LLC 5.750% Feb 15 2026	1.4
Diamond 1 Finance Corp. 6.020% Jun 15 2026	1.3
Equinix Inc. 5.875% Jan 15 2026	1.3
ArcelorMittal USD 8.000% Oct 15 2039	1.3
CalAtlantic Group Inc. 5.250% Jun 1 2026	1.3
Vermilion Energy Inc. USD 5.625% Mar 15 2025	1.2
Adient Global Holdings Ltd. EUR 3.500% Aug 15 2024	1.2
CSC Holdings LLC 5.500% Apr 15 2027	1.1
Ineos Finance Plc. EUR 4.000% May 1 2023	1.1
Boyd Gaming Corp. 6.375% Apr 1 2026	1.1
Seven Generations Energy Ltd. USD 5.375% Sep 30 2025	1.0
Six Flags Entertainment Corp. 5.500% Apr 15 2027	1.0
The Goodyear Tire & Rubber Co. 5.000% May 31 2026	1.0
T-Mobile USA Inc. 6.625% Apr 1 2023	1.0
NCR Corp. 5.000% Jul 15 2022	1.0
Alcoa Nederland Holding BV USD 6.750% Sep 30 2024	1.0
Universal Health Services Inc. 4.750% Aug 1 2022	1.0
FMG Resources (August 2006) Pty Ltd. USD 5.125% May 15 2024	1.0
Wynn Las Vegas LLC Corp. 5.250% May 15 2027	1.0
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.



FIXED-INCOME FUND

RBC \$U.S. HIGH YIELD BOND FUND

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$195 million as of December 31, 2017, from \$98 million at the end of 2016. The increase was due to net inflows.

Over the past year, the Fund's Series A units gained 5.1%, which underperformed the 7.0% 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.

High-yield corporate bonds outperformed investment-grade corporate fixed income in 2017. Key support for the strong performance of fixed-income securities perceived as carrying higher risks stemmed from enthusiasm for President Trump's pro-growth policies, Republican-led

tax reform, a growing U.S. economy and higher oil prices. Overall, the premium required to invest in high-yield corporate bonds versus government securities narrowed to its smallest in 40 months, indicating that investors were willing to take on risk in their search of income amid exceptionally low market yields.

The macroeconomic backdrop for corporate bonds remained positive during the period. Overall levels of debt, while elevated, dropped from their cyclical peak, and creditworthiness improved in part due to gains in commodity-related sectors. Corporations had ample access to liquidity, reflecting a low default rate, and the net supply of newly issued bonds remained modest as the largest use of proceeds was to refinance existing debt. Bricks-and-mortar retailing was one of the few areas not to share in the positive investing environment, as online sales accounted for an increasing portion of consumer sales.

The portfolio manager reduced the Fund's holdings of shorter-dated, higher-quality bonds that the portfolio manager expected to offer limited potential for returns and also decreased the Fund's cash holdings, mostly by buying attractively priced newly issued bonds. The Fund underperformed its benchmark mostly due to its cash position.

Recent Developments

Demand for income from bond investors and a healthy economic backdrop should continue to support prices for corporate bonds. Given that central banks are beginning to lean toward tighter monetary policies, the portfolio manager believes that high-yield corporate bonds remain attractive relative to other fixed-income assets. However, it is likely that future returns will be lower than those experienced in the recent past. The portfolio manager intends to emphasize the credit quality of the portfolio and will look 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	9.55	0.51	(0.14)	0.02	0.06	0.45	(0.33)	—	(0.01)	—	(0.34)	9.70	
Dec. 31, 2016	8.86	0.53	(0.13)	(0.10)	0.95	1.25	(0.39)	—	(0.16)	—	(0.55)	9.55	
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, 2017	9.58	0.52	(0.14)	0.02	0.07	0.47	(0.33)	—	(0.01)	—	(0.34)	9.72	
Dec. 31, 2016	8.89	0.53	(0.14)	(0.10)	1.08	1.37	(0.38)	—	(0.16)	—	(0.54)	9.58	
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 D													
Dec. 31, 2017	9.54	0.50	(0.10)	0.02	0.08	0.50	(0.37)	—	(0.01)	—	(0.38)	9.67	
Dec. 31, 2016	8.85	0.53	(0.10)	(0.10)	0.83	1.16	(0.43)	—	(0.16)	—	(0.59)	9.54	
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, 2017	9.62	0.51	(0.09)	0.02	0.08	0.52	(0.38)	—	(0.01)	—	(0.39)	9.77	
Dec. 31, 2016	8.93	0.53	(0.09)	(0.10)	0.97	1.31	(0.44)	—	(0.16)	—	(0.60)	9.62	
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 O													
Dec. 31, 2017	9.54	0.50	—	0.02	0.06	0.58	(0.47)	—	(0.01)	—	(0.48)	9.68	
Dec. 31, 2016	8.86	0.53	—	(0.10)	0.94	1.37	(0.53)	—	(0.16)	—	(0.69)	9.54	
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, 2017	9.70	4 709	485	1.46	1.46	28.01	—
Dec. 31, 2016	9.55	3 088	323	1.42	1.42	39.71	—
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, 2017	9.72	308	32	1.46	1.46	28.01	—
Dec. 31, 2016	9.58	240	25	1.48	1.48	39.71	—
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 D							
Dec. 31, 2017	9.67	2 171	224	1.07	1.07	28.01	—
Dec. 31, 2016	9.54	1 203	126	1.02	1.02	39.71	—
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, 2017	9.77	3 498	358	0.93	0.93	28.01	—
Dec. 31, 2016	9.62	2 818	293	0.91	0.91	39.71	—
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 O							
Dec. 31, 2017	9.68	184 067	19 008	0.06	0.06	28.01	—
Dec. 31, 2016	9.54	91 131	9 550	0.02	0.02	39.71	—
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 D	0.90%	17%	83%
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.

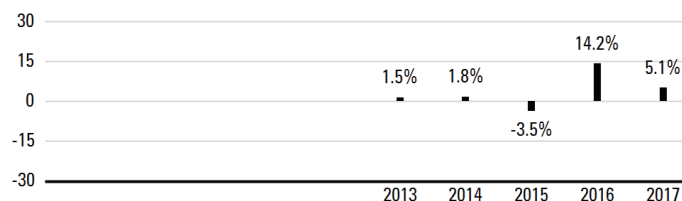
PAST PERFORMANCE (in USD)

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.

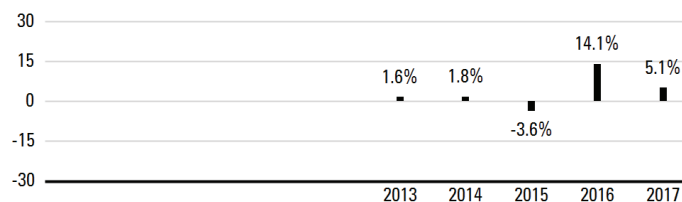
Year-by-Year Returns (%)

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.

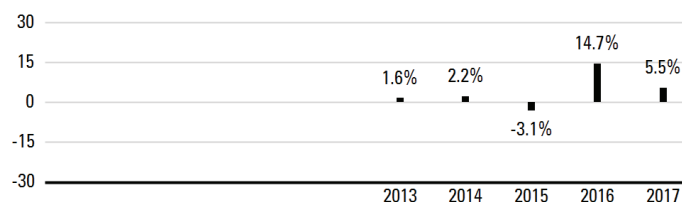
Series A (%)



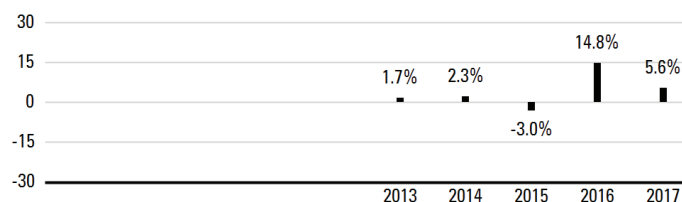
Advisor Series (%)



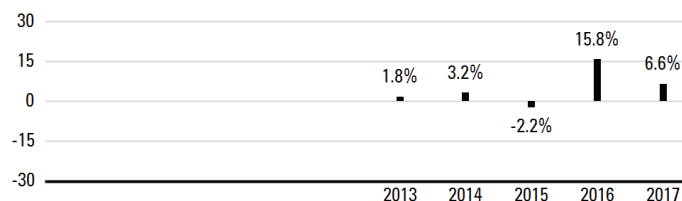
Series D (%)



Series F (%)



Series O (%)





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, 2017, 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	5.1	5.0	—	—	4.4
Benchmark	7.0	6.0	—	—	5.5
Advisor Series	5.1	5.0	—	—	4.3
Benchmark	7.0	6.0	—	—	5.5
Series D	5.5	5.4	—	—	4.8
Benchmark	7.0	6.0	—	—	5.5
Series F	5.6	5.5	—	—	4.9
Benchmark	7.0	6.0	—	—	5.5
Series O	6.6	6.5	—	—	5.8
Benchmark	7.0	6.0	—	—	5.5

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 A, Advisor Series, Series D, Series F 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, 2017

Investment Mix

	% of Net Asset Value
United States	66.3
Canada	12.7
Other Countries	8.0
Cash/Other	13.0

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	4.4
iShares iBoxx \$ High Yield Corporate Bond Fund	3.9
Bloomberg Barclays Capital High Yield Bond SPDR Fund	3.7
HCA Inc. 5.875% Feb 15 2026	2.6
CSC Holdings LLC 5.500% Apr 15 2027	2.1
Sprint Capital Corp. 6.875% Nov 15 2028	2.0
Diamond 1 Finance Corp. 6.020% Jun 15 2026	1.7
ArcelorMittal USD 8.000% Oct 15 2039	1.7
CCO Holdings LLC 5.750% Feb 15 2026	1.7
CalAtlantic Group Inc. 5.250% Jun 1 2026	1.5
Dana Inc. 5.500% Dec 15 2024	1.4
Videotron Ltd. 5.625% Jun 15 2025	1.3
Hanesbrands Inc. 4.875% May 15 2026	1.3
CenturyLink Inc. 7.500% Apr 1 2024	1.3
The AES Corp. 5.500% Mar 15 2024	1.2
The EW Scripps Co. 5.125% May 15 2025	1.2
Alcoa Nederland Holding BV USD 6.750% Sep 30 2024	1.2
Lennar Corp. 4.750% May 30 2025	1.1
Six Flags Entertainment Corp. 5.500% Apr 15 2027	1.1
Vermilion Energy Inc. USD 5.625% Mar 15 2025	1.1
Adient Global Holdings Ltd. EUR 3.500% Aug 15 2024	1.1
Targa Resources Partners LP 5.000% Jan 15 2028	1.1
Seven Generations Energy Ltd. USD 5.375% Sep 30 2025	1.1
Nexstar Escrow Corp. 5.625% Aug 1 2024	1.0
Builders FirstSource Inc. 5.625% Sep 1 2024	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 GLOBAL HIGH YIELD BOND FUND

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$3.7 billion as of December 31, 2017, from \$3.2 billion at the end of 2016. The increase was due to a combination of net inflows and investment returns.

Over the past year, the Fund's Series A units gained 6.0%, which underperformed the 8.1% rise in the benchmark. The broad-based index 1 rose 6.4% and the broad-based index 2 rose 9.8%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

Emerging-market bonds denominated in U.S. dollars outperformed U.S. high-yield bonds, a reversal from 2016. As 2017 began, emerging markets were reeling from the combined fears of trade protectionism following the election of Donald Trump as U.S. president and a sharp increase in U.S. interest rates. The latter was driven by expectations of fiscal stimulus and resulting growth in U.S. budget deficits. As the

year wore on these fears took a backseat to better-than-expected growth in China, Europe and Japan, as well as in emerging markets. This environment led to the first period of reasonably strong, simultaneous global growth since the financial crisis in 2008. Stronger commodity prices, notably for oil, helped both emerging-market governments and U.S. commodity producers. Fears for U.S. rates began to recede, helping longer-maturity emerging-market bonds. The 10-year U.S. Treasury yield finished the year modestly below where it started.

The Fund's performance was helped by its higher-than-benchmark weighting in both emerging-market sovereign and corporate bonds, which outperformed the U.S. high-yield market. Strong security selection in the U.S. automotive, basic industries and health care areas were also key contributors to returns.

The Fund's returns were held back by specific investments in emerging-market sovereign bonds. Specifically, the portfolio was less exposed to Africa, whose debt markets performed well but where budget deficits and debt loads have risen sharply. A lower-than-benchmark weight in Venezuela and country selection in Asia aided relative returns.

Recent Developments

The North American benchmark price for crude oil started the year at US\$54. The price then fell as low as US\$43 before rebounding on expectations for economic growth and as adherence to production cuts by OPEC and key allies was better than expected. Oil prices approached US\$60 at year-end, supporting emerging and U.S. high-yield markets.

There are signs that global growth, notably in China, peaked in the fourth quarter of 2017, and the portfolio manager expects a modest slowdown in Chinese growth next year. The premiums required to invest in non-government bonds are nearing recent lows in a sign of increased risk-taking, so the portfolio manager is maintaining a more conservative profile – principally in emerging-market bonds. The portfolio manager expects volatility to rise in 2018 as the U.S., Mexico and Canada renegotiate the North American Free Trade Agreement, investors prepare for the impact of elections on emerging-market economies and the U.S. Federal Reserve continues with rate hikes.

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.



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Sub-Advisor

RBC Global Asset Management (UK) Limited is the sub-advisor and provides investment advice for the Fund. The sub-advisor earns a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisor is paid by the manager from the management fee paid by 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$1,000 (2016 – \$0) or 2% (2016 – 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		
Series A												
Dec. 31, 2017	10.50	0.58	(0.19)	0.70	(0.46)	0.63	(0.39)	—	—	—	(0.39)	10.74
Dec. 31, 2016	9.84	0.59	(0.18)	0.35	0.31	1.07	(0.40)	—	—	—	(0.40)	10.50
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
Advisor Series												
Dec. 31, 2017	10.43	0.58	(0.18)	0.70	(0.45)	0.65	(0.39)	—	—	—	(0.39)	10.67
Dec. 31, 2016	9.78	0.59	(0.18)	0.35	0.31	1.07	(0.40)	—	—	—	(0.40)	10.43
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
Series D												
Dec. 31, 2017	10.64	0.59	(0.11)	0.71	(0.49)	0.70	(0.48)	—	—	—	(0.48)	10.88
Dec. 31, 2016	9.98	0.60	(0.11)	0.35	0.29	1.13	(0.48)	—	—	—	(0.48)	10.64
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
Series F												
Dec. 31, 2017	10.77	0.59	(0.10)	0.72	(0.49)	0.72	(0.49)	—	—	—	(0.49)	11.02
Dec. 31, 2016	10.10	0.61	(0.10)	0.36	0.29	1.16	(0.50)	—	—	—	(0.50)	10.77
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
Series O												
Dec. 31, 2017	10.72	0.59	—	0.72	(0.49)	0.82	(0.59)	—	—	—	(0.59)	10.96
Dec. 31, 2016	10.05	0.61	—	0.36	0.27	1.24	(0.60)	—	—	—	(0.60)	10.72
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

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, 2017	10.74	142 067	13 228	1.81	1.81	42.70	—
Dec. 31, 2016	10.50	147 388	14 034	1.78	1.78	41.72	—
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	—
Advisor Series							
Dec. 31, 2017	10.67	137 040	12 841	1.76	1.76	42.70	—
Dec. 31, 2016	10.43	166 312	15 937	1.74	1.74	41.72	—
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	—
Series D							
Dec. 31, 2017	10.88	38 623	3 549	1.08	1.08	42.70	—
Dec. 31, 2016	10.64	33 066	3 106	1.05	1.05	41.72	—
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	—
Series F							
Dec. 31, 2017	11.02	136 398	12 379	0.94	0.94	42.70	—
Dec. 31, 2016	10.77	103 416	9 600	0.91	0.91	41.72	—
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	—
Series O							
Dec. 31, 2017	10.96	3 207 099	292 485	0.07	0.07	42.70	—
Dec. 31, 2016	10.72	2 760 925	257 486	0.03	0.03	41.72	—
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	—

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%	53%	47%
Advisor Series	1.50%	53%	47%
Series D	0.90%	17%	83%
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.

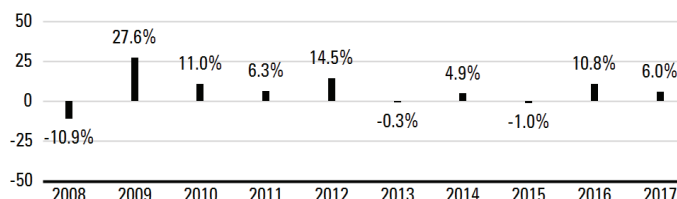
PAST PERFORMANCE

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.

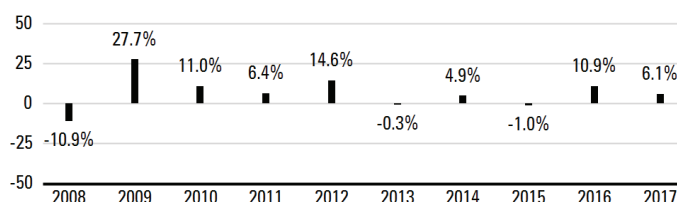
Year-by-Year Returns (%)

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.

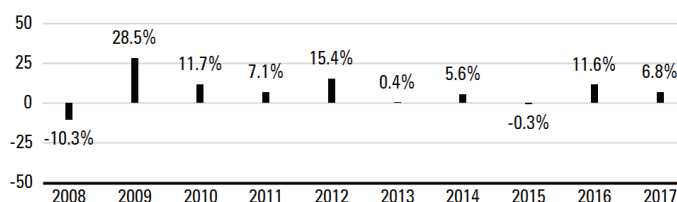
Series A (%)



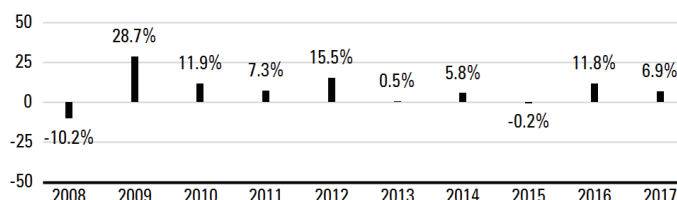
Advisor Series (%)



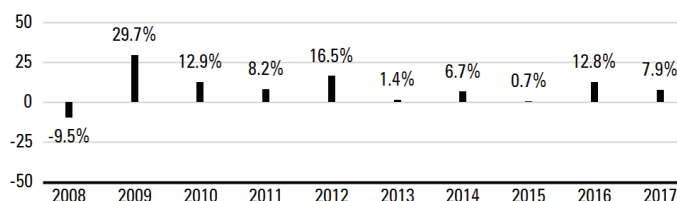
Series D (%)



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, 2017, 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	6.0	5.2	4.0	6.4	—
Benchmark	8.1	6.3	5.2	7.1	—
Broad-based index 1	6.4	5.8	5.7	7.0	—
Broad-based index 2	9.8	6.9	4.7	7.1	—
Advisor Series	6.1	5.2	4.0	6.5	—
Benchmark	8.1	6.3	5.2	7.1	—
Broad-based index 1	6.4	5.8	5.7	7.0	—
Broad-based index 2	9.8	6.9	4.7	7.1	—
Series D	6.8	5.9	4.7	7.2	—
Benchmark	8.1	6.3	5.2	7.1	—
Broad-based index 1	6.4	5.8	5.7	7.0	—
Broad-based index 2	9.8	6.9	4.7	7.1	—
Series F	6.9	6.1	4.9	7.4	—
Benchmark	8.1	6.3	5.2	7.1	—
Broad-based index 1	6.4	5.8	5.7	7.0	—
Broad-based index 2	9.8	6.9	4.7	7.1	—
Series O	7.9	7.0	5.8	8.3	—
Benchmark	8.1	6.3	5.2	7.1	—
Broad-based index 1	6.4	5.8	5.7	7.0	—
Broad-based index 2	9.8	6.9	4.7	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 O units have been available for sale to unitholders since January 1, 2008.

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, 2017

Investment Mix

	% of Net Asset Value
United States	27.8
Income Funds	11.6
Canada	5.4
Mexico	2.6
Indonesia	2.6
Russia	2.1
Peru	1.9
Brazil	1.6
Dominican Republic	1.5
Argentina	1.5
Turkey	1.3
Kazakhstan	1.3
Panama	1.3
Croatia	1.3
Colombia	1.2
Hungary	1.1
Luxembourg	1.0
United Kingdom	1.0
Philippines	0.7
Other Countries	26.5
Cash/Other	4.7



SUMMARY OF INVESTMENT PORTFOLIO (cont.)

(after consideration of derivative products, if any)

As at December 31, 2017

Top 25 Holdings

	% of Net Asset Value
BlueBay Emerging Markets Corporate Bond Fund	3.5
iShares iBoxx \$ High Yield Corporate Bond Fund	3.0
Bloomberg Barclays Capital High Yield Bond SPDR Fund	3.0
Cash & Cash Equivalents	2.7
iShares J.P. Morgan USD Emerging Markets Bond Fund	1.7
United States Treasury 2.250% Feb 15 2027	1.6
Peruvian Government USD 8.750% Nov 21 2033	1.5
HCA Inc. 5.875% Feb 15 2026	1.1
Dominican Republic USD 7.450% Apr 30 2044	1.0
Russian Foreign Bond - Eurobond USD 4.750% May 27 2026	0.9
CCO Holdings LLC 5.750% Feb 15 2026	0.9
Pemex Project Funding Master Trust USD 6.625% Jun 15 2035	0.8
Republic of Serbia USD 7.250% Sep 28 2021	0.8
Government of Poland USD 5.125% Apr 21 2021	0.8
Ukraine Government USD 7.750% Sep 1 2022	0.7
Sprint Capital Corp. 6.875% Nov 15 2028	0.7
1MDB Energy Ltd. USD 5.990% May 11 2022	0.7
Republic of Vietnam USD 4.800% Nov 19 2024	0.7
Republic of Panama USD 7.125% Jan 29 2026	0.7
Government of Ecuador USD 7.950% Jun 20 2024	0.7
Republic of Philippines USD 7.750% Jan 14 2031	0.7
Republic of Colombia USD 6.125% Jan 18 2041	0.7
Export Credit Bank of Turkey USD 5.375% Feb 8 2021	0.6
Government of Poland USD 3.250% Apr 6 2026	0.6
Government of Indonesia USD 5.250% Jan 17 2042	0.6
Top 25 Holdings	30.7

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.



FIXED-INCOME FUND

**RBC STRATEGIC INCOME
BOND FUND**

December 31, 2017

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 8, 2018.

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

The Fund has multiple risks, which 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 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the “new risk classification methodology”). Pursuant to the new risk classification methodology, certain funds’ risk ratings were changed. RBC GAM reviews each fund’s risk rating on an annual basis or if there has been a material change to a fund’s investment objectives or investment strategies. Any changes to a fund’s risk rating are the result of RBC GAM’s annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund’s risk rating changed from low-to-medium to low.

Results of Operations

The Fund’s net asset value rose to \$849 million as of December 31, 2017, from \$207 million at the end of 2016. The increase was due to net inflows.

Over the past year, the Fund’s Series A units gained 3.6%, which outperformed the 2.5% 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 2017, the Fund made monthly distributions of 3.00 cents per Series A unit. For the year, the Fund made total distributions of approximately 45 cents per Series A unit, consisting of 39 cents per unit of interest and 6 cents of capital gains. The annual payout included an additional year-end distribution of 9 cents.

Global economic growth surged to the highest in seven years in 2017 thanks to a confluence of factors. The expansion was highly synchronized, encompassing the bulk of developed and many emerging-market nations. In the U.S., measures of confidence and risk appetite were robust, benefiting from the macroeconomic strength and helping to sustain it. Economic growth in the Eurozone and Japan continued to impress with a persistence that would have been hard to fathom several years ago. Canadian growth was unexpectedly brisk, prompting the Bank of Canada (the “BOC”) to raise interest rates twice during the year, even as investors worried about Canadians’ high household debts and the future of the North American Free Trade Agreement (“NAFTA”).

Bonds issued by national governments, known as sovereign bonds, ended 2017 with modest returns as inflation remained subdued and most major central banks extended bond-buying programs aimed at holding down interest rates. Yields moved lower in the first eight months of the year due to escalating tension between the U.S. and North Korea and continued skepticism about the Trump administration’s ability to enact its pro-growth policies. However, government-bond yields reversed higher in September as investors began anticipating efforts by central banks to scale back monetary stimulus and the likelihood of U.S. tax cuts increased. Helping to stabilize rates were actions by the U.S. Federal Reserve (the “Fed”), which increased its short-term interest rate three times during 2017, and began reducing the size of its balance sheet in October. The BOC’s initial interest-rate increase in July was its first hike in seven years, and, combined with a second increase in September, pushed bond yields sharply higher. However, yields soon retreated as the BOC became more cautious about further increases, citing concerns about high household debts, NAFTA uncertainties and new housing rules.

All seven of the Fund’s investments had a positive impact on performance, led by the RBC Global High Yield Bond Fund, the RBC Global Corporate Bond Fund, the RBC Emerging Markets Foreign Exchange Fund and the BlueBay Global Convertible Bond Fund (Canada).



Recent Developments

The global economy continues to expand at a healthy pace and the direction of monetary policy is gradually changing. Concerted policy tightening by major central banks is expected to gather pace over the next year and is likely to push bond yields higher. Moreover, a decrease in asset purchases by central banks should start exerting upward pressure on yields.

Canadian government yields will likely rise less than their U.S. counterparts given that the BOC has signalled that it's in no rush to raise rates again, while the Fed appears poised to continue increasing the fed funds rate. The portfolio manager expects that the BOC will be reluctant to hike short-term interest rates in the near term given NAFTA negotiations, as well as the impact of new mortgage rules and higher rates on highly indebted Canadian households.

In January 2018, monthly distributions for the Fund were raised to 3.20 cents per Series A unit.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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	
		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, 2017	10.39	0.57	(0.18)	0.15	(0.26)	0.28	(0.39)	—	(0.06)	—	(0.45)	10.32
Dec. 31, 2016	10.29	0.64	(0.18)	0.34	(0.19)	0.61	(0.39)	—	(0.17)	—	(0.56)	10.39
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, 2017	10.40	0.57	(0.19)	0.15	(0.26)	0.27	(0.39)	—	(0.06)	—	(0.45)	10.32
Dec. 31, 2016	10.30	0.52	(0.18)	0.27	(0.17)	0.44	(0.39)	—	(0.17)	—	(0.56)	10.40
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 D												
Dec. 31, 2017	10.66	0.60	(0.11)	0.15	(0.26)	0.38	(0.40)	—	(0.06)	—	(0.46)	10.65
Dec. 31, 2016	10.48	0.64	(0.11)	0.34	(0.20)	0.67	(0.39)	—	(0.18)	—	(0.57)	10.66
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, 2017	10.72	0.55	(0.10)	0.14	(0.29)	0.30	(0.40)	—	(0.07)	—	(0.47)	10.73
Dec. 31, 2016	10.52	0.45	(0.09)	0.24	(0.17)	0.43	(0.39)	—	(0.18)	—	(0.57)	10.72
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 O												
Dec. 31, 2017	10.91	0.44	—	0.11	(0.24)	0.31	(0.40)	—	(0.07)	—	(0.47)	11.03
Dec. 31, 2016	10.61	0.36	—	0.19	(0.85)	(0.30)	(0.39)	—	(0.18)	—	(0.57)	10.91
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, 2017	10.32	80 360	7 789	1.79	1.79	9.40	—
Dec. 31, 2016	10.39	42 786	4 117	1.78	1.78	32.55	—
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, 2017	10.32	63 489	6 153	1.86	1.86	9.40	—
Dec. 31, 2016	10.40	34 715	3 338	1.83	1.83	32.55	—
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 D							
Dec. 31, 2017	10.65	26 688	2 505	1.12	1.12	9.40	—
Dec. 31, 2016	10.66	16 972	1 593	1.10	1.10	32.55	—
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, 2017	10.73	366 326	34 156	0.98	0.98	9.40	—
Dec. 31, 2016	10.72	112 968	10 542	0.95	0.95	32.55	—
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 O							
Dec. 31, 2017	11.03	312 483	28 336	0.12	0.12	9.40	—
Dec. 31, 2016	10.91	1	—	0.10	0.10	32.55	—
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 D	0.90%	17%	83%
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.

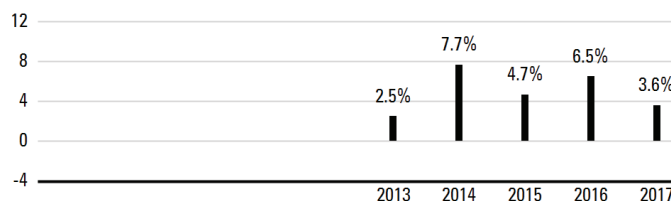
PAST PERFORMANCE

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.

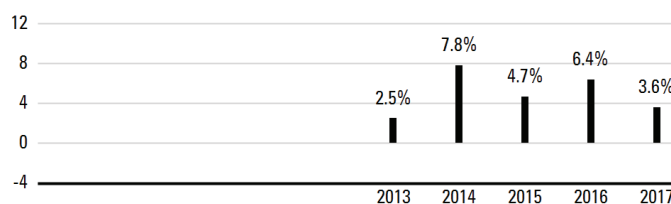
Year-by-Year Returns (%)

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.

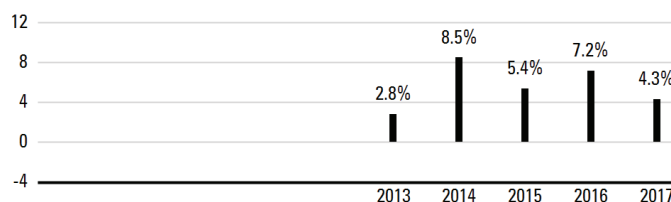
Series A (%)



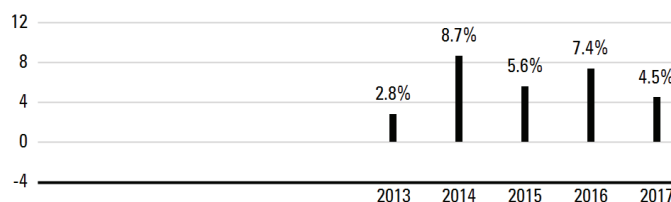
Advisor Series (%)



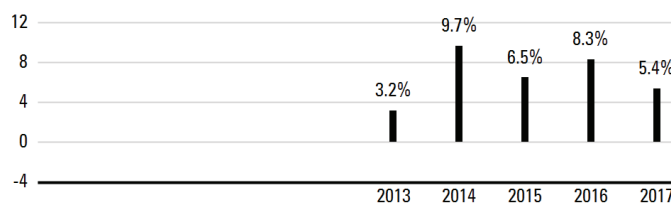
Series D (%)



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, 2017, 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	3.6	4.9	—	—	5.7
Benchmark	2.5	2.6	—	—	3.8
Advisor Series	3.6	4.9	—	—	5.7
Benchmark	2.5	2.6	—	—	3.8
Series D	4.3	5.6	—	—	6.4
Benchmark	2.5	2.6	—	—	3.8
Series F	4.5	5.8	—	—	6.6
Benchmark	2.5	2.6	—	—	3.8
Series O	5.4	6.7	—	—	7.6
Benchmark	2.5	2.6	—	—	3.8

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 D, Series F 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.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

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	21.0
RBC Global High Yield Bond Fund	20.0
RBC Emerging Markets Bond Fund	15.0
RBC Emerging Markets Foreign Exchange Fund	14.8
BlueBay Emerging Markets Corporate Bond Fund	10.9
BlueBay Global Convertible Bond Fund (Canada)	10.9
RBC High Yield Bond Fund	6.2
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, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$765 million as of December 31, 2017, from \$530 million at the end of 2016. The increase was due mostly to net inflows.

Over the past year, the Fund's Series A units gained 2.6%, which underperformed the 4.4% rise in the benchmark. The broad-based index rose 2.5%. 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.

Stronger-than-expected global economic growth, low financial-market volatility and generally strong demand for emerging-market assets were among the elements that helped emerging-market currencies outpace those of the developed world, in some cases by more than 10%. These included some currencies in Eastern Europe, which were supported by rising exports to Germany, and currencies

of countries such as Brazil and Russia, where consumer inflation has slowed and which now offer attractive after-inflation yields. Other currencies that fared well included South Africa's rand and Chile's peso, which benefited from political developments perceived as market-friendly.

The Fund was positioned more heavily in Latin America than its benchmark, a strategy that worked well as regional currencies rallied after having weakened in the aftermath of Donald Trump's U.S. presidential victory in November 2016. At the same time, the portfolio manager was selective about which currencies to own and leaned away from countries such as South Africa, which were characterized by less stable external funding, deteriorating fiscal trends and, at times, elevated political uncertainty. These positions had a negative impact on relative performance.

Recent Developments

The focus will likely shift in 2018 to take into account a busy election docket, particularly in Latin America. In addition to political considerations, tightening by several of the world's major central banks may precipitate larger currency fluctuations. The portfolio manager is mindful that improving economic growth can continue to support emerging-market currencies in the year ahead, but is wary of high levels of investor complacency. In 2018, higher costs of borrowing and volatility are likely to punish currencies of nations with large fiscal and trade deficits. As a result, the portfolio manager continues to favour currencies of countries with stable fiscal policies, attractive growth rates and governments undertaking economic reforms.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	9.43	0.50	(0.16)	0.08	(0.46)	(0.04)	(0.33)	—	—	—	(0.33)	9.35
Dec. 31, 2016	9.73	0.58	(0.17)	(0.04)	(1.14)	(0.77)	(0.26)	—	—	—	(0.26)	9.43
Dec. 31, 2015 ³	10.00 [†]	0.20	(0.08)	—	0.14	0.26	(0.35)	—	—	—	(0.35)	9.73
Advisor Series												
Dec. 31, 2017	9.43	0.50	(0.16)	0.08	(0.39)	0.03	(0.33)	—	—	—	(0.33)	9.36
Dec. 31, 2016	9.73	0.48	(0.16)	(0.03)	(0.32)	(0.03)	(0.27)	—	—	—	(0.27)	9.43
Dec. 31, 2015 ³	10.00 [†]	0.20	(0.08)	—	0.14	0.26	(0.35)	—	—	—	(0.35)	9.73
Series D												
Dec. 31, 2017	9.44	0.53	(0.11)	0.08	(0.47)	0.03	(0.35)	—	—	—	(0.35)	9.39
Dec. 31, 2016	9.73	0.45	(0.11)	(0.03)	(0.28)	0.03	(0.31)	—	—	—	(0.31)	9.44
Dec. 31, 2015 ³	10.00 [†]	0.21	(0.05)	—	0.14	0.30	(0.37)	—	—	—	(0.37)	9.73
Series F												
Dec. 31, 2017	9.45	0.47	(0.08)	0.07	(0.57)	(0.11)	(0.37)	—	—	—	(0.37)	9.42
Dec. 31, 2016	9.74	0.48	(0.08)	(0.03)	(0.37)	—	(0.33)	—	—	—	(0.33)	9.45
Dec. 31, 2015 ³	10.00 [†]	0.20	(0.04)	—	0.14	0.30	(0.38)	—	—	—	(0.38)	9.74
Series O												
Dec. 31, 2017	10.22	0.51	—	0.08	0.09	0.68	(0.45)	—	—	—	(0.45)	10.22
Dec. 31, 2016	10.51	0.48	—	(0.03)	(0.17)	0.28	(0.42)	—	—	—	(0.42)	10.22
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, 2017	9.35	706	75	1.68	1.68	n/a	—
Dec. 31, 2016	9.43	280	30	1.74	1.74	n/a	—
Dec. 31, 2015 ⁴	9.73	2 315	238	1.75	1.75	n/a	—
Advisor Series							
Dec. 31, 2017	9.36	208	22	1.64	1.64	n/a	—
Dec. 31, 2016	9.43	81	9	1.68	1.68	n/a	—
Dec. 31, 2015 ⁴	9.73	168	17	1.75	1.75	n/a	—
Series D							
Dec. 31, 2017	9.39	443	47	1.19	1.19	n/a	—
Dec. 31, 2016	9.44	225	24	1.19	1.19	n/a	—
Dec. 31, 2015 ⁴	9.73	111	11	1.19	1.19	n/a	—
Series F							
Dec. 31, 2017	9.42	17 731	1 883	0.85	0.85	n/a	—
Dec. 31, 2016	9.45	2 602	275	0.87	0.87	n/a	—
Dec. 31, 2015 ⁴	9.74	2 794	287	0.91	0.91	n/a	—
Series O							
Dec. 31, 2017	10.22	746 387	73 018	0.02	0.02	n/a	—
Dec. 31, 2016	10.22	526 507	51 525	0.02	0.02	n/a	—
Dec. 31, 2015	10.51	251 912	23 964	0.02	0.02	n/a	—
Dec. 31, 2014 ⁵	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.

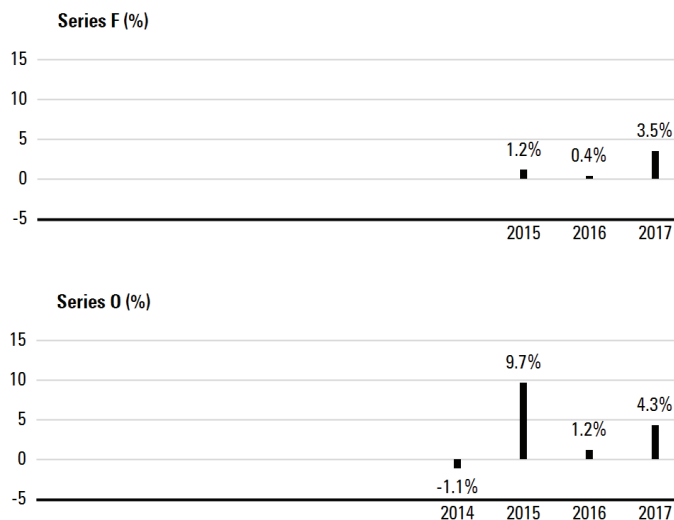
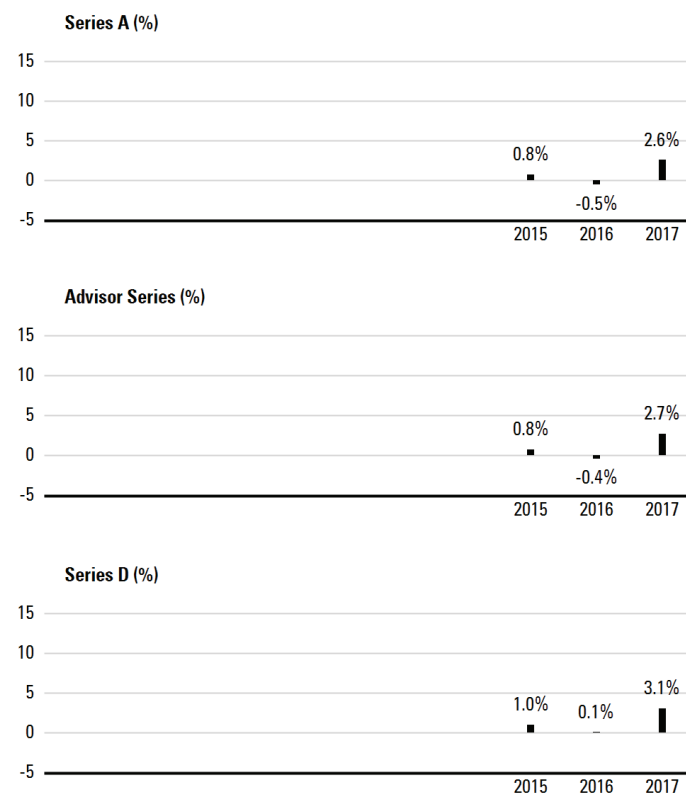


PAST PERFORMANCE

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.





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, 2017, 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	2.6	—	—	—	1.2
Benchmark	4.4	—	—	—	2.6
Broad-based index	2.5	—	—	—	1.6
Advisor Series	2.7	—	—	—	1.3
Benchmark	4.4	—	—	—	2.6
Broad-based index	2.5	—	—	—	1.6
Series D	3.1	—	—	—	1.7
Benchmark	4.4	—	—	—	2.6
Broad-based index	2.5	—	—	—	1.6
Series F	3.5	—	—	—	2.1
Benchmark	4.4	—	—	—	2.6
Broad-based index	2.5	—	—	—	1.6
Series O	4.3	5.0	—	—	4.5
Benchmark	4.4	4.9	—	—	4.6
Broad-based index	2.5	2.6	—	—	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 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.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Commercial Paper	63.0
Bankers Acceptances and Bank Obligations	35.6
Cash/Other	1.4

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	
Chinese renminbi	10.2
Mexican peso	9.2
South Korean won	9.1
Indian rupee	8.7
Russian ruble	6.9
Singapore dollar	6.5
Brazilian real	5.6
Turkish new lira	5.0
Polish zloty	4.3
New Taiwan dollar	4.0
Thailand baht	3.8
Czech koruna	3.6
Malaysian ringgit	3.5
Indonesian rupiah	3.4
Hungarian forint	2.3
Philippine peso	2.0
Peruvian nuevo sol	2.0
Argentinian peso	2.0
Chilean peso	1.5
Israeli new shekel	1.5
Romanian leu	1.5
United States dollar	1.4
Colombian peso	1.1
Canadian dollar	0.5
South African rand	0.4
Total	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.



FIXED-INCOME FUND

RBC EMERGING MARKETS BOND FUND

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund's risk rating changed from medium to low-to-medium.

Results of Operations

The Fund's net asset value rose to \$826 million as of December 31, 2017, from \$694 million at the end of 2016. The increase was due to net inflows.

Over the past year, the Fund's Series A units gained 0.8%, which underperformed the 3.2% 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 year began amid fears that anti-trade decisions would hurt emerging-market exporters and that large U.S. fiscal deficits would drive up interest rates and hurt countries that borrow in U.S. dollars. Those fears began to recede as signs of solid Chinese economic expansion, rebounding growth in Europe and Japan, and faster expansions in emerging markets took centre stage in investors' minds. Also, as the new U.S. administration struggled to get legislation passed, fears of rapidly rising U.S. Treasury yields began to diminish. The combination of better global growth and stable U.S. yields bolstered emerging-market sovereign bonds. Stronger prices for commodities aided resources-related debt, particularly in Africa, to post strong returns even as fiscal deficits in many African countries remained pronounced and debt loads grew significantly.

The Fund benefited from its selection of investment-grade bonds, but returns were hurt by a lack of exposure to investments in higher-yielding African bonds. The Fund held below-benchmark positions in Venezuela. The country's bonds traded at about 21% of face value at the end of 2017 and accounted for less than 1% of the portfolio.

Recent Developments

Global growth seems to have peaked in the fourth quarter, notably in China. The portfolio manager expects modestly slower growth in 2018 and is carefully monitoring the impact of the transition to tighter interest-rate policies in the U.S. and Europe. The Fund currently places an emphasis on shorter-dated securities relative to its index, which reduces the portfolio's sensitivity to changes in interest rates.

The premiums that investors require to hold corporate and other non-government bonds are nearing recent lows in a sign of increased risk-taking, so the portfolio manager is maintaining a more conservative profile. The portfolio manager expects volatility to rise in 2018 as the U.S. prepares to renegotiate the North American Free Trade Agreement with Mexico and Canada, investors prepare for the impact of elections on emerging-market economies and the U.S. Federal Reserve continues with rate hikes.

Effective August 1, 2017, RBC GAM became the portfolio manager of the 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. The sub-advisor earns a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisor is paid by the manager from the management fee paid by 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	11.71	0.63	(0.21)	0.20	(0.55)	0.07	(0.41)	—	(0.15)	—	(0.56)	11.25
Dec. 31, 2016	11.88	0.66	(0.21)	0.47	(0.44)	0.48	(0.43)	—	(0.27)	—	(0.70)	11.71
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
Advisor Series												
Dec. 31, 2017	11.69	0.63	(0.21)	0.20	(0.50)	0.12	(0.40)	—	(0.15)	—	(0.55)	11.23
Dec. 31, 2016	11.86	0.66	(0.21)	0.47	(0.40)	0.52	(0.43)	—	(0.27)	—	(0.70)	11.69
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
Series D												
Dec. 31, 2017	11.84	0.64	(0.13)	0.20	(0.59)	0.12	(0.49)	—	(0.15)	—	(0.64)	11.38
Dec. 31, 2016	12.01	0.67	(0.13)	0.47	(0.48)	0.53	(0.51)	—	(0.27)	—	(0.78)	11.84
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
Series F												
Dec. 31, 2017	11.67	0.62	(0.11)	0.20	(0.54)	0.17	(0.50)	—	(0.15)	—	(0.65)	11.22
Dec. 31, 2016	11.85	0.65	(0.11)	0.46	(0.39)	0.61	(0.53)	—	(0.27)	—	(0.80)	11.67
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
Series O												
Dec. 31, 2017	11.68	0.62	(0.01)	0.20	(0.55)	0.26	(0.60)	—	(0.15)	—	(0.75)	11.22
Dec. 31, 2016	11.86	0.66	(0.01)	0.47	(0.37)	0.75	(0.63)	—	(0.27)	—	(0.90)	11.68
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

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, 2017	11.25	44 235	3 931	1.78	1.78	44.95	—
Dec. 31, 2016	11.71	47 698	4 074	1.77	1.77	43.71	—
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	—
Advisor Series							
Dec. 31, 2017	11.23	24 656	2 195	1.80	1.80	44.95	—
Dec. 31, 2016	11.69	30 789	2 634	1.79	1.79	43.71	—
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	—
Series D							
Dec. 31, 2017	11.38	17 858	1 569	1.12	1.12	44.95	—
Dec. 31, 2016	11.84	18 247	1 541	1.11	1.11	43.71	—
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	—
Series F							
Dec. 31, 2017	11.22	148 733	13 255	0.96	0.96	44.95	—
Dec. 31, 2016	11.67	122 035	10 457	0.94	0.94	43.71	—
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	—
Series O							
Dec. 31, 2017	11.22	590 639	52 610	0.12	0.12	44.95	—
Dec. 31, 2016	11.68	475 023	40 674	0.11	0.11	43.71	—
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	—

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	0.90%	17%	83%
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.

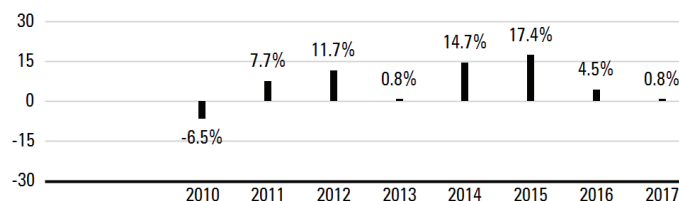
PAST PERFORMANCE

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.

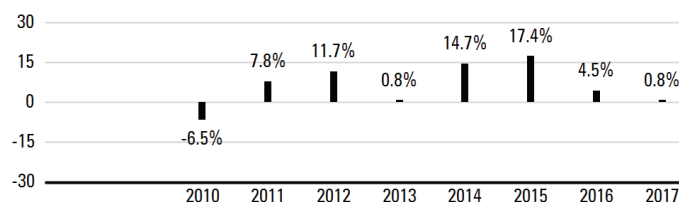
Year-by-Year Returns (%)

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.

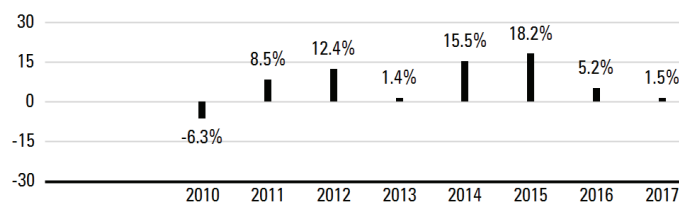
Series A (%)



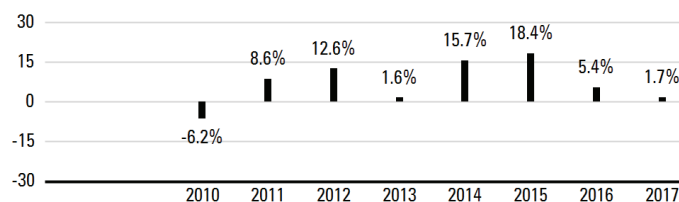
Advisor Series (%)



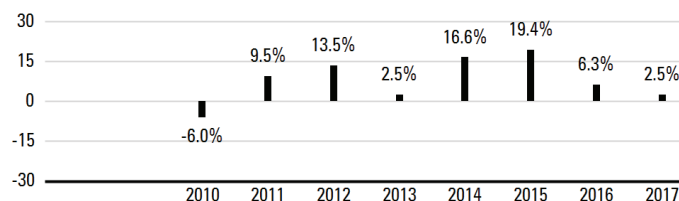
Series D (%)



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, 2017, 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	0.8	7.4	7.4	—	6.7
Benchmark	3.2	10.0	9.6	—	8.8
Advisor Series	0.8	7.4	7.4	—	6.7
Benchmark	3.2	10.0	9.6	—	8.8
Series D	1.5	8.1	8.1	—	7.4
Benchmark	3.2	10.0	9.6	—	8.8
Series F	1.7	8.3	8.3	—	7.6
Benchmark	3.2	10.0	9.6	—	8.8
Series O	2.5	9.1	9.2	—	8.5
Benchmark	3.2	10.0	9.6	—	8.8

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

Series A, Advisor Series, Series D, Series F and Series O units have been available for sale to unitholders 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, 2017

Investment Mix

	% of Net Asset Value
Mexico	5.1
Indonesia	5.1
Russia	4.2
Peru	3.8
Brazil	3.3
Turkey	3.1
United States	3.1
Dominican Republic	3.0
Argentina	3.0
China	2.8
South Africa	2.6
Croatia	2.6
Kazakhstan	2.5
Panama	2.4
Colombia	2.4
Serbia	2.3
Hungary	2.1
Uruguay	2.1
Malaysia	2.0
Investment Funds	1.9
Romania	1.5
Vietnam	1.4
Qatar	1.4
Philippines	1.3
Chile	1.2
Venezuela	0.7
Other Countries	30.7
Cash/Other	2.4



SUMMARY OF INVESTMENT PORTFOLIO (cont.)

(after consideration of derivative products, if any)

As at December 31, 2017

Top 25 Holdings

	% of Net Asset Value
United States Treasury 2.250% Feb 15 2027	3.1
Peruvian Government USD 8.750% Nov 21 2033	2.9
Dominican Republic USD 7.450% Apr 30 2044	2.0
Russian Foreign Bond - Eurobond USD 4.750% May 27 2026	1.7
Pemex Project Funding Master Trust USD 6.625% Jun 15 2035	1.6
Republic of Serbia USD 7.250% Sep 28 2021	1.6
Government of Poland USD 5.125% Apr 21 2021	1.5
Republic of Vietnam USD 4.800% Nov 19 2024	1.4
Ukraine Government USD 7.750% Sep 1 2022	1.4
1MDB Energy Ltd. USD 5.990% May 11 2022	1.4
Republic of Panama USD 7.125% Jan 29 2026	1.4
Government of Ecuador USD 7.950% Jun 20 2024	1.4
Export Credit Bank of Turkey USD 5.375% Feb 8 2021	1.4
Republic of Philippines USD 7.750% Jan 14 2031	1.3
Republic of Colombia USD 6.125% Jan 18 2041	1.3
Government of Indonesia USD 5.250% Jan 17 2042	1.3
VanEck Vectors J.P. Morgan EM Local Currency Bond Fund	1.2
Government of Poland USD 3.250% Apr 6 2026	1.2
Republic of Chile USD 3.860% Jun 21 2047	1.2
Croatia Government USD 6.750% Nov 5 2019	1.2
Republic of Colombia USD 8.125% May 21 2024	1.2
Hungary Government USD 5.375% Mar 25 2024	1.1
United Mexican States USD 5.750% Oct 12 2110	1.1
Republic of Argentina USD 7.625% Apr 22 2046	1.1
Russian Foreign Bond - Eurobond USD 4.875% Sep 16 2023	1.1
Top 25 Holdings	37.1

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



FIXED-INCOME FUND

**RBC EMERGING MARKETS BOND FUND
(CAD HEDGED)**

December 31, 2017

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

Sub-Advisor (*for the underlying fund*): 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 8, 2018.

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, while minimizing the exposure to currency fluctuations between foreign currencies and the Canadian dollar.

The Fund invests up to 100% of its net assets in units of the RBC Emerging Markets Bond Fund (the “underlying fund”), which is sub-advised by RBC Global Asset Management (UK) Limited. The underlying fund 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 underlying fund may also invest in bonds of these countries denominated in another G-7 currency or in the local currencies of these countries. The Fund uses currency hedges to minimize the impact of fluctuations in foreign currencies versus the Canadian dollar.

Risk

The Fund has multiple risks, which are similar to the risks of investing in the underlying fund. 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the “new risk classification methodology”). Pursuant to the new risk classification methodology, certain funds’ risk ratings were changed. RBC GAM reviews each fund’s risk rating on an annual basis or if there has been a material change to a fund’s investment objectives or investment strategies. Any changes to a fund’s risk rating are the result of RBC GAM’s annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund’s risk rating changed from medium to low-to-medium.

Results of Operations

The Fund’s net asset value rose to \$5 million as of December 31, 2017, from \$448,000 at the end of 2016. The increase was due to net inflows.

Over the past year, the Fund’s Series A units gained 6.8%, which underperformed the 9.8% 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.

The year began amid fears that anti-trade decisions would hurt emerging-market exporters and that large U.S. fiscal deficits would drive up interest rates and hurt countries that borrow in U.S. dollars. Those fears began to recede as signs of solid Chinese economic expansion, rebounding growth in Europe and Japan, and faster expansions in emerging markets took centre stage in investors’ minds. Also, as the new U.S. administration struggled to get legislation passed, fears of rapidly rising U.S. Treasury yields began to diminish. The combination of better global growth and stable U.S. yields bolstered emerging-market sovereign bonds. Stronger prices for commodities aided resources-related debt, particularly in Africa, to post strong returns even as fiscal deficits in many African countries remained pronounced and debt loads grew significantly.

The Fund benefited from its selection of investment-grade bonds, but returns were hurt by a lack of exposure to investments in higher-yielding African bonds. The Fund held below-benchmark positions in Venezuela. The country’s bonds traded at about 21% of face value at the end of 2017 and accounted for less than 1% of the portfolio.

Unitholders benefited from the Fund’s currency-hedge policy in 2017, protected from the U.S. dollar’s decline against the Canadian dollar.

Recent Developments

Global growth seems to have peaked in the fourth quarter, notably in China. The portfolio manager expects modestly slower growth in 2018 and is carefully monitoring the impact of the transition to tighter interest-rate policies in the U.S. and Europe. The Fund currently places an emphasis on shorter-dated securities relative to its index, which reduces the portfolio’s sensitivity to changes in interest rates.

The premiums that investors require to hold corporate and other non-government bonds are nearing recent lows in a sign of increased risk-taking, so the portfolio manager is maintaining a more conservative profile. The portfolio manager expects volatility to rise in 2018 as the U.S. prepares to renegotiate the North American Free Trade Agreement with Mexico and Canada, investors prepare for the impact of elections on emerging-market economies and the U.S. Federal Reserve continues with rate hikes.



Effective August 1, 2017, RBC GAM became the portfolio manager of the RBC Emerging Markets Bond Fund, the underlying fund of the 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. The sub-advisor earns a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisor is paid by the manager from the management fee paid by 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	9.31	0.40	(0.18)	0.18	(0.05)	0.35	(0.30)	—	(0.23)	—	(0.53)	9.41
Dec. 31, 2016 ³	10.00 [†]	0.29	(0.09)	0.33	(1.05)	(0.52)	(0.12)	—	(0.18)	—	(0.30)	9.31
Advisor Series												
Dec. 31, 2017	9.32	0.49	(0.17)	0.21	(0.13)	0.40	(0.31)	—	(0.25)	—	(0.56)	9.40
Dec. 31, 2016 ³	10.00 [†]	0.34	(0.09)	0.39	(1.03)	(0.39)	(0.12)	—	(0.18)	—	(0.30)	9.32
Series D												
Dec. 31, 2017	9.31	0.46	(0.10)	0.20	(0.13)	0.43	(0.38)	—	(0.25)	—	(0.63)	9.39
Dec. 31, 2016 ³	10.00 [†]	0.34	(0.07)	0.39	(1.03)	(0.37)	(0.14)	—	(0.18)	—	(0.32)	9.31
Series F												
Dec. 31, 2017	9.31	0.52	(0.09)	0.23	(0.19)	0.47	(0.38)	—	(0.25)	—	(0.63)	9.39
Dec. 31, 2016 ³	10.00 [†]	0.22	(0.06)	0.25	(0.39)	0.02	(0.14)	—	(0.18)	—	(0.32)	9.31
Series O												
Dec. 31, 2017	9.31	0.70	(0.02)	0.31	(0.24)	0.75	(0.47)	—	(0.19)	—	(0.66)	9.44
Dec. 31, 2016 ³	10.00 [†]	0.31	(0.05)	0.36	(0.87)	(0.25)	(0.16)	—	(0.18)	—	(0.34)	9.31

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

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

³ From June 27, 2016.

[†] 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, 2017	9.41	574	61	1.89	1.97	87.18	—
Dec. 31, 2016 ⁴	9.31	19	2	1.86	2.31	19.87	—
Advisor Series							
Dec. 31, 2017	9.40	26	3	1.76	1.84	87.18	—
Dec. 31, 2016 ⁴	9.32	1	—	1.71	2.16	19.87	—
Series D							
Dec. 31, 2017	9.39	95	10	1.13	1.21	87.18	—
Dec. 31, 2016 ⁴	9.31	1	—	1.18	1.63	19.87	—
Series F							
Dec. 31, 2017	9.39	3 722	396	1.01	1.09	87.18	—
Dec. 31, 2016 ⁴	9.31	179	19	1.01	1.46	19.87	—
Series O							
Dec. 31, 2017	9.44	630	67	0.18	0.26	87.18	—
Dec. 31, 2016 ⁴	9.31	248	27	0.17	0.62	19.87	—

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

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

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⁴ From June 27, 2016.

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*
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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 (%)





**RBC EMERGING MARKETS BOND FUND
(CAD HEDGED)**

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, 2017, compared with the following benchmark:

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	6.8	—	—	—	2.1
Benchmark	9.8	—	—	—	4.4
Advisor Series	7.0	—	—	—	2.2
Benchmark	9.8	—	—	—	4.4
Series D	7.7	—	—	—	2.9
Benchmark	9.8	—	—	—	4.4
Series F	7.7	—	—	—	2.9
Benchmark	9.8	—	—	—	4.4
Series O	8.6	—	—	—	3.8
Benchmark	9.8	—	—	—	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 A, Advisor Series, Series D, Series F and Series O units have been available for sale to unitholders since September 26, 2016.

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 (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, 2017

Investment Mix

	% of Net Asset Value
Income Funds	98.2
Cash/Other	1.8

Top 25 Holdings*

	% of Net Asset Value
United States Treasury 2.250% Feb 15 2027	3.1
Peruvian Government USD 8.750% Nov 21 2033	2.9
Dominican Republic USD 7.450% Apr 30 2044	2.0
Russian Foreign Bond - Eurobond USD 4.750% May 27 2026	1.7
Pemex Project Funding Master Trust USD 6.625% Jun 15 2035	1.6
Republic of Serbia USD 7.250% Sep 28 2021	1.6
Government of Poland USD 5.125% Apr 21 2021	1.5
Republic of Vietnam USD 4.800% Nov 19 2024	1.4
Ukraine Government USD 7.750% Sep 1 2022	1.4
1MDB Energy Ltd. USD 5.990% May 11 2022	1.4
Republic of Panama USD 7.125% Jan 29 2026	1.4
Government of Ecuador USD 7.950% Jun 20 2024	1.4
Export Credit Bank of Turkey USD 5.375% Feb 8 2021	1.4
Republic of Philippines USD 7.750% Jan 14 2031	1.3
Republic of Colombia USD 6.125% Jan 18 2041	1.3
Government of Indonesia USD 5.250% Jan 17 2042	1.3
VanEck Vectors J.P. Morgan EM Local Currency Bond Fund	1.2
Government of Poland USD 3.250% Apr 6 2026	1.2
Republic of Chile USD 3.860% Jun 21 2047	1.2
Croatia Government USD 6.750% Nov 5 2019	1.2
Republic of Colombia USD 8.125% May 21 2024	1.2
Hungary Government USD 5.375% Mar 25 2024	1.1
United Mexican States USD 5.750% Oct 12 2110	1.1
Republic of Argentina USD 7.625% Apr 22 2046	1.1
Russian Foreign Bond - Eurobond USD 4.875% Sep 16 2023	1.1
Top 25 Holdings	37.1

* The Fund invests substantially all of its assets directly in the RBC Emerging Markets Bond Fund. The above are the Top 25 holdings of the RBC Emerging Markets Bond 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.



FIXED-INCOME FUND

BLUEBAY GLOBAL MONTHLY INCOME BOND FUND

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund's risk rating changed from medium to low-to-medium.

Results of Operations

The Fund's net asset value rose to \$1.7 billion as of December 31, 2017, from \$1.4 billion at the end of 2016. The increase was due to net inflows.

Over the past year, the Fund's Series A units gained 5.6%, which outperformed the 2.5% 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 2017, the Fund made monthly distributions of 3.35 cents per Series A unit. For the year, the Fund made total distributions of approximately 40 cents per Series A unit, consisting of 34 cents per unit of interest and 6 cents of return of capital.

Stocks and non-government bonds generated strong returns over much of 2017 given accelerating global economic growth and earnings, as well as the continuation of relatively accommodative monetary policies by major central banks. Corporate earnings surged in North America and Europe, resulting in modest reductions in overall debt levels and a continued decline in default rates.

The Fund's overall performance benefited from exposure to emerging-market corporate bonds and taxpayer-friendly bank bonds that would convert to equity in a financial crisis (financial-capital bonds). Security selection had a negative impact on relative returns over the period due mainly to allocations to high-yield and emerging-market securities denominated in local currencies.

In Canadian-dollar terms, the high-yield market posted a return of 7.5%; the financial-capital bond market returned 14.7%; the convertible bond market returned 5.7%; the emerging-market sovereign market measured in developed-market currencies returned 9.8%; the emerging-market sovereign local-currency debt market returned 7.6%; the emerging-market corporate market returned 7.4%; and the emerging-market local-currency corporate market returned 2.2% during the period after this area of investment was added to the portfolio in May.

Portfolio turnover is normally high for this Fund, as the sub-advisor attempts to generate better returns through active security selection.

Recent Developments

The Fund continues to have exposure to emerging-market corporate bonds denominated in currencies of local and developed markets in the sub-advisor's belief that these types of securities will benefit from strong global growth in 2018. The sub-advisor has also maintained an allocation to financial capital bonds.

As of December 31, 2017, 34% of the Fund was invested in high-yield fixed income; 12% in emerging-market securities denominated in developed-market currencies; 15% in emerging-market local currency; 5% in emerging-market corporate bonds; 10% in emerging-market local-currency corporate fixed income; 12% in convertible bonds; and 10% in financial capital bonds.

Effective January 1, 2018, management fees will be reduced as follows: from 1.65% to 1.50% for Series A and Advisor Series units; from 1.05% to 0.90% for Series D units; and from 0.90% to 0.75% for Series F and Series I 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. The sub-advisor earns a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisor is paid by the manager from the management fee paid by 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	9.36	0.49	(0.19)	0.18	0.05	0.53	(0.34)	—	—	(0.06)	(0.40)	9.48
Dec. 31, 2016	9.23	0.46	(0.19)	0.12	0.14	0.53	(0.35)	—	—	(0.05)	(0.40)	9.36
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
Advisor Series												
Dec. 31, 2017	9.36	0.49	(0.20)	0.18	0.07	0.54	(0.34)	—	—	(0.06)	(0.40)	9.48
Dec. 31, 2016	9.23	0.46	(0.19)	0.12	0.15	0.54	(0.35)	—	—	(0.05)	(0.40)	9.36
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
Series D												
Dec. 31, 2017	9.77	0.51	(0.13)	0.18	0.06	0.62	(0.34)	—	—	(0.06)	(0.40)	9.98
Dec. 31, 2016	9.55	0.48	(0.13)	0.13	0.14	0.62	(0.35)	—	—	(0.05)	(0.40)	9.77
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
Series F												
Dec. 31, 2017	9.85	0.52	(0.12)	0.19	0.06	0.65	(0.34)	—	—	(0.06)	(0.40)	10.08
Dec. 31, 2016	9.61	0.48	(0.12)	0.13	0.15	0.64	(0.35)	—	—	(0.05)	(0.40)	9.85
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
Series I												
Dec. 31, 2017	9.89	0.53	(0.11)	0.19	0.12	0.73	(0.34)	—	—	(0.06)	(0.40)	10.14
Dec. 31, 2016	9.65	0.48	(0.11)	0.13	0.17	0.67	(0.35)	—	—	(0.05)	(0.40)	9.89
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



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, 2017	10.08	0.53	(0.02)	0.19	0.02	0.72	(0.49)	—	—	—	(0.49)	10.33
Dec. 31, 2016	9.80	0.49	(0.02)	0.13	0.15	0.75	(0.47)	—	—	—	(0.47)	10.08
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

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, 2017	9.48	34 078	3 595	2.03	2.03	143.02	—
Dec. 31, 2016	9.36	38 983	4 165	2.04	2.04	198.75	—
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	—
Advisor Series							
Dec. 31, 2017	9.48	27 156	2 865	2.06	2.06	143.02	—
Dec. 31, 2016	9.36	33 648	3 594	2.05	2.05	198.75	—
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	—
Series D							
Dec. 31, 2017	9.98	8 890	891	1.33	1.33	143.02	—
Dec. 31, 2016	9.77	9 154	937	1.33	1.33	198.75	—
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	—
Series F							
Dec. 31, 2017	10.08	50 458	5 006	1.21	1.21	143.02	—
Dec. 31, 2016	9.85	60 566	6 150	1.22	1.22	198.75	—
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	—
Series I							
Dec. 31, 2017	10.14	5 751	567	1.11	1.11	143.02	—
Dec. 31, 2016	9.89	11 163	1 128	1.12	1.12	198.75	—
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	—



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, 2017	10.33	1 560 487	150 967	0.22	0.22	143.02	—
Dec. 31, 2016	10.08	1 230 568	122 099	0.22	0.22	198.75	—
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	—

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	1.65%	45%	55%
Advisor Series	1.65%	45%	55%
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.

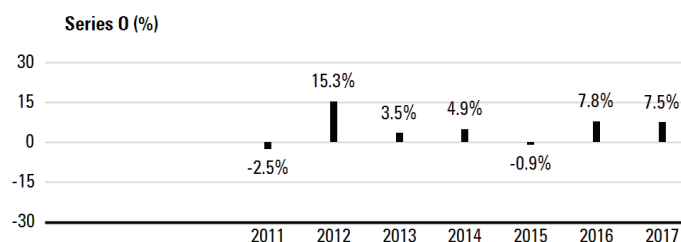
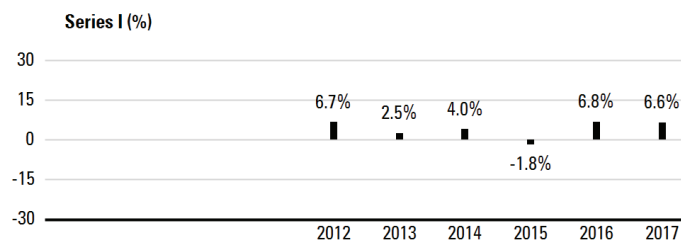
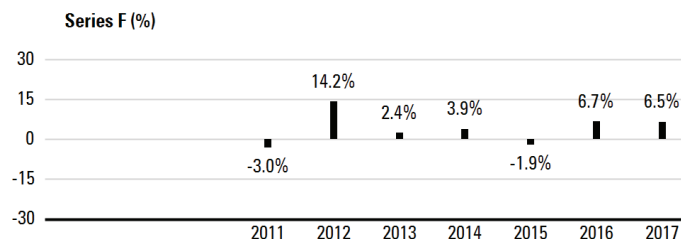
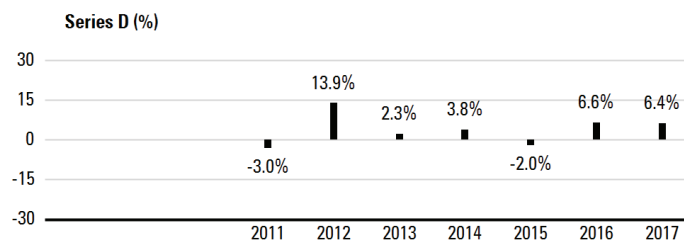
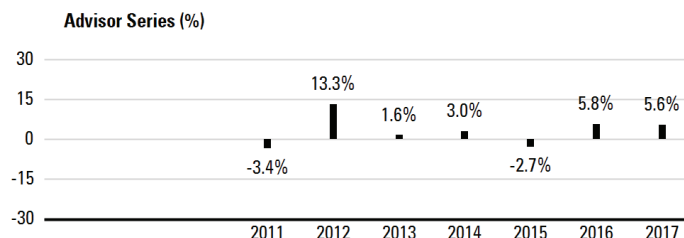
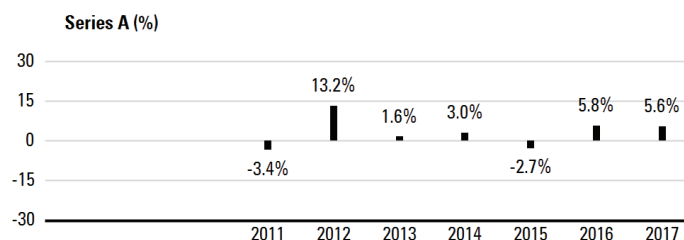


PAST PERFORMANCE

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, 2017, 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	5.6	2.9	2.6	—	3.5
Benchmark	2.5	2.6	3.0	—	3.8
Advisor Series	5.6	2.8	2.6	—	3.5
Benchmark	2.5	2.6	3.0	—	3.8
Series D	6.4	3.6	3.4	—	4.2
Benchmark	2.5	2.6	3.0	—	3.8
Series F	6.5	3.7	3.5	—	4.3
Benchmark	2.5	2.6	3.0	—	3.8
Series I	6.6	3.8	3.6	—	4.5
Benchmark	2.5	2.6	3.0	—	2.9
Series O	7.5	4.7	4.5	—	5.4
Benchmark	2.5	2.6	3.0	—	3.8

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 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.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
United States	24.1
United Kingdom	5.0
Brazil	4.4
Mexico	4.0
Netherlands	3.4
South Africa	3.2
China	3.0
Russia	2.9
Spain	2.6
Turkey	2.5
Italy	2.2
Indonesia	2.2
Argentina	2.0
Japan	2.0
Colombia	1.8
Malaysia	1.8
France	1.7
Peru	1.2
Chile	1.0
Nigeria	1.0
Germany	1.0
India	0.9
Canada	0.8
Other Countries	15.3
Cash/Other	10.0



SUMMARY OF INVESTMENT PORTFOLIO (cont.)

(after consideration of derivative products, if any)

As at December 31, 2017

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	7.1
Republic of South Africa ZAR 10.500% Dec 21 2026	1.2
CaixaBank S.A. EUR 6.750% Dec 31 2099	1.2
Mexican Bonos MXN 6.500% Jun 10 2021	1.0
Brazil Notas do Tesouro Nacional Serie F BRL 10.000% Jan 1 2023	1.0
Stichting AK Rabobank Certificaten EUR 6.500% Dec 29 2049	1.0
Intesa Sanpaolo S.p.A. EUR 7.750% Dec 29 2049	1.0
Nationwide Building Society GBP 10.250% Dec 31 2040	0.9
Bankia S.A. EUR 6.000% Dec 31 2099	0.9
Indonesia Treasury IDR 8.250% May 15 2036	0.9
Barclays Plc. GBP 7.250% Dec 31 2099	0.8
Bonos de la Tesoreria de la Republica en Pesos CLP 4.500% Mar 1 2026	0.8
ABN AMRO Bank N.V. EUR 4.750% Dec 31 2099	0.8
Malaysia Government MYR 3.800% Aug 17 2023	0.6
Government of Poland PLN 2.500% Jul 25 2027	0.6
Republic of Turkey TRY 11.000% Mar 2 2022	0.6
Credit Suisse Group AG USD 7.125% Dec 31 2099	0.5
Cequel Communications Holdings I LLC 5.125% Dec 15 2021	0.5
Momentive Performance Materials Inc. 3.880% Oct 24 2021	0.5
Solera LLC 10.500% Mar 1 2024	0.5
U.S. Treasury Long Bond Future, March 2018	(0.8)
CME Ultra Long Term U.S. Treasury Bond Future, March 2018	(1.1)
United States 10-Year Ultra Future, March 2018	(1.2)
United States 5-Year Note Future, March 2018	(4.6)
United States 10-Year Note Future, March 2018	(6.2)
Top 25 Holdings	8.5

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

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



FIXED-INCOME FUND

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

December 31, 2017

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 8, 2018.

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 modest capital appreciation by investing primarily in fixed-income securities issued by sovereign governments and entities (including emerging-market countries) anywhere in the world. The Fund may also invest in corporate debt securities globally.

To achieve the Fund's objectives, the sub-advisor conducts detailed analysis examining economic growth, inflation, and the fiscal and monetary policy of each country 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$1.2 billion as of December 31, 2017, from \$119 million at the end of 2016. The increase was due largely to net inflows.

Over the past year, the Fund's Series A units gained 2.0%, which outperformed the 1.8% 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.

The U.S. Federal Reserve (the "Fed") raised interest rates three times in 2017, reflecting rising global economic growth. However, subdued inflation confined U.S. Treasury yields to a fairly narrow range until September, reflecting a shift by the Fed to a tighter monetary policy and speculation that growth-friendly U.S. tax reforms might require additional monetary tightening to head off inflationary concerns. European bond yields also remained in a fairly tight range as the European Central Bank (the "ECB") prepared to phase out extreme levels of monetary support.

This backdrop of benign inflation and stronger global growth was positive for higher-yielding corporate bonds and other risky assets. While periods of weakness occurred during the run-up to French elections in May, North Korea's missile tests and Middle East tensions, the macroeconomic backdrop mix of strong growth, low inflation and steady Fed policy led to gains in non-government bonds relative to sovereign fixed income.

Sovereign bonds – fixed-income securities issued by national governments – added the most to the Fund's relative returns during the period due both to preferences for specific issuers and an overall preference for sovereign bonds. Returns were boosted by exposure to bonds issued by governments in Macedonia, Slovakia, Indonesia, Israel, Cyprus, Mexico, Italy and Portugal.

The Fund's positioning regarding the direction of market interest rates was a positive for relative returns, in part due to U.S. allocations. These investments worked particularly well in the final quarter of the year. The sub-advisor kept its exposure to U.K. bonds below benchmark levels in the belief that yields did not reflect the risks associated with the U.K.'s plan to leave the European Union. Meanwhile, the Fund's exposure to European bonds was held at levels that exceeded the benchmark, although this position was scaled back toward the end of the year.

Portfolio turnover is normally high for this Fund, as the sub-advisor attempts to generate better returns through active security selection.

Recent Developments

The macroeconomic outlook in 2018 will be shaped by the pace of inflation and central banks' responses to it. The sub-advisor continues to favour shorter-dated U.S. securities given expectations that inflation will trend higher during the year. The Fund's other large underweight position is to the U.K., where yields do not compensate investors for the risk of inflation, Brexit and a weakened national government.

With solid growth, ECB tapering, a bottoming of inflation and U.S. tax reforms, the risk in the sub-advisor's opinion is core yields breaking higher and leading to pressure on sovereign spreads, particularly after a strong performance in 2017.



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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. The sub-advisor earns a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisor is paid by the manager from the management fee paid by 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	10.03	0.22	(0.15)	0.11	0.07	0.25	(0.04)	—	(0.11)	—	(0.15)	10.08
Dec. 31, 2016 ³	10.00 [†]	0.01	(0.01)	(0.02)	0.05	0.03	—	—	—	—	—	10.03
Advisor Series												
Dec. 31, 2017	10.03	0.20	(0.15)	0.10	0.19	0.34	(0.04)	—	(0.11)	—	(0.15)	10.09
Dec. 31, 2016 ³	10.00 [†]	0.01	(0.01)	(0.02)	0.05	0.03	—	—	—	—	—	10.03
Series D												
Dec. 31, 2017	10.04	0.22	(0.10)	0.11	0.08	0.31	(0.08)	—	(0.11)	—	(0.19)	10.11
Dec. 31, 2016 ³	10.00 [†]	0.01	(0.01)	(0.02)	0.06	0.04	—	—	—	—	—	10.04
Series F												
Dec. 31, 2017	10.04	0.20	(0.07)	0.10	0.09	0.32	(0.10)	—	(0.12)	—	(0.22)	10.10
Dec. 31, 2016 ³	10.00 [†]	0.01	(0.01)	(0.02)	0.06	0.04	—	—	—	—	—	10.04
Series O												
Dec. 31, 2017	10.03	0.25	(0.01)	0.13	0.02	0.39	(0.17)	—	(0.11)	—	(0.28)	10.10
Dec. 31, 2016 ³	10.00 [†]	0.01	—	(0.02)	0.06	0.05	(0.02)	—	—	—	(0.02)	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 1, 2016.

[†] 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, 2017	10.08	15	1	1.47	1.47	136.99	—
Dec. 31, 2016 ⁴	10.03	1	—	1.58	1.58	14.25	—
Advisor Series							
Dec. 31, 2017	10.09	80	8	1.47	1.47	136.99	—
Dec. 31, 2016 ⁴	10.03	1	—	1.58	1.58	14.25	—
Series D							
Dec. 31, 2017	10.11	133	13	1.02	1.02	136.99	—
Dec. 31, 2016 ⁴	10.04	1	—	1.02	1.02	14.25	—
Series F							
Dec. 31, 2017	10.10	566	56	0.69	0.69	136.99	—
Dec. 31, 2016 ⁴	10.04	1	—	0.73	0.74	14.25	—
Series O							
Dec. 31, 2017	10.10	1 248 474	123 616	0.06	0.06	136.99	—
Dec. 31, 2016 ⁴	10.03	119 306	11 896	0.06	0.06	14.25	—

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, 2016.

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	1.35%	56%	44%
Advisor Series	1.35%	56%	44%
Series D	0.85%	29%	71%
Series F	0.60%	—	100%

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

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



PAST PERFORMANCE

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

Year-by-Year Returns (%)

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





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2017, compared with the following benchmark:

Citi World Government Bond Index (Currency-Hedged in CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A	2.0	—	—	—	2.2
Benchmark	1.8	—	—	—	2.1
Advisor Series	2.0	—	—	—	2.2
Benchmark	1.8	—	—	—	2.1
Series D	2.5	—	—	—	2.7
Benchmark	1.8	—	—	—	2.1
Series F	2.8	—	—	—	3.0
Benchmark	1.8	—	—	—	2.1
Series O	3.5	—	—	—	3.7
Benchmark	1.8	—	—	—	2.1

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

Series A, Advisor Series, Series D, Series F and Series O units have been available for sale to unitholders since December 1, 2016.

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

INDEX DESCRIPTION

Citi World Government Bond Index (Currency-Hedged in 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, 2017

Investment Mix

	% of Net Asset Value
United States	11.1
Japan	10.7
Australia	9.6
Germany	8.9
Italy	8.3
Mexico	3.2
Spain	2.1
Macedonia	1.4
New Zealand	1.2
Supranational	0.2
Other Countries	29.0
Cash/Other	14.3

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	13.5
Bundesrepublik Deutschland EUR 0.250% Feb 15 2027	7.7
France O.A.T. EUR 1.000% May 25 2027	5.0
Australia Government AUD 3.250% Oct 21 2018	4.8
United States Treasury 2.875% Nov 15 2046	4.8
France O.A.T. EUR 0.000% May 25 2022	4.8
Buoni Poliennali Del Tesoro EUR 3.500% Jun 1 2018	3.7
Australia Government AUD 5.250% Mar 15 2019	3.3
Japan Government Twenty Year JPY 0.500% Sep 20 2036	2.7
United States Treasury 2.250% Aug 15 2027	2.6
Japanese Government CPI Linked JPY 0.100% Mar 10 2026	2.6
Japan Government Thirty Year JPY 0.600% Dec 20 2046	2.6
Slovakia Government EUR 3.375% Nov 15 2024	2.2
Buoni Poliennali Del Tesoro EUR 5.000% Sep 1 2040	2.1
Russian Federal Bond - OFZ RUB 7.400% Dec 7 2022	2.0
United States Treasury 1.750% Nov 15 2020	1.8
United States Treasury 2.250% Nov 15 2027	1.7
Australia Government AUD 2.750% Nov 21 2027	1.6
Japan Government Ten Year JPY 0.100% Sep 20 2026	1.5
Petroleos Mexicanos MXN 7.470% Nov 12 2026	1.5
Portugal Obrigaçoes do Tesouro EUR 4.100% Apr 15 2037	1.4
Euro-Schatz Future, March 2018	(1.6)
Euro-Buxl 30-Year Bond Future, March 2018	(1.8)
United States 10-Year Note Future, March 2018	(3.2)
United States 2-Year Note Future, March 2018	(3.4)
Top 25 Holdings	63.9

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

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



FIXED-INCOME FUND

**BLUEBAY GLOBAL INVESTMENT GRADE
CORPORATE BOND FUND (CANADA)**

December 31, 2017

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 8, 2018.

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 modest capital appreciation by investing primarily in investment-grade corporate debt securities from anywhere in the world. It may also invest in high-yield debt securities and emerging-market sovereign and corporate bonds globally.

To achieve the Fund's objectives, the sub-advisor conducts detailed company credit and industry 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$1.8 billion as of December 31, 2017, from \$159 million at the end of 2016. The increase was due largely to net inflows.

Over the past year, the Fund's Series A units gained 5.4%, 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 year 2017 was marked by accelerating global growth and relatively benign inflation, allowing central banks to maintain loose monetary policy and creating a favourable backdrop for corporate bonds and other riskier assets. U.S. corporate bonds performed strongly, with yields pulled lower by the weak-inflation outlook and a generally good environment for non-government assets.

European corporate bonds underperformed their U.S. fixed-income counterparts, but still recorded gains. The Fund maintained overweight exposure to riskier positions all year, believing that strong growth would support such assets, while low government yields would push investors into lower-rated corporate bonds in their hunt for income. This was a positive strategy for the Fund.

Most of the outperformance, however, came from sector and security selection. At the sector level, the most meaningful contributor to returns was an overweight position in banks, focused particularly on subordinated bonds of European "national champion" issuers such as Intesa, UniCredit, Crédit Agricole and Royal Bank of Scotland. Overweight positions in defensive issuers in the Health Care and Utilities sectors also contributed to returns. Interest-rate positioning was slightly negative for the Fund's returns relative to benchmark. This position was part of an effort by the sub-advisor to preserve capital in the event of a market downturn.

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 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. The sub-advisor earns a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisor is paid by the manager from the management fee paid by 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	10.11	0.26	(0.16)	0.17	0.16	0.43	(0.09)	—	(0.16)	—	(0.25)	10.40
Dec. 31, 2016 ³	10.00 [†]	0.02	(0.01)	(0.01)	0.11	0.11	—	—	—	—	—	10.11
Advisor Series												
Dec. 31, 2017	10.11	0.29	(0.16)	0.18	0.08	0.39	(0.09)	—	(0.16)	—	(0.25)	10.40
Dec. 31, 2016 ³	10.00 [†]	0.02	(0.01)	(0.01)	0.11	0.11	—	—	—	—	—	10.11
Series D												
Dec. 31, 2017	10.11	0.32	(0.11)	0.20	0.12	0.53	(0.13)	—	(0.16)	—	(0.29)	10.41
Dec. 31, 2016 ³	10.00 [†]	0.02	(0.01)	(0.01)	0.11	0.11	(0.01)	—	—	—	(0.01)	10.11
Series F												
Dec. 31, 2017	10.11	0.25	(0.08)	0.16	0.55	0.88	(0.16)	—	(0.17)	—	(0.33)	10.40
Dec. 31, 2016 ³	10.00 [†]	0.02	(0.01)	(0.01)	0.11	0.11	(0.01)	—	—	—	(0.01)	10.11
Series O												
Dec. 31, 2017	10.09	0.33	(0.01)	0.21	0.15	0.68	(0.23)	—	(0.16)	—	(0.39)	10.39
Dec. 31, 2016 ³	10.00 [†]	0.02	—	(0.01)	0.11	0.12	(0.03)	—	—	—	(0.03)	10.09

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 November 1, 2016.

[†] 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, 2017	10.40	167	16	1.49	1.49	127.79	—
Dec. 31, 2016 ⁴	10.11	1	—	1.58	1.58	8.21	—
Advisor Series							
Dec. 31, 2017	10.40	23	2	1.47	1.47	127.79	—
Dec. 31, 2016 ⁴	10.11	1	—	1.58	1.58	8.21	—
Series D							
Dec. 31, 2017	10.41	368	35	1.03	1.03	127.79	—
Dec. 31, 2016 ⁴	10.11	1	—	1.02	1.02	8.21	—
Series F							
Dec. 31, 2017	10.40	3 929	378	0.68	0.68	127.79	—
Dec. 31, 2016 ⁴	10.11	1	—	0.74	0.74	8.21	—
Series O							
Dec. 31, 2017	10.39	1 830 171	176 072	0.06	0.06	127.79	—
Dec. 31, 2016 ⁴	10.09	158 522	15 709	0.06	0.06	8.21	—

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.

⁴ From November 1, 2016.

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	1.35%	56%	44%
Advisor Series	1.35%	56%	44%
Series D	0.85%	29%	71%
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.





**BLUEBAY GLOBAL INVESTMENT GRADE
CORPORATE BOND FUND (CANADA)**

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, 2017, compared with the following benchmark:

Barclays Global Aggregate Corporate Bond Index (hedged to CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A	5.4	—	—	—	6.0
Benchmark	5.2	—	—	—	5.8
Advisor Series	5.4	—	—	—	6.0
Benchmark	5.2	—	—	—	5.8
Series D	5.9	—	—	—	6.5
Benchmark	5.2	—	—	—	5.8
Series F	6.2	—	—	—	6.9
Benchmark	5.2	—	—	—	5.8
Series O	6.9	—	—	—	7.5
Benchmark	5.2	—	—	—	5.8

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 D, Series F and Series O units have been available for sale to unitholders since December 1, 2016.

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

INDEX DESCRIPTION

Barclays Global Aggregate Corporate Bond Index (hedged to CAD) This index is a broad measure of the performance of corporate fixed-income securities around the world. The index is hedged to Canadian dollars.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
United States	49.4
Canada	15.9
Germany	6.8
United Kingdom	5.9
France	4.6
Australia	1.6
Switzerland	0.4
Other Countries	9.7
Cash/Other	5.7

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	3.5
Deutsche Bank AG USD 2.500% Feb 13 2019	2.8
General Motors Financial Co. Inc. 3.100% Jan 15 2019	2.3
Rogers Communications Inc. 2.800% Mar 13 2019	1.9
Ford Credit Canada Ltd. 3.140% Jun 14 2019	1.7
Ford Credit Canada Ltd. 3.700% Aug 2 2018	1.7
Molson Coors International LP CAD 2.250% Sep 18 2018	1.7
Barclays Plc. USD 2.750% Nov 8 2019	1.4
Banque Federative du Credit Mutuel S.A. USD 2.750% Jan 22 2019	1.4
Canadian Natural Resources Ltd. 3.050% Jun 19 2019	1.4
United States Treasury 2.000% Oct 31 2022	1.4
Deutsche Bank AG USD 2.850% May 10 2019	1.3
Enbridge Inc. 4.770% Sep 2 2019	1.1
Metropolitan Life Global Funding I CAD 2.682% Apr 16 2019	1.1
PepsiCo Inc. 4.000% May 2 2047	1.1
Colgate-Palmolive Co. 3.700% Aug 1 2047	1.1
Public Service Co. of Colorado 3.800% Jun 15 2047	1.0
Amazon.com Inc. 4.250% Aug 22 2057	1.0
Mylan N.V. USD 3.000% Dec 15 2018	1.0
The Home Depot Inc. 3.500% Sep 15 2056	1.0
International Lease Finance Corp. 6.250% May 15 2019	0.9
General Motors Co. 5.400% Apr 1 2048	0.9
Banco Bilbao Vizcaya Argentaria S.A. EUR 5.875% Dec 31 2099	0.9
CME Ultra Long Term U.S. Treasury Bond Future, March 2018	(2.3)
Canadian 10-Year Bond Future, March 2018	(4.5)
Top 25 Holdings	26.8

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

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



FIXED-INCOME FUND

**BLUEBAY EUROPEAN HIGH YIELD
BOND FUND (CANADA)**

December 31, 2017

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 8, 2018.

A Note on Forward-looking Statements

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MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide total returns comprised of interest income and modest capital appreciation by investing primarily in high-yield debt securities issued by entities domiciled in or carrying out the majority of their business activities in Europe.

To achieve the Fund's objectives, the sub-advisor conducts detailed company credit and industry 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund's risk rating changed from low-to-medium to medium.

Results of Operations

The Fund's net asset value rose to \$569 million as of December 31, 2017, from \$461 million at the end of 2016. The increase was due to a combination of net inflows and investment returns.

Over the past year, the Fund's Series A units gained 6.9%, which underperformed the 8.4% 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.

Underpinning the market performance was an extremely supportive European macroeconomic environment, with unexpectedly strong growth throughout 2017, while inflationary pressures remained subdued. Accordingly, earnings of companies in which the Fund invests recovered from historically low levels and default rates were negligible. In addition, the search for income remained intact, leading to healthy levels of demand for the kind of higher-yielding assets held by the Fund.

The sub-advisor focused more on individual securities and had a more concentrated portfolio. The positive macroeconomic backdrop meant the sub-advisor favoured lower-rated B-rated securities over BB rated. Additionally, the sub-advisor believed that European banks would benefit significantly from this improving backdrop and therefore increased exposure to the subordinated debt of banks that the sub-advisor considers to be "national champions" – the biggest and most likely to receive support from governments.

Valuations of U.K.-domiciled securities increasingly priced in risks associated with the U.K. leaving the European Union, and attractive valuations were increasingly evident in sterling-denominated bonds. Accordingly, the Fund moderately increased exposure to attractively priced pound fixed-income assets. The Fund's allocation to U.S. dollar-denominated bonds was reduced on the belief that the U.S. market is no longer attractively valued given the growth outlook.

Portfolio turnover is normally high for this Fund, as the sub-advisor attempts to generate better returns through active security selection.

Recent Developments

While European corporate bonds are not particularly attractive, the backdrop continues to be supportive. Corporate earnings are strong, access to capital in the new-issue market is plentiful and demand for higher-yielding assets remains robust. Additionally, the European Central Bank recently reiterated its commitment to buying European corporate bonds, supporting demand for the time being.

Europe is situated earlier in the economic cycle than the U.S., and is therefore not yet showing the early warning signs present in the U.S. market, aside from the U.K. consumer sectors. However, risks do exist and the sub-advisor reiterates the importance of distinguishing between companies, regardless of how supportive economic conditions may appear.

Effective January 1, 2018, management fees will be reduced as follows: from 1.65% to 1.50% for Series A and Advisor Series units; from 1.05% to 0.90% for Series D units; and from 0.90% to 0.75% for 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

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

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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, 2017	10.01	0.49	(0.20)	(0.01)	0.20	0.48	(0.30)	—	—	—	(0.30)	10.39
Dec. 31, 2016 ³	10.00 [†]	12.10	(0.05)	16.80	(28.69)	0.16	(0.03)	—	(0.12)	—	(0.15)	10.01
Advisor Series												
Dec. 31, 2017	10.01	0.49	(0.20)	(0.01)	(0.02)	0.26	(0.30)	—	—	—	(0.30)	10.40
Dec. 31, 2016 ³	10.00 [†]	12.10	(0.05)	16.80	(28.69)	0.16	(0.03)	—	(0.12)	—	(0.15)	10.01
Series D												
Dec. 31, 2017	10.00	0.49	(0.13)	(0.01)	0.18	0.53	(0.38)	—	—	—	(0.38)	10.38
Dec. 31, 2016 ³	10.00 [†]	12.10	(0.03)	16.80	(28.69)	0.18	(0.05)	—	(0.13)	—	(0.18)	10.00
Series F												
Dec. 31, 2017	10.01	0.49	(0.12)	(0.01)	0.29	0.65	(0.38)	—	—	—	(0.38)	10.43
Dec. 31, 2016 ³	10.00 [†]	12.10	(0.03)	16.80	(28.68)	0.19	(0.05)	—	(0.13)	—	(0.18)	10.01
Series O												
Dec. 31, 2017	9.99	0.50	(0.02)	(0.01)	0.38	0.85	(0.48)	—	—	—	(0.48)	10.37
Dec. 31, 2016 ³	10.00 [†]	0.10	—	0.14	—	0.24	(0.09)	—	(0.12)	—	(0.21)	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 June 27, 2016.

[†] 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, 2017	10.39	94	9	1.89	1.89	100.97	—
Dec. 31, 2016 ⁴	10.01	1	—	2.03	2.03	12.58	—
Advisor Series							
Dec. 31, 2017	10.40	55	5	1.89	1.89	100.97	—
Dec. 31, 2016 ⁴	10.01	1	—	2.03	2.03	12.58	—
Series D							
Dec. 31, 2017	10.38	80	8	1.27	1.27	100.97	—
Dec. 31, 2016 ⁴	10.00	1	—	1.36	1.36	12.58	—
Series F							
Dec. 31, 2017	10.43	53	5	1.10	1.10	100.97	—
Dec. 31, 2016 ⁴	10.01	1	—	1.19	1.19	12.58	—
Series O							
Dec. 31, 2017	10.37	568 900	54 869	0.17	0.17	100.97	—
Dec. 31, 2016 ⁴	9.99	460 672	46 091	0.16	0.16	12.58	—

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.

⁴ From June 27, 2016.

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 D	1.05%	14%	86%
Series F	0.90%	—	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, 2017, compared with the following benchmark:

Bank of America Merrill Lynch European Currency High Yield Constrained Index (hedged to CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A	6.9	—	—	—	6.9
Benchmark	8.4	—	—	—	8.5
Advisor Series	6.9	—	—	—	6.9
Benchmark	8.4	—	—	—	8.5
Series D	7.6	—	—	—	7.6
Benchmark	8.4	—	—	—	8.5
Series F	8.1	—	—	—	8.0
Benchmark	8.4	—	—	—	8.5
Series O	8.7	—	—	—	8.7
Benchmark	8.4	—	—	—	8.5

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

Series A, Advisor Series, Series D, Series F and Series O units have been available for sale to unitholders since October 3, 2016.

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

INDEX DESCRIPTION

Bank of America Merrill Lynch European Currency High Yield Constrained Index (hedged to CAD) This index is a broad measure of non-investment-grade debt denominated in euros and British pounds. The index is hedged to Canadian dollars.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
United Kingdom	20.6
United States	10.7
France	9.7
Netherlands	9.7
Luxembourg	9.5
Spain	7.2
Germany	6.6
Italy	4.1
Switzerland	1.6
Ireland	1.6
Other Countries	10.9
Cash/Other	7.8

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	6.1
Nassa Topco AS EUR 2.875% Apr 6 2024	3.0
Virgin Media Receivables Financing Notes I DAC GBP 5.500% Sep 15 2024	2.4
Altice Finco S.A. EUR 4.750% Jan 15 2028	2.0
InterXion Holding N.V. EUR 6.000% Jul 15 2020	2.0
Synlab Bondco Plc. EUR 3.500% Jul 1 2022	1.9
Sunshine Investments BV EUR 0.000% Dec 15 2024	1.6
DEMIRE Deutsche Mittelstand Real Estate AG EUR 2.875% Jul 15 2022	1.5
Voyage Care Bondco Plc. GBP 5.875% May 1 2023	1.5
Verisure Midholding AB EUR 5.750% Dec 1 2023	1.4
Rexel S.A. EUR 2.125% Jun 15 2025	1.3
Newco SAB Bidco SASU EUR 3.000% Mar 21 2024	1.3
Viridian Power & Energy Ltd. EUR 4.000% Sep 15 2025	1.3
Teva Pharmaceutical Finance V BV CHF 1.500% Oct 25 2018	1.2
Colfax Corp. EUR 3.250% May 15 2025	1.2
Intesa Sanpaolo S.p.A. EUR 7.750% Dec 29 2049	1.2
Eircom Holdings Ireland Ltd. EUR 3.250% Mar 10 2024	1.1
Vue International Bidco Plc. GBP 7.875% Jul 15 2020	1.1
Banco Bilbao Vizcaya Argentaria S.A. EUR 5.875% Dec 31 2099	1.0
AMC Entertainment Holdings Inc. GBP 6.375% Nov 15 2024	1.0
Masaria Investments S.A.U. EUR 5.000% Sep 15 2024	1.0
IPD 3 BV EUR 4.500% Jul 15 2022	1.0
Promotora de Informaciones S.A. EUR 2.600% Dec 11 2018	1.0
Telefonica Europe BV EUR 3.750% Dec 29 2049	1.0
Takko Luxembourg 2 S.C.A. EUR 5.375% Nov 15 2023	1.0
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.



FIXED-INCOME FUND

**BLUEBAY EMERGING MARKETS
CORPORATE BOND FUND**

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund's risk rating changed from medium to low-to-medium.

Results of Operations

The Fund's net asset value rose to \$717 million as of December 31, 2017, from \$590 million at the end of 2016. The increase was due to a combination of net inflows and investment returns.

Over the past year, the Fund's Series A units gained 9.9%, which outperformed the 7.9% 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 Fund entered the year with a positive view of the market, anticipating that default rates would drop during 2017. Sentiment shifted moving into the second quarter, as the headlines centred on audio tapes allegedly linking President Temer of Brazil to illegal payments, leading to higher volatility in Brazilian assets.

For the year as a whole, however, Brazilian corporate bonds benefited from the positive sentiment surrounding the Temer government's policy reforms. The largest contributor to performance over the 12-month period was the Fund's overweight position in Latin America, notably in Brazil and Argentina, while the Financials and Energy sectors aided relative returns the most. Exposure to the Diversified sector had a negative impact on relative returns, as did our country exposure to United Arab Emirates, Chile and Hong Kong.

The Fund's overweight position in Mexican oil & gas company Petroleos Mexicanos and Brazilian airline Gol were the top contributors to relative returns. The main detractors were holdings in EA Partners, CSN and Petroleos de Venezuela SA.

Portfolio turnover is normally high for this Fund, as the sub-advisor attempts to generate better returns through active security selection.

Recent Developments

At the macroeconomic level, the recently enacted U.S. tax law will be crucial for the performance of U.S. Treasury yields and the U.S. dollar, as will developments around the announcement of the new chair of the U.S. Federal Reserve, though to a lesser extent.

A key question for investors is whether global inflation can remain as low as it has. One of the surprises of 2017 was the combination of stronger growth and subdued inflation. Another pivotal area will be the implications of China's growth transition to an economy more cognizant of debt reduction, poverty reduction and environmental protection at the expense of the excess focus on meeting GDP targets. The impact of this change on global growth could be significant.

Effective January 1, 2018, management fees will be reduced as follows: from 1.65% to 1.50% for Series A and Advisor Series units; from 1.05% to 0.90% for Series D units; and from 0.90% to 0.75% for 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. The sub-advisor earns a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisor is paid by the manager from the management fee paid by 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	8.03	0.51	(0.17)	0.31	0.09	0.74	(0.33)	—	(0.17)	—	(0.50)	8.32
Dec. 31, 2016	8.20	0.46	(0.18)	0.15	0.27	0.70	(0.28)	—	(0.62)	—	(0.90)	8.03
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
Advisor Series												
Dec. 31, 2017	8.02	0.51	(0.17)	0.31	0.14	0.79	(0.33)	—	(0.17)	—	(0.50)	8.31
Dec. 31, 2016	8.18	0.46	(0.18)	0.15	0.37	0.80	(0.28)	—	(0.61)	—	(0.89)	8.02
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
Series D												
Dec. 31, 2017	8.06	0.51	(0.11)	0.31	0.13	0.84	(0.39)	—	(0.17)	—	(0.56)	8.34
Dec. 31, 2016	8.23	0.46	(0.12)	0.15	0.29	0.78	(0.34)	—	(0.62)	—	(0.96)	8.06
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
Series F												
Dec. 31, 2017	8.06	0.51	(0.10)	0.31	0.05	0.77	(0.40)	—	(0.17)	—	(0.57)	8.35
Dec. 31, 2016	8.25	0.46	(0.10)	0.16	0.29	0.81	(0.35)	—	(0.64)	—	(0.99)	8.06
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
Series O												
Dec. 31, 2017	8.07	0.51	(0.02)	0.31	0.13	0.93	(0.48)	—	(0.17)	—	(0.65)	8.36
Dec. 31, 2016	8.25	0.46	(0.02)	0.16	0.28	0.88	(0.44)	—	(0.64)	—	(1.08)	8.07
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

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, 2017	8.32	4 877	586	2.02	2.02	219.93	—
Dec. 31, 2016	8.03	2 729	340	2.05 ⁴	2.05	265.09	—
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	—
Advisor Series							
Dec. 31, 2017	8.31	1 034	124	2.04	2.04	219.93	—
Dec. 31, 2016	8.02	1 096	137	2.07 ⁴	2.07	265.09	—
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	—
Series D							
Dec. 31, 2017	8.34	2 260	271	1.33	1.33	219.93	—
Dec. 31, 2016	8.06	1 824	226	1.35 ⁴	1.35	265.09	—
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	—
Series F							
Dec. 31, 2017	8.35	11 653	1 396	1.19	1.19	219.93	—
Dec. 31, 2016	8.06	5 611	696	1.21 ⁴	1.21	265.09	—
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	—
Series O							
Dec. 31, 2017	8.36	697 426	83 436	0.22	0.22	219.93	—
Dec. 31, 2016	8.07	578 752	71 705	0.23	0.23	265.09	—
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	—

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 Effective June 30, 2016, the management fees were changed in respect of Series A, Advisor Series, Series D and Series F units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 2.02%, Advisor Series – 2.04%, Series D – 1.33% and Series F – 1.19%.



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	1.65%	44%	56%
Advisor Series	1.65%	44%	56%
Series D	1.05%	14%	86%
Series F	0.90%	—	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.

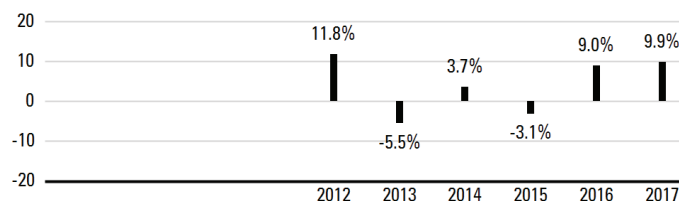
PAST PERFORMANCE (in USD)

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.

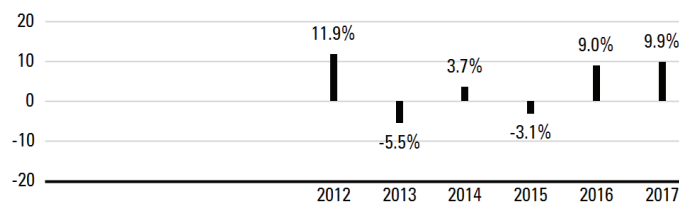
Year-by-Year Returns (%)

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.

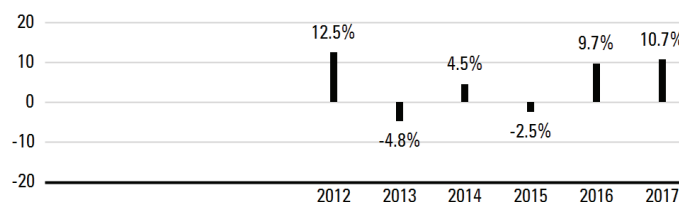
Series A (%)



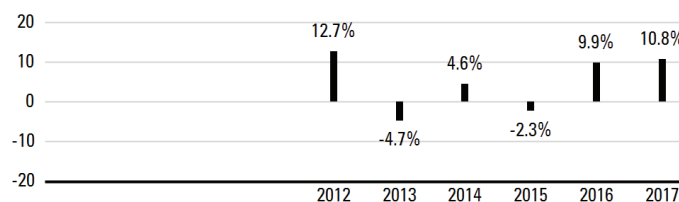
Advisor Series (%)



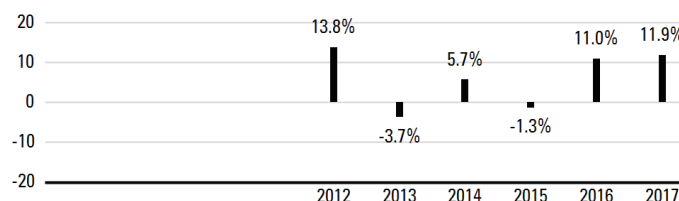
Series D (%)



Series F (%)



Series O (%)





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, 2017, 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	9.9	5.1	2.6	—	4.1
Benchmark	7.9	6.4	4.6	—	6.2
Advisor Series	9.9	5.1	2.6	—	4.1
Benchmark	7.9	6.4	4.6	—	6.2
Series D	10.7	5.8	3.3	—	4.9
Benchmark	7.9	6.4	4.6	—	6.2
Series F	10.8	6.0	3.5	—	5.0
Benchmark	7.9	6.4	4.6	—	6.2
Series O	11.9	7.0	4.5	—	6.1
Benchmark	7.9	6.4	4.6	—	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, 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

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, 2017

Investment Mix

	% of Net Asset Value
Brazil	18.1
China	7.0
Argentina	6.5
Turkey	6.2
Colombia	5.1
India	4.8
Russia	3.7
Mexico	3.5
South Africa	3.5
United Arab Emirates	2.8
Ukraine	2.4
Indonesia	2.2
Israel	1.8
Kazakhstan	1.8
Kuwait	1.5
Thailand	1.1
Chile	1.0
Hong Kong	0.3
Luxembourg	0.3
Malaysia	0.3
Other Countries	17.6
Cash/Other	8.5



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

(after consideration of derivative products, if any)

As at December 31, 2017

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	7.5
Banco do Brasil S.A. USD 9.000% Dec 31 2099	2.7
Akbank T.A.S. USD 7.200% Mar 16 2027	1.5
Ecopetrol S.A. USD 5.875% May 28 2045	1.5
Bancolombia S.A. USD 4.875% Oct 18 2027	1.4
Kazkommertsbank JSC USD 5.500% Dec 21 2022	1.4
VTB Bank PJSC USD 9.500% Dec 29 2049	1.3
Myriad International Holdings BV USD 4.850% Jul 6 2027	1.3
Centrais Eletricas Brasileiras S.A. USD 5.750% Oct 27 2021	1.3
First Quantum Minerals Ltd. USD 7.250% Apr 1 2023	1.3
Liquid Telecommunications Financing Plc USD 8.500% Jul 13 2022	1.2
Metinvest BV USD 9.373% Dec 31 2021	1.1
Minejesa Capital BV USD 5.625% Aug 10 2037	1.0
Petrobras Global Finance BV USD 6.850% Jun 5 2115	1.0
Kaisa Group Holdings Ltd. USD 8.500% Jun 30 2022	1.0
Kaisa Group Holdings Ltd. USD 9.375% Jun 30 2024	1.0
Petroleos Mexicanos USD 5.500% Jun 27 2044	1.0
VTR Finance BV USD 6.875% Jan 15 2024	1.0
Itau Unibanco Holding S.A. USD 6.125% Dec 31 2099	1.0
Bharti Airtel International Netherlands BV USD 5.125% Mar 11 2023	1.0
Cemig Geracao e Transmissao S.A. USD 9.250% Dec 5 2024	1.0
MTN Mauritius Investment Ltd. USD 6.500% Oct 13 2026	1.0
Access Bank Plc. USD 10.500% Oct 19 2021	1.0
Banco Santander S.A. EUR 6.250% Dec 31 2099	1.0
Banco Mercantil del Norte S.A. USD 7.625% Dec 31 2099	1.0
Top 25 Holdings	36.5

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

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

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund's risk rating changed from medium to low-to-medium.

Results of Operations

The Fund's net asset value was \$1.1 billion as of December 31, 2017, essentially unchanged from the end of 2016.

Over the past year, the Fund's Series A units gained 3.3%, which underperformed the 5.7% 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.

Many global stock markets reached all-time highs in December, buoyed by strong corporate results in both the U.S. and Europe and robust consumer and corporate confidence. The U.S. Federal Reserve (the "Fed") raised rates three times in 2017, with the gradual pace of tightening benefiting stocks, corporate bonds and other

higher-risk assets. The Fund benefited during the year from the rally in global markets. The U.S. contributed the most to performance, while Europe had a negative impact. Electronics was the best-performing area for the Fund and retail and wholesale trade the worst performing.

The Fund's investment in chip manufacturer Microchip Technology contributed to performance given strong second-quarter results and higher revenue profit forecasts. The position in Tesla's convertible bonds generated gains as the maker of electric vehicles began deliveries of its latest car, the Model 3. The Fund's holding in Salesforce.com, which sells cloud-based software to businesses, boosted returns as the company reported solid results and expectations for higher sales. Other investments that aided returns included Japanese carmaker Suzuki, ON Semiconductor and Ctrip, a Chinese online-travel company.

The Fund's holding in global furniture manufacturer Steinhoff had a negative impact on performance as the company's chief executive resigned amid potential accounting irregularities. The position was sold. Also holding back returns were Paladin Energy, which filed for bankruptcy protection from creditors; and Tesaro, which reported disappointing sales of its breast-cancer therapy.

Recent Developments

Many investors are optimistic that the passage of U.S. tax reform in late 2017 will benefit earnings and capital spending. They have also been buoyed by the success of the Trump administration in getting major legislation passed.

Economic growth in the U.S. and Europe remains strong, with both the Fed and the European Central Bank seeking to unwind their balance sheets. The sub-advisor believes that the current combination of solid global growth and subdued inflation should remain supportive for global convertible-bond markets in the near 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. The sub-advisor earns a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisor is paid by the manager from the management fee paid by 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	11.73	0.12	(0.25)	0.49	0.08	0.44	—	—	(0.31)	—	(0.31)	11.81	
Dec. 31, 2016	11.98	0.12	(0.24)	0.38	(0.39)	(0.13)	—	—	(0.19)	—	(0.19)	11.73	
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	
Advisor Series													
Dec. 31, 2017	11.72	0.12	(0.25)	0.49	0.09	0.45	—	—	(0.31)	—	(0.31)	11.80	
Dec. 31, 2016	11.98	0.12	(0.24)	0.38	(0.47)	(0.21)	—	—	(0.19)	—	(0.19)	11.72	
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	
Advisor T5 Series													
Dec. 31, 2017	10.50	0.12	(0.25)	0.49	—	0.36	—	—	(0.24)	(0.28)	(0.52)	10.32	
Dec. 31, 2016	11.13	0.12	(0.24)	0.38	(0.30)	(0.04)	—	—	(0.16)	(0.40)	(0.56)	10.50	
Dec. 31, 2015	11.36	0.14	(0.26)	(0.09)	0.46	0.25	—	—	—	(0.57)	(0.57)	11.13	
Dec. 31, 2014 ³	11.50 [†]	0.21	(0.24)	0.21	0.27	0.45	—	—	—	(0.43)	(0.43)	11.36	
Series T5													
Dec. 31, 2017	10.49	0.10	(0.21)	0.43	0.15	0.47	—	—	(0.18)	(0.34)	(0.52)	10.32	
Dec. 31, 2016	11.12	0.11	(0.22)	0.35	(0.76)	(0.52)	—	—	(0.14)	(0.42)	(0.56)	10.49	
Dec. 31, 2015	11.36	0.14	(0.25)	(0.09)	0.43	0.23	—	—	—	(0.57)	(0.57)	11.12	
Dec. 31, 2014 ³	11.50 [†]	0.12	(0.17)	0.12	0.16	0.23	—	—	—	(0.43)	(0.43)	11.36	
Series H													
Dec. 31, 2017	11.83	0.12	(0.22)	0.50	0.18	0.58	—	—	(0.31)	—	(0.31)	11.93	
Dec. 31, 2016	12.05	0.12	(0.21)	0.39	(0.34)	(0.04)	—	—	(0.19)	—	(0.19)	11.83	
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	
Series D													
Dec. 31, 2017	11.94	0.12	(0.17)	0.50	0.03	0.48	—	—	(0.31)	—	(0.31)	12.10	
Dec. 31, 2016	12.11	0.12	(0.16)	0.39	(0.45)	(0.10)	—	—	(0.19)	—	(0.19)	11.94	
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	



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, 2017	12.00	0.12	(0.15)	0.51	0.06	0.54	—	—	(0.31)	—	(0.31)	12.18
Dec. 31, 2016	12.15	0.12	(0.15)	0.39	(0.42)	(0.06)	—	—	(0.19)	—	(0.19)	12.00
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
Series FT5												
Dec. 31, 2017	10.81	0.11	(0.13)	0.45	—	0.43	—	—	(0.24)	(0.30)	(0.54)	10.72
Dec. 31, 2016	11.36	0.11	(0.13)	0.36	(0.29)	0.05	—	—	(0.16)	(0.41)	(0.57)	10.81
Dec. 31, 2015	11.49	0.13	(0.14)	(0.09)	0.43	0.33	—	—	—	(0.58)	(0.58)	11.36
Dec. 31, 2014 ³	11.56 [†]	0.12	(0.10)	0.12	0.16	0.30	(0.03)	—	—	(0.40)	(0.43)	11.49
Series I												
Dec. 31, 2017	12.07	0.12	(0.12)	0.51	0.09	0.60	(0.01)	—	(0.31)	—	(0.32)	12.28
Dec. 31, 2016	12.20	0.12	(0.12)	0.39	(0.38)	0.01	—	—	(0.19)	—	(0.19)	12.07
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
Series O												
Dec. 31, 2017	12.27	0.12	(0.03)	0.52	(0.03)	0.58	(0.04)	(0.01)	(0.32)	—	(0.37)	12.53
Dec. 31, 2016	12.30	0.12	(0.03)	0.40	(0.36)	0.13	—	—	(0.19)	—	(0.19)	12.27
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

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 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, 2017	11.81	42 758	3 621	2.02	2.02	76.71	—
Dec. 31, 2016	11.73	54 395	4 637	2.06 ⁴	2.06	83.94	0.01
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	—
Advisor Series							
Dec. 31, 2017	11.80	81 492	6 907	2.05	2.05	76.71	—
Dec. 31, 2016	11.72	112 654	9 610	2.08 ⁴	2.08	83.94	0.01
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	—



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
Advisor T5 Series							
Dec. 31, 2017	10.32	2 215	215	2.00	2.00	76.71	—
Dec. 31, 2016	10.50	2 421	231	2.04 ⁴	2.04	83.94	0.01
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, 2017	10.32	276	27	1.97	1.97	76.71	—
Dec. 31, 2016	10.49	491	47	2.09 ⁴	2.09	83.94	0.01
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, 2017	11.93	2 977	249	1.77	1.77	76.71	—
Dec. 31, 2016	11.83	10 849	917	1.83	1.83	83.94	0.01
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	—
Series D							
Dec. 31, 2017	12.10	5 659	468	1.35	1.35	76.71	—
Dec. 31, 2016	11.94	4 802	402	1.38 ⁴	1.38	83.94	0.01
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	—
Series F							
Dec. 31, 2017	12.18	203 368	16 701	1.21	1.21	76.71	—
Dec. 31, 2016	12.00	258 593	21 553	1.25 ⁴	1.25	83.94	0.01
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	—
Series FT5							
Dec. 31, 2017	10.72	5 543	517	1.20	1.20	76.71	—
Dec. 31, 2016	10.81	6 263	579	1.24 ⁴	1.24	83.94	0.01
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, 2017	12.28	36 027	2 934	0.99	0.99	76.71	—
Dec. 31, 2016	12.07	57 679	4 777	0.99	0.99	83.94	0.01
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	—



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, 2017	12.53	706 189	56 374	0.22	0.22	76.71	—
Dec. 31, 2016	12.27	580 047	47 293	0.22	0.22	83.94	0.01
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	—

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 Effective June 30, 2016, the management fees were changed in respect of Series A, Advisor Series, Advisor T5 Series, Series T5, Series D, Series F and Series FT5 units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 2.03%, Advisor Series – 2.05%, Advisor T5 Series – 2.02%, Series T5 – 2.06%, Series D – 1.35%, Series F – 1.22% and Series FT5 – 1.21%.

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	1.65%	44%	56%
Advisor Series	1.65%	44%	56%
Advisor T5 Series	1.65%	44%	56%
Series T5	1.65%	44%	56%
Series H	1.45%	52%	48%
Series D	1.05%	14%	86%
Series F	0.90%	—	100%
Series FT5	0.90%	—	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.

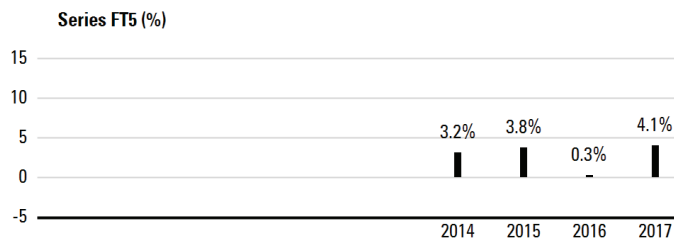
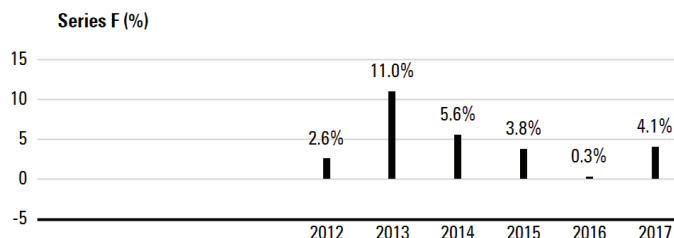
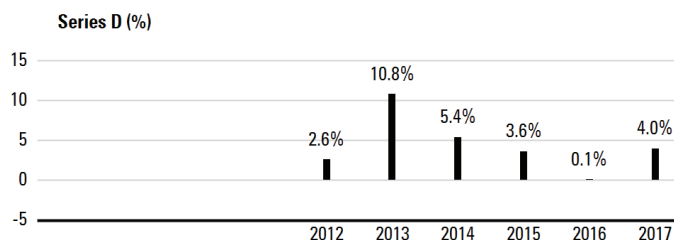
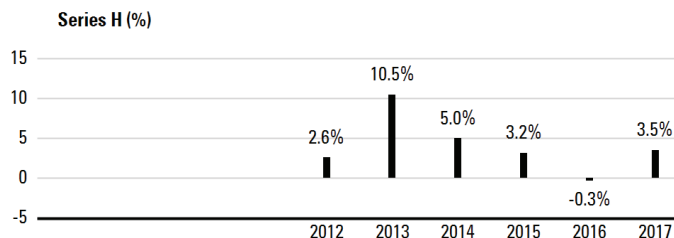
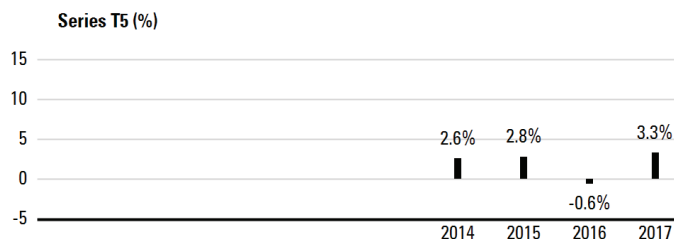
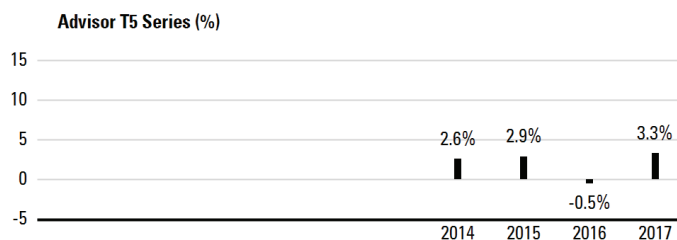
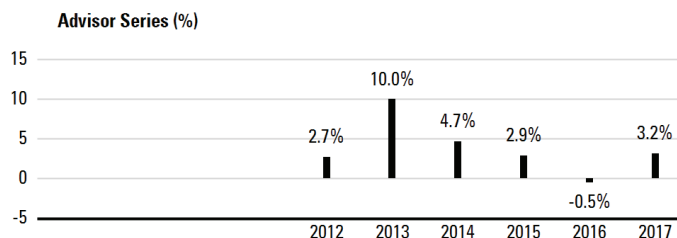
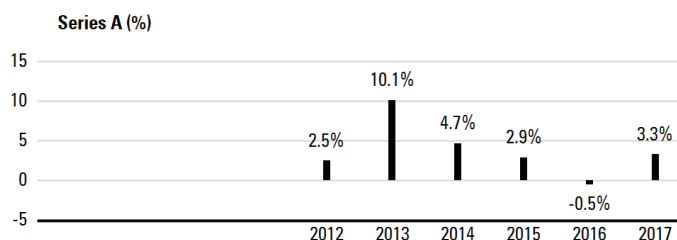


PAST PERFORMANCE

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.

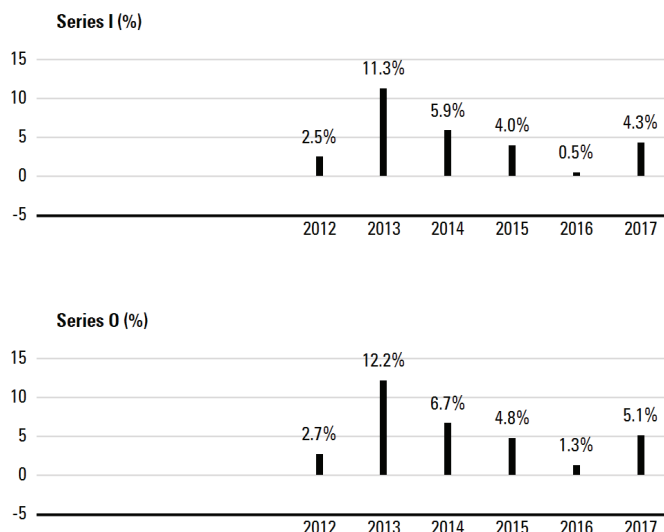
Year-by-Year Returns (%)

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, 2017, 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	3.3	1.9	4.0	—	4.5
Benchmark	5.7	3.8	6.1	—	6.4
Advisor Series	3.2	1.8	4.0	—	4.4
Benchmark	5.7	3.8	6.1	—	6.4
Advisor T5 Series	3.3	1.9	—	—	2.2
Benchmark	5.7	3.8	—	—	3.5
Series T5	3.3	1.8	—	—	2.2
Benchmark	5.7	3.8	—	—	3.5
Series H	3.5	2.1	4.3	—	4.7
Benchmark	5.7	3.8	6.1	—	6.4
Series D	4.0	2.6	4.7	—	5.2
Benchmark	5.7	3.8	6.1	—	6.4
Series F	4.1	2.7	4.9	—	5.3
Benchmark	5.7	3.8	6.1	—	6.4
Series FT5	4.1	2.7	—	—	3.1
Benchmark	5.7	3.8	—	—	3.5
Series I	4.3	3.0	5.2	—	5.6
Benchmark	5.7	3.8	6.1	—	6.4
Series O	5.1	3.7	6.0	—	6.4
Benchmark	5.7	3.8	6.1	—	6.4

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.

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, 2017

Investment Mix

	% of Net Asset Value
United States	29.5
Japan	16.8
China	10.8
Germany	5.6
United Kingdom	5.0
Taiwan	3.2
Norway	2.7
Hong Kong	2.3
Netherlands	2.1
France	1.9
Malaysia	1.9
Singapore	1.8
South Africa	0.7
Other Countries	6.2
Cash/Other	9.5

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	7.2
DISH Network Corp., Convertible 3.375% Aug 15 2026	3.4
Microchip Technology Inc., Convertible 1.625% Feb 15 2027	1.9
Citrix Systems Inc., Convertible 0.500% Apr 15 2019	1.8
Tesla Inc., Convertible 1.250% Jan 3 2021	1.5
Deutsche Wohnen SE, Convertible EUR 0.325% Jul 26 2024	1.5
Ctrip.com International Ltd., Convertible USD 1.990% Jul 1 2025	1.4
ON Semiconductor Corp., Convertible 1.625% Oct 15 2023	1.4
Yahoo! Inc., Convertible 0.000% Dec 1 2018	1.4
Fresenius SE & Co. KGaA, Convertible EUR 0.000% Jan 31 2024	1.4
Kansai Paint Co. Ltd., Convertible JPY 0.000% Jun 17 2022	1.3
Mitsubishi Chemical Holdings Corp., Convertible JPY 0.000% Mar 29 2024	1.3
Terumo Corp., Convertible JPY 0.000% Dec 6 2021	1.3
Toray Industries Inc., Convertible JPY 0.000% Aug 31 2021	1.2
Cahaya Capital Ltd., Convertible USD 0.000% Sep 18 2021	1.2
Sony Corp., Convertible JPY 0.000% Sep 30 2022	1.1
Bagan Capital Ltd., Convertible USD 0.000% Sep 23 2021	1.1
Yamada Denki Co. Ltd., Convertible JPY 0.000% Jun 28 2019	1.1
NXP Semiconductors N.V., Convertible USD 1.000% Dec 1 2019	1.1
Harvest International Co., Convertible HKD 0.000% Nov 21 2022	1.1
China Railway Construction Corp. Ltd., Convertible CNY 1.500% Dec 21 2021	1.1
BP Capital Markets Plc., Convertible GBP 1.000% Apr 28 2023	1.0
AYC Finance Ltd., Convertible USD 0.500% May 2 2019	1.0
Kawasaki Kisen Kaisha Ltd., Convertible JPY 0.000% Sep 26 2018	1.0
CRRC Corp Ltd., Convertible USD 0.000% Feb 5 2021	1.0
Top 25 Holdings	39.8

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

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund's risk rating changed from medium to low-to-medium.

Results of Operations

The Fund's net asset value rose to \$56 million as of December 31, 2017, from \$29 million at the end of 2016. The increase was due to net inflows.

Over the past year, the Fund's Series A units gained 3.3%, which underperformed the 6.0% 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.

Many global stock markets reached all-time highs in December, buoyed by strong corporate results in both the U.S. and Europe and robust consumer and corporate confidence. The U.S. Federal Reserve (the "Fed") raised rates three times in 2017, with the gradual pace of tightening benefiting stocks, corporate bonds and other higher-risk assets. The Fund benefited during the year from the rally in global markets. The U.S. contributed the most to performance,

while Europe had a negative impact. Electronics was the best-performing area for the Fund and retail and wholesale trade the worst performing.

The Fund's holding in global furniture manufacturer Steinhoff had a negative impact on performance as the company's chief executive resigned amid potential accounting irregularities. The holding in Steinhoff was sold. Also holding back returns were Dish Network, which was hurt by reduced expectations that the company would be acquired; and Tesaro, which reported disappointing sales of its breast-cancer therapy.

The Fund's investment in chip manufacturer Microchip Technology contributed to performance given strong second-quarter results and higher revenue profit forecasts. The position in Tesla's convertible bonds generated gains as the maker of electric vehicles began deliveries of its latest car, the Model 3. The Fund's holding in Salesforce.com, which sells cloud-based software to businesses, boosted returns as the company reported solid results and expectations for higher sales. Other investments that aided returns included Japanese carmaker Suzuki, ON Semiconductor and Nanya Technology.

Recent Developments

Many investors are optimistic that the passage of U.S. tax reform in late 2017 will benefit earnings and capital spending. They have also been buoyed by the success of the Trump administration in getting major legislation passed.

Economic growth in the U.S. and Europe remains strong, with both the Fed and the European Central Bank seeking to unwind their balance sheets. The sub-advisor believes that the current combination of solid global growth and subdued inflation should remain supportive for global convertible-bond markets in the near 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. The sub-advisor earns a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisor is paid by the manager from the management fee paid by 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 and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	9.71	0.07	(0.21)	(0.08)	0.42	0.20	—	—	—	—	—	10.03	
Dec. 31, 2016	9.75	0.02	(0.19)	(0.05)	0.30	0.08	—	—	(0.10)	—	(0.10)	9.71	
Dec. 31, 2015 ³	10.00 [†]	0.01	(0.14)	0.21	(0.27)	(0.19)	—	—	—	—	—	9.75	
Advisor Series													
Dec. 31, 2017	9.70	0.07	(0.21)	(0.09)	0.67	0.44	—	—	—	—	—	10.02	
Dec. 31, 2016	9.75	0.02	(0.19)	(0.04)	0.04	(0.17)	—	—	(0.11)	—	(0.11)	9.70	
Dec. 31, 2015 ³	10.00 [†]	0.01	(0.14)	0.19	(0.25)	(0.19)	—	—	—	—	—	9.75	
Advisor T5 Series													
Dec. 31, 2017	8.96	0.07	(0.21)	(0.09)	0.52	0.29	—	—	—	(0.45)	(0.45)	8.81	
Dec. 31, 2016	9.38	0.02	(0.19)	(0.04)	0.26	0.05	—	—	(0.13)	(0.34)	(0.47)	8.96	
Dec. 31, 2015 ³	10.00 [†]	0.01	(0.14)	0.19	(0.25)	(0.19)	(0.38)	—	—	—	(0.38)	9.38	
Series T5													
Dec. 31, 2017	8.96	0.06	(0.19)	(0.08)	0.50	0.29	—	—	—	(0.45)	(0.45)	8.81	
Dec. 31, 2016	9.38	0.02	(0.18)	(0.04)	0.25	0.05	—	—	(0.13)	(0.34)	(0.47)	8.96	
Dec. 31, 2015 ³	10.00 [†]	0.01	(0.15)	0.23	(0.30)	(0.21)	(0.38)	—	—	—	(0.38)	9.38	
Series D													
Dec. 31, 2017	9.79	0.07	(0.14)	(0.08)	0.53	0.38	—	—	—	—	—	10.19	
Dec. 31, 2016	9.79	0.02	(0.14)	(0.04)	0.20	0.04	—	—	(0.11)	—	(0.11)	9.79	
Dec. 31, 2015 ³	10.00 [†]	0.01	(0.09)	0.17	(0.23)	(0.14)	(0.01)	—	—	—	(0.01)	9.79	
Series F													
Dec. 31, 2017	9.82	0.07	(0.12)	(0.09)	0.55	0.41	(0.01)	—	—	—	(0.01)	10.23	
Dec. 31, 2016	9.80	0.02	(0.12)	(0.05)	0.59	0.44	—	—	(0.11)	—	(0.11)	9.82	
Dec. 31, 2015 ³	10.00 [†]	0.01	(0.09)	0.19	(0.25)	(0.14)	(0.01)	—	—	—	(0.01)	9.80	
Series FT5													
Dec. 31, 2017	9.08	0.07	(0.11)	(0.08)	0.48	0.36	—	—	—	(0.46)	(0.46)	9.01	
Dec. 31, 2016	9.43	0.02	(0.11)	(0.04)	0.46	0.33	—	—	(0.12)	(0.35)	(0.47)	9.08	
Dec. 31, 2015 ³	10.00 [†]	0.01	(0.10)	0.19	(0.24)	(0.14)	(0.38)	—	—	—	(0.38)	9.43	
Series O													
Dec. 31, 2017	9.97	0.07	(0.02)	(0.08)	0.45	0.42	(0.03)	(0.01)	—	—	(0.04)	10.45	
Dec. 31, 2016	9.84	0.02	(0.02)	(0.05)	0.33	0.28	—	—	(0.11)	—	(0.11)	9.97	
Dec. 31, 2015 ³	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, 2017	10.03	915	91	2.04	2.04	54.00	—
Dec. 31, 2016	9.71	479	49	1.99 ⁴	2.00	94.43	0.01
Dec. 31, 2015 ⁵	9.75	644	66	2.02	2.03	39.32	0.03
Advisor Series							
Dec. 31, 2017	10.02	71	7	2.06	2.06	54.00	—
Dec. 31, 2016	9.70	149	15	2.03 ⁴	2.03	94.43	0.01
Dec. 31, 2015 ⁵	9.75	728	75	2.03	2.04	39.32	0.03
Advisor T5 Series							
Dec. 31, 2017	8.81	1	—	1.94	1.94	54.00	—
Dec. 31, 2016	8.96	1	—	1.95 ⁴	1.96	94.43	0.01
Dec. 31, 2015 ⁵	9.38	1	—	2.00	2.01	39.32	0.03
Series T5							
Dec. 31, 2017	8.81	1	—	1.94	1.94	54.00	—
Dec. 31, 2016	8.96	1	—	1.95 ⁴	1.96	94.43	0.01
Dec. 31, 2015 ⁵	9.38	1	—	2.00	2.01	39.32	0.03
Series D							
Dec. 31, 2017	10.19	5	1	1.41	1.41	54.00	—
Dec. 31, 2016	9.79	5	—	1.41 ⁴	1.42	94.43	0.01
Dec. 31, 2015 ⁵	9.79	22	2	1.37	1.38	39.32	0.03
Series F							
Dec. 31, 2017	10.23	4 216	412	1.18	1.18	54.00	—
Dec. 31, 2016	9.82	4 473	455	1.22 ⁴	1.23	94.43	0.01
Dec. 31, 2015 ⁵	9.80	2 983	304	1.26	1.27	39.32	0.03
Series FT5							
Dec. 31, 2017	9.01	60	7	1.15	1.15	54.00	—
Dec. 31, 2016	9.08	51	6	1.17 ⁴	1.18	94.43	0.01
Dec. 31, 2015 ⁵	9.43	26	3	1.21	1.22	39.32	0.03
Series O							
Dec. 31, 2017	10.45	50 533	4 834	0.22	0.22	54.00	—
Dec. 31, 2016	9.97	24 176	2 426	0.22	0.22	94.43	0.01
Dec. 31, 2015 ⁵	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 Effective June 30, 2016, the management fees were changed in respect of Series A, Advisor Series, Advisor T5 Series, Series T5, Series D, Series F and Series FT5 units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 1.97%, Advisor Series – 1.99%, Advisor T5 Series – 1.94%, Series T5 – 1.94%, Series D – 1.41%, Series F – 1.20% and Series FT5 – 1.16%.

⁵ From March 19, 2015.



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	1.65%	44%	56%
Advisor Series	1.65%	44%	56%
Advisor T5 Series	1.65%	44%	56%
Series T5	1.65%	44%	56%
Series D	1.05%	14%	86%
Series F	0.90%	—	100%
Series FT5	0.90%	—	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 (%)



Advisor T5 Series (%)



Series T5 (%)

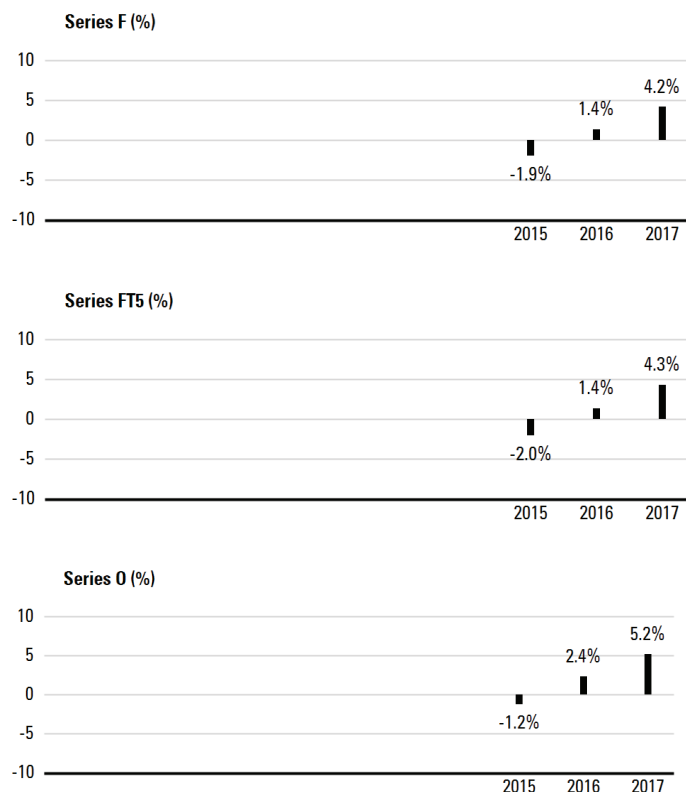


Series D (%)





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, 2017, compared with the following benchmark:

Thomson Reuters Convertible Global Focus Index (hedged to USD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A	3.3	—	—	—	0.5
Benchmark	6.0	—	—	—	1.8
Advisor Series	3.3	—	—	—	0.5
Benchmark	6.0	—	—	—	1.8
Advisor T5 Series	3.3	—	—	—	0.5
Benchmark	6.0	—	—	—	1.8
Series T5	3.3	—	—	—	0.5
Benchmark	6.0	—	—	—	1.8
Series D	4.0	—	—	—	1.1
Benchmark	6.0	—	—	—	1.8
Series F	4.2	—	—	—	1.3
Benchmark	6.0	—	—	—	1.8
Series FT5	4.3	—	—	—	1.3
Benchmark	6.0	—	—	—	1.8
Series O	5.2	—	—	—	2.4
Benchmark	6.0	—	—	—	1.8

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

Series A, Advisor Series, Advisor T5 Series, Series T5, Series D, Series F, Series FT5 and Series O units have been available for sale to unitholders since April 20, 2015.

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 USD) 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. The index is hedged to U.S. dollars.



SUMMARY OF INVESTMENT PORTFOLIO (in USD)

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
United States	28.2
Japan	18.5
China	10.0
Germany	6.6
United Kingdom	4.3
Hong Kong	3.0
Norway	2.7
Taiwan	2.5
Malaysia	2.4
Singapore	2.4
United Arab Emirates	2.1
France	1.8
Netherlands	1.4
Philippines	1.2
South Africa	0.7
Mexico	0.7
Other Countries	3.0
Cash/Other	8.5

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	8.5
DISH Network Corp., Convertible 3.375% Aug 15 2026	3.4
Microchip Technology Inc., Convertible 1.625% Feb 15 2025	2.6
ON Semiconductor Corp., Convertible 1.000% Dec 1 2020	2.1
Citrix Systems Inc., Convertible 0.500% Apr 15 2019	2.0
Ctrip.com International Ltd., Convertible USD 1.990% Jul 1 2025	1.9
Cahaya Capital Ltd., Convertible USD 0.000% Sep 18 2021	1.7
Deutsche Wohnen SE, Convertible EUR 0.325% Jul 26 2024	1.6
Yahoo! Inc., Convertible 0.000% Dec 1 2018	1.5
Mitsubishi Chemical Holdings Corp., Convertible JPY 0.000% Mar 29 2024	1.5
Kansai Paint Co. Ltd., Convertible JPY 0.000% Jun 17 2022	1.4
Tesla Inc., Convertible 2.375% Mar 15 2022	1.4
Terumo Corp., Convertible JPY 0.000% Dec 6 2021	1.3
CapitaLand Ltd., Convertible SGD 2.800% Jun 8 2025	1.3
Fresenius SE & Co. KGaA, Convertible EUR 0.000% Jan 31 2024	1.3
Bagan Capital Ltd., Convertible USD 0.000% Sep 23 2021	1.3
Toray Industries Inc., Convertible JPY 0.000% Aug 31 2021	1.3
NXP Semiconductors N.V., Convertible USD 1.000% Dec 1 2019	1.2
AYC Finance Ltd., Convertible USD 0.500% May 2 2019	1.2
BP Capital Markets Plc., Convertible GBP 1.000% Apr 28 2023	1.2
Tesla Inc., Convertible 1.250% Jan 3 2021	1.2
United Microelectronics Corp., Convertible USD 0.000% May 18 2020	1.2
DP World Ltd., Convertible USD 1.750% Jun 19 2024	1.1
Shanghai Port Group BVI Holding Co. Ltd., Convertible USD 0.000% Aug 9 2021	1.1
Telefonica Participaciones S.A.U., Convertible EUR 0.000% Mar 9 2021	1.1
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.



MANAGED PAYOUT SOLUTION

RBC MANAGED PAYOUT SOLUTION

December 31, 2017

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 8, 2018.

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 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 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the “new risk classification methodology”). Pursuant to the new risk classification methodology, certain funds’ risk ratings were changed. RBC GAM reviews each fund’s risk rating on an annual basis or if there has been a material change to a fund’s investment objectives or investment strategies. Any changes to a fund’s risk rating are the result of RBC GAM’s annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund’s risk rating changed from low-to-medium to low.

Results of Operations

The Fund’s net asset value was \$3.8 billion as of December 31, 2017, essentially unchanged from the end of 2016.

Over the past year, the Fund’s Series A units gained 3.8%, which underperformed the 4.2% rise in the benchmark. The broad-based index 1 rose 2.5% and the broad-based index 2 rose 9.1%. 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.

In 2017, the Fund made monthly distributions of 3.80 cents per Series A unit. For the year, the Fund made total distributions of approximately 46 cents per Series A unit, consisting of 5 cents per unit of interest, 6 cents of dividends, 7 cents of capital gains and 28 cents of return of capital.

Global economic growth surged to the highest in seven years in 2017 thanks to a confluence of factors. The expansion was highly synchronized, encompassing the bulk of developed and many emerging-market nations. In the U.S., measures of confidence and risk appetite were robust, benefiting from the macroeconomic strength and helping to sustain it. Economic growth in the Eurozone and Japan continued to impress with a persistence that would have been hard to fathom several years ago. Canadian growth was unexpectedly brisk, prompting the Bank of Canada to raise interest rates twice during the year, even as investors worried about Canadians’ high household debts and the future of the North American Free Trade Agreement.

The Fund’s overweight position in equities and underweight position in fixed income had a positive impact on performance. Bonds issued by national governments ended 2017 with modest returns as inflation remained subdued and most major central banks extended bond-buying programs aimed at holding down interest rates. Yields moved generally lower in the first eight months of the year due to escalating tension between the U.S. and North Korea and continued skepticism about the Trump administration’s ability to enact its pro-growth policies. However, government-bond yields reversed higher in September as investors began anticipating efforts by central banks to scale back monetary stimulus and the likelihood of U.S. tax cuts increased. Canadian bonds underperformed U.S. fixed income given the faster-than-expected domestic growth. Returns were bolstered by the RBC Global Corporate Bond Fund and the RBC Bond Fund.

Stock markets rose in most of the world during 2017, driven by the tailwinds of rising corporate profits and the continued environment of relatively low global interest rates. Among the strongest-performing indexes were Japan, which benefited from the impact of structural reforms, and emerging markets, bolstered by a handful of technology stocks having large market capitalizations. In the U.S., equities were aided by expectations that the Republican-controlled Congress would work with President Trump to pass corporate and personal-income tax cuts, a hope that came to fruition at year end. European markets



in local-currency terms and Canadian indexes had more modest gains because their indexes had minimal exposure to the strong returns delivered by the Information Technology sector. The Fund's performance benefited from exposure to the RBC Canadian Dividend Fund and the Phillips, Hager & North Canadian Income Fund.

Recent Developments

The portfolio manager expects bond yields to move higher at a gradual pace, supported by the improving economy and monetary tightening. Meanwhile, earnings have been coming through and analysts are optimistic that the trend can persist. U.S. corporate-tax cuts could provide an additional boost to profits. Against this backdrop, equities continue to offer superior total-return potential compared to fixed income and the portfolio manager has maintained a moderate overweight in stocks and underweight in bonds as a result.

In January 2018, monthly distributions for the Fund were lowered to 3.75 cents per Series A unit.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	9.13	0.26	(0.14)	0.16	0.06	0.34	(0.05)	(0.06)	(0.07)	(0.28)	(0.46)	9.02
Dec. 31, 2016	8.97	0.28	(0.14)	0.10	0.37	0.61	(0.05)	(0.08)	(0.02)	(0.30)	(0.45)	9.13
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
Advisor Series												
Dec. 31, 2017	9.14	0.26	(0.14)	0.16	0.06	0.34	(0.05)	(0.06)	(0.07)	(0.28)	(0.46)	9.02
Dec. 31, 2016	8.97	0.28	(0.14)	0.10	0.37	0.61	(0.05)	(0.08)	(0.02)	(0.30)	(0.45)	9.14
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
Series F												
Dec. 31, 2017	9.86	0.29	(0.07)	0.17	0.05	0.44	(0.05)	(0.07)	(0.07)	(0.30)	(0.49)	9.83
Dec. 31, 2016	9.59	0.31	(0.07)	0.11	0.24	0.59	(0.05)	(0.09)	(0.02)	(0.32)	(0.48)	9.86
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

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, 2017	9.02	3 338 445	370 180	1.63	1.63	1.02	0.02
Dec. 31, 2016	9.13	3 580 066	391 974	1.63	1.63	5.31	0.04
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
Advisor Series							
Dec. 31, 2017	9.02	37 375	4 142	1.62	1.62	1.02	0.02
Dec. 31, 2016	9.14	36 644	4 011	1.62	1.62	5.31	0.04
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
Series F							
Dec. 31, 2017	9.83	440 025	44 775	0.74	0.74	1.02	0.02
Dec. 31, 2016	9.86	190 117	19 277	0.73	0.73	5.31	0.04
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

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.



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 management fee payable in respect of each of Series A and Advisor Series units 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 of these 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 Specified Percentage for Series A and Advisor Series units is 1.55%.

The management fee payable to RBC GAM in respect of Series F units of the Fund is a fixed fee and the MER of Series F units comprises the management fee, administration fee, taxes, other fund costs and any fees and expenses of the underlying funds.

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 for Series A and Advisor Series units represent the actual average management fee rate for the period ended December 31, 2017.

† Effective June 30, 2016, the management fee for Series F units is a fixed rate of 0.60%, which is unchanged from the previous variable rate of 0.60%.

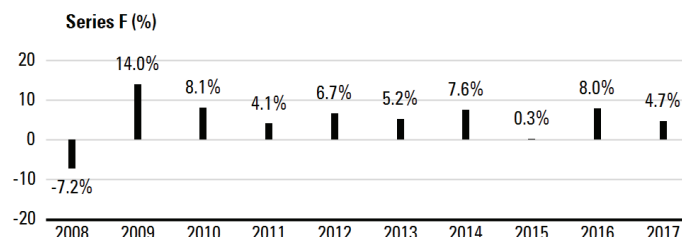
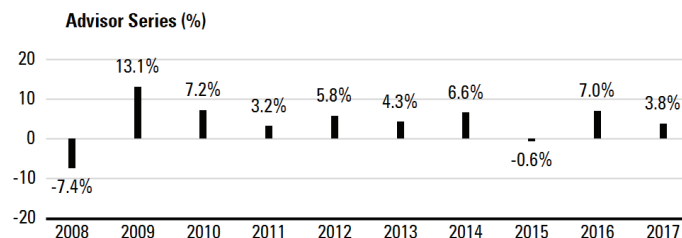
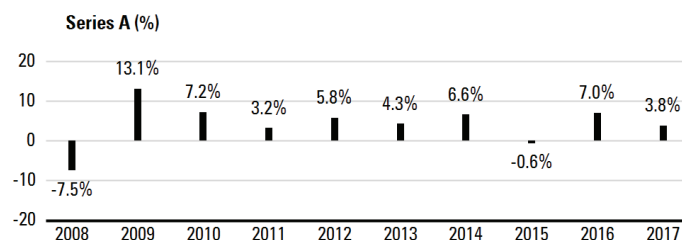
‡ Includes all costs related to management, trustee, investment advisory services, general administration and profit.

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, 2017, compared with the following benchmarks:

The blended benchmark (the "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 broad-based indexes are as follows:

Broad-based index 1 – FTSE TMX Canada Universe Bond Index

Broad-based index 2 – S&P/TSX Capped Composite Total Return Index

In January 2018, the S&P/TSX Capped Composite Total Return Index was added as a second broad-based index to more closely reflect the Fund's composition. The existing 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	3.8	3.4	4.2	4.2	—
Benchmark	4.2	3.9	4.9	5.0	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—
Advisor Series	3.8	3.4	4.2	4.2	—
Benchmark	4.2	3.9	4.9	5.0	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—
Series F	4.7	4.3	5.1	—	5.3
Benchmark	4.2	3.9	4.9	—	5.0
Broad-based index 1	2.5	2.6	3.0	—	4.7
Broad-based index 2	9.1	6.6	8.6	—	4.6

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

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.

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.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Income Funds	76.3
Canadian Equity Funds	15.2
United States Equity Funds	6.8
Cash/Other	1.7

Top 25 Holdings*

	% of Net Asset Value
RBC Bond Fund	20.4
RBC Global Corporate Bond Fund	19.0
RBC Canadian Short-Term Income Fund	16.9
RBC Monthly Income Fund	15.1
Phillips, Hager & North Canadian Income Fund	7.9
RBC Canadian Dividend Fund	7.3
RBC Global High Yield Bond Fund	4.8
RBC QUBE U.S. Equity Fund	3.4
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	3.4
Cash & Cash Equivalents	1.8
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, 2017

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 8, 2018.

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 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the “new risk classification methodology”). Pursuant to the new risk classification methodology, certain funds’ risk ratings were changed. RBC GAM reviews each fund’s risk rating on an annual basis or if there has been a material change to a fund’s investment objectives or investment strategies. Any changes to a fund’s risk rating are the result of RBC GAM’s annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund’s risk rating changed from low-to-medium to low.

Results of Operations

The Fund’s net asset value rose to \$2.6 billion as of December 31, 2017, from \$2.4 billion at the end of 2016. The increase was due to a combination of investment returns and net inflows.

Over the past year, the Fund’s Series A units gained 4.9%, which underperformed the 5.8% rise in the benchmark. The broad-based index 1 rose 2.5% and the broad-based index 2 rose 9.1%. 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.

In 2017, the Fund made monthly distributions of 4.35 cents per Series A unit. For the year, the Fund made total distributions of approximately 52 cents per Series A unit, consisting of 3 cents per unit of interest, 8 cents of dividends, 9 cents of capital gains and 32 cents of return of capital.

Global economic growth surged to the highest in seven years in 2017 thanks to a confluence of factors. The expansion was highly synchronized, encompassing the bulk of developed and many emerging-market nations. In the U.S., measures of confidence and risk appetite were robust, benefiting from the macroeconomic strength and helping to sustain it. Economic growth in the Eurozone and Japan continued to impress with a persistence that would have been hard to fathom several years ago. Canadian growth was unexpectedly brisk, prompting the Bank of Canada to raise interest rates twice during the year, even as investors worried about Canadians’ high household debts and the future of the North American Free Trade Agreement.

The Fund’s overweight position in equities and underweight position in fixed income had a positive impact on performance. Bonds issued by national governments ended 2017 with modest returns as inflation remained subdued and most major central banks extended bond-buying programs aimed at holding down interest rates. Yields moved generally lower in the first eight months of the year due to escalating tension between the U.S. and North Korea and continued skepticism about the Trump administration’s ability to enact its pro-growth policies. However, government-bond yields reversed higher in September as investors began anticipating efforts by central banks to scale back monetary stimulus and the likelihood of U.S. tax cuts increased. Canadian bonds underperformed U.S. fixed income given the faster-than-expected domestic growth. Returns were bolstered by exposure to the RBC Global High Yield Bond Fund and the RBC Bond Fund.

Stock markets rose in most of the world during 2017, driven by the tailwinds of rising corporate profits and the continued environment of relatively low global interest rates. Among the strongest-performing indexes were Japan, which benefited from the impact of structural reforms, and emerging markets, bolstered by a handful of technology stocks having large market capitalizations. In the U.S., equities were aided by expectations that the Republican-controlled Congress would work with President Trump to pass corporate and personal-income tax cuts, a hope that came to fruition at year end. European markets in local-currency terms and Canadian indexes had more



modest gains because their indexes had minimal exposure to the strong returns delivered by the Information Technology sector. The Fund's performance benefited from investments in the RBC Canadian Dividend Fund and the RBC QUBE U.S. Equity Fund.

Recent Developments

The portfolio manager expects bond yields to move higher at a gradual pace, supported by the improving economy and monetary tightening. Meanwhile, earnings have been coming through and analysts are optimistic that the trend can persist. U.S. corporate-tax cuts could provide an additional boost to profits. Against this backdrop, equities continue to offer superior total-return potential compared to fixed income and the portfolio manager has maintained a moderate overweight in stocks and underweight in bonds as a result.

In January 2018, monthly distributions for the Fund were lowered to 4.25 cents per Series A unit.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	8.66	0.27	(0.15)	0.18	0.11	0.41	(0.03)	(0.08)	(0.09)	(0.32)	(0.52)	8.55
Dec. 31, 2016	8.47	0.27	(0.15)	0.11	0.46	0.69	(0.03)	(0.09)	(0.02)	(0.37)	(0.51)	8.66
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
Advisor Series												
Dec. 31, 2017	8.65	0.27	(0.16)	0.18	0.12	0.41	(0.03)	(0.08)	(0.09)	(0.32)	(0.52)	8.54
Dec. 31, 2016	8.46	0.27	(0.16)	0.11	0.48	0.70	(0.03)	(0.09)	(0.02)	(0.37)	(0.51)	8.65
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
Series F												
Dec. 31, 2017	9.48	0.29	(0.07)	0.20	0.13	0.55	(0.03)	(0.09)	(0.10)	(0.35)	(0.57)	9.46
Dec. 31, 2016	9.17	0.30	(0.07)	0.12	0.43	0.78	(0.03)	(0.09)	(0.03)	(0.40)	(0.55)	9.48
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

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, 2017	8.55	2 032 913	237 806	1.83	1.83	6.18	0.02
Dec. 31, 2016	8.66	2 154 476	248 761	1.83	1.83	9.48	0.04
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
Advisor Series							
Dec. 31, 2017	8.54	23 801	2 788	1.85	1.85	6.18	0.02
Dec. 31, 2016	8.65	23 433	2 708	1.85	1.85	9.48	0.04
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
Series F							
Dec. 31, 2017	9.46	549 460	58 086	0.80	0.80	6.18	0.02
Dec. 31, 2016	9.48	199 477	21 039	0.80	0.80	9.48	0.04
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

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.



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 management fee payable in respect of each of Series A and Advisor Series units 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 of these 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 Specified Percentage for Series A and Advisor Series units is 1.75%.

The management fee payable to RBC GAM in respect of Series F units of the Fund is a fixed fee and the MER of Series F units comprises the management fee, administration fee, taxes, other fund costs and any fees and expenses of the underlying funds.

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 for Series A and Advisor Series units represent the actual average management fee rate for the period ended December 31, 2017.

[†] Effective June 30, 2016, the management fee for Series F units is a fixed rate of 0.65%, which is unchanged from the previous variable rate of 0.65%.

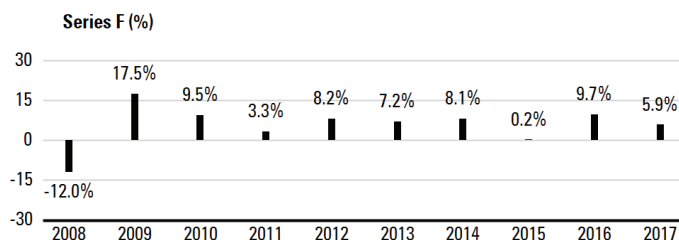
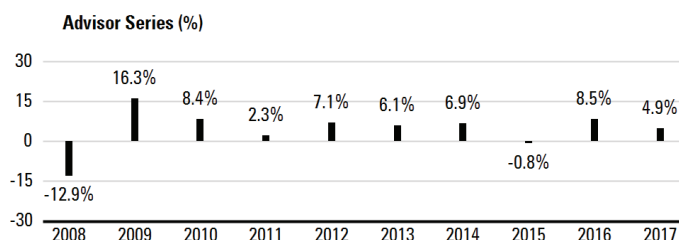
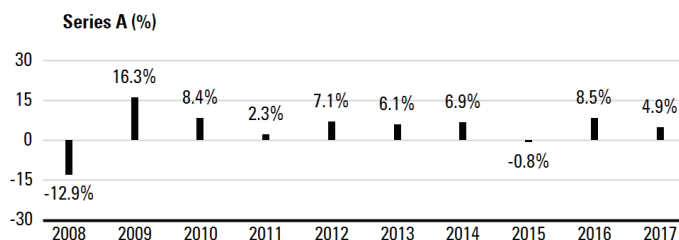
[‡] Includes all costs related to management, trustee, investment advisory services, general administration and profit.

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, 2017, compared with the following benchmarks:

The blended benchmark (the “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 broad-based indexes are as follows:

Broad-based index 1 – FTSE TMX Canada Universe Bond Index

Broad-based index 2 – S&P/TSX Capped Composite Total Return Index

In January 2018, the S&P/TSX Capped Composite Total Return Index was added as a second broad-based index to more closely reflect the Fund’s composition. The existing 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	4.9	4.1	5.1	4.4	–
Benchmark	5.8	5.2	6.4	5.6	–
Broad-based index 1	2.5	2.6	3.0	4.7	–
Broad-based index 2	9.1	6.6	8.6	4.7	–
Advisor Series	4.9	4.1	5.1	4.4	–
Benchmark	5.8	5.2	6.4	5.6	–
Broad-based index 1	2.5	2.6	3.0	4.7	–
Broad-based index 2	9.1	6.6	8.6	4.7	–
Series F	5.9	5.2	6.2	–	5.8
Benchmark	5.8	5.2	6.4	–	5.9
Broad-based index 1	2.5	2.6	3.0	–	4.7
Broad-based index 2	9.1	6.6	8.6	–	4.6

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

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.

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.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Income Funds	58.9
Canadian Equity Funds	27.3
United States Equity Funds	12.4
Cash/Other	1.4

Top 25 Holdings*

	% of Net Asset Value
RBC Bond Fund	23.3
RBC Canadian Dividend Fund	16.1
RBC Global High Yield Bond Fund	14.1
RBC Canadian Short-Term Income Fund	12.1
RBC Global Corporate Bond Fund	9.4
RBC QUBE U.S. Equity Fund	6.3
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	6.1
Phillips, Hager & North Canadian Income Fund	5.6
RBC Canadian Equity Income Fund	5.5
Cash & Cash Equivalents	1.5
Total	100.0

* The Fund holds fewer than 25 holdings.

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

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, 2017

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 8, 2018.

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

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the “new risk classification methodology”). Pursuant to the new risk classification methodology, certain funds’ risk ratings were changed. RBC GAM reviews each fund’s risk rating on an annual basis or if there has been a material change to a fund’s investment objectives or investment strategies. Any changes to a fund’s risk rating are the result of RBC GAM’s annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund’s risk rating during the reporting period.

Results of Operations

The Fund’s net asset value rose to \$2.1 billion as of December 31, 2017, from \$2.0 billion at the end of 2016. The increase was due to investment returns.

Over the past year, the Fund’s Series A units gained 5.6%, which underperformed the 7.1% rise in the benchmark. The broad-based index 1 rose 2.5% and the broad-based index 2 rose 9.1%. 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.

In 2017, the Fund made monthly distributions of 3.90 cents per Series A unit. For the year, the Fund made total distributions of approximately 47 cents per Series A unit, consisting of 6 cents per unit of dividends, 13 cents of capital gains and 28 cents of return of capital.

Global economic growth surged to the highest in seven years in 2017 thanks to a confluence of factors. The expansion was highly synchronized, encompassing the bulk of developed and many emerging-market nations. In the U.S., measures of confidence and risk appetite were robust, benefiting from the macroeconomic strength and helping to sustain it. Economic growth in the Eurozone and Japan continued to impress with a persistence that would have been hard to fathom several years ago. Canadian growth was unexpectedly brisk, prompting the Bank of Canada to raise interest rates twice during the year, even as investors worried about Canadians’ high household debts and the future of the North American Free Trade Agreement.

The Fund’s overweight position in equities and underweight position in fixed income had a positive impact on performance. Bonds issued by national governments ended 2017 with modest returns as inflation remained subdued and most major central banks extended bond-buying programs aimed at holding down interest rates. Yields moved generally lower in the first eight months of the year due to escalating tension between the U.S. and North Korea and continued skepticism about the Trump administration’s ability to enact its pro-growth policies. However, government-bond yields reversed higher in September as investors began anticipating efforts by central banks to scale back monetary stimulus and the likelihood of U.S. tax cuts increased. Canadian bonds underperformed U.S. fixed income given the faster-than-expected domestic growth. Returns were bolstered by exposure to the RBC Global High Yield Bond Fund and the RBC Bond Fund.

Stock markets rose in most of the world during 2017, driven by the tailwinds of rising corporate profits and the continued environment of relatively low global interest rates. Among the strongest-performing indexes were Japan, which benefited from the impact of structural reforms, and emerging markets, bolstered by a handful of technology stocks having large market capitalizations. In the U.S., equities were aided by expectations that the Republican-controlled Congress would work with President Trump to pass corporate and personal-income tax cuts, a hope that came to fruition at year end. European markets in local-currency terms and Canadian indexes had more



modest gains because their indexes had minimal exposure to the strong returns delivered by the Information Technology sector. The Fund's performance benefited from investments in the RBC Canadian Dividend Fund and the RBC QUBE U.S. Equity Fund.

Recent Developments

The portfolio manager expects bond yields to move higher at a gradual pace, supported by the improving economy and monetary tightening. Meanwhile, earnings have been coming through and analysts are optimistic that the trend can persist. U.S. corporate-tax cuts could provide an additional boost to profits. Against this backdrop, equities continue to offer superior total-return potential compared to fixed income and the portfolio manager has maintained a moderate overweight in stocks and underweight in bonds as a result.

In January 2018, monthly distributions for the Fund were lowered to 3.80 cents per Series A unit.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	6.65	0.18	(0.13)	0.20	0.11	0.36	—	(0.06)	(0.13)	(0.28)	(0.47)	6.54
Dec. 31, 2016	6.44	0.19	(0.12)	0.01	0.57	0.65	—	(0.07)	—	(0.38)	(0.45)	6.65
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
Advisor Series												
Dec. 31, 2017	6.66	0.18	(0.13)	0.20	0.11	0.36	—	(0.06)	(0.13)	(0.28)	(0.47)	6.55
Dec. 31, 2016	6.45	0.19	(0.12)	0.01	0.58	0.66	—	(0.07)	—	(0.38)	(0.45)	6.66
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
Series D												
Dec. 31, 2017	7.20	0.20	(0.08)	0.22	0.11	0.45	—	(0.06)	(0.14)	(0.30)	(0.50)	7.15
Dec. 31, 2016	6.92	0.21	(0.08)	0.01	0.63	0.77	—	(0.08)	—	(0.41)	(0.49)	7.20
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
Series F												
Dec. 31, 2017	7.93	0.22	(0.06)	0.24	0.15	0.55	—	(0.07)	(0.15)	(0.34)	(0.56)	7.89
Dec. 31, 2016	7.59	0.23	(0.06)	0.01	0.78	0.96	—	(0.08)	—	(0.45)	(0.53)	7.93
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
Series O												
Dec. 31, 2017	7.95	0.22	—	0.25	0.14	0.61	—	(0.07)	(0.15)	(0.34)	(0.56)	7.97
Dec. 31, 2016	7.52	0.22	—	0.01	(1.24)	(1.01)	—	(0.08)	—	(0.45)	(0.53)	7.95
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

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, 2017	6.54	1 506 551	230 320	1.95	1.95	5.69	0.05
Dec. 31, 2016	6.65	1 696 325	255 088	1.95	1.95	9.64	0.08
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
Advisor Series							
Dec. 31, 2017	6.55	23 481	3 585	1.97	1.97	5.69	0.05
Dec. 31, 2016	6.66	21 759	3 268	1.96	1.96	9.64	0.08
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
Series D							
Dec. 31, 2017	7.15	102 467	14 336	1.13	1.13	5.69	0.05
Dec. 31, 2016	7.20	87 397	12 134	1.13	1.13	9.64	0.08
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
Series F							
Dec. 31, 2017	7.89	456 668	57 894	0.85	0.85	5.69	0.05
Dec. 31, 2016	7.93	196 242	24 751	0.84	0.84	9.64	0.08
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
Series O							
Dec. 31, 2017	7.97	28	4	0.06	0.06	5.69	0.05
Dec. 31, 2016	7.95	1	—	0.06	0.06	9.64	0.08
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

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.

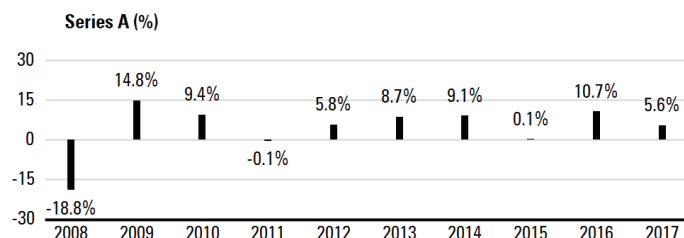
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

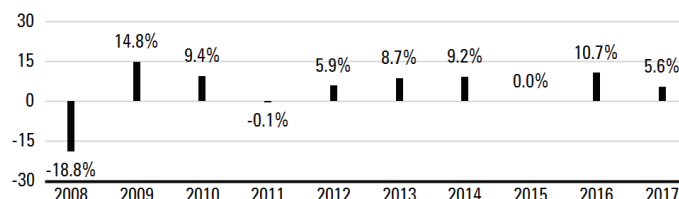
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional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

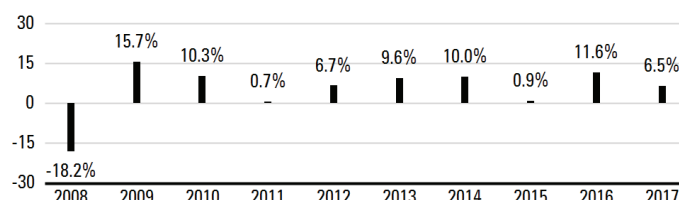
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



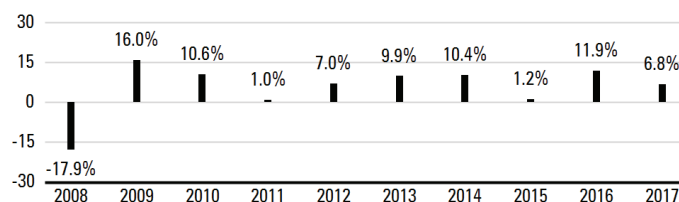
Advisor Series (%)



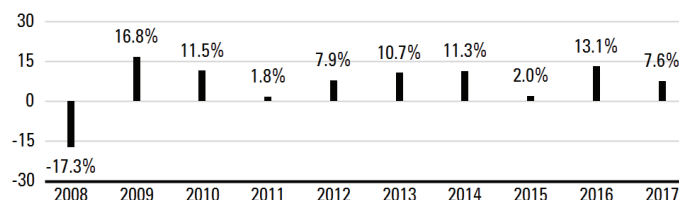
Series D (%)



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, 2017, compared with the following benchmarks:

The blended benchmark (the “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 broad-based indexes are as follows:

Broad-based index 1 – FTSE TMX Canada Universe Bond Index

Broad-based index 2 – S&P/TSX Capped Composite Total Return Index

In January 2018, the S&P/TSX Capped Composite Total Return Index was added as a second broad-based index to more closely reflect the Fund’s composition. The existing 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	5.6	5.4	6.8	4.1	—
Benchmark	7.1	6.2	8.0	5.9	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—
Advisor Series	5.6	5.3	6.8	4.1	—
Benchmark	7.1	6.2	8.0	5.9	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—
Series D	6.5	6.2	7.6	4.9	—
Benchmark	7.1	6.2	8.0	5.9	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—
Series F	6.8	6.5	7.9	5.2	—
Benchmark	7.1	6.2	8.0	5.9	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—
Series O	7.6	7.5	8.9	6.1	—
Benchmark	7.1	6.2	8.0	5.9	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—

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

Series O units have been available for sale to unitholders since January 1, 2008.

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.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Canadian Equity Funds	42.5
Income Funds	39.2
United States Equity Funds	16.9
Cash/Other	1.4

Top 25 Holdings*

	% of Net Asset Value
RBC Canadian Dividend Fund	21.2
RBC Bond Fund	18.2
Phillips, Hager & North Canadian Income Fund	16.0
RBC Canadian Short-Term Income Fund	11.7
RBC Global High Yield Bond Fund	9.0
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	8.5
RBC QUBE U.S. Equity Fund	8.4
RBC Canadian Equity Income Fund	5.3
Cash & Cash Equivalents	1.7
Total	100.0

* The Fund holds fewer than 25 holdings.

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

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



BALANCED FUND

RBC MONTHLY INCOME FUND

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund's risk rating changed from low-to-medium to low.

Results of Operations

The Fund's net asset value rose to \$8.3 billion as of December 31, 2017, from \$8.1 billion at the end of 2016. The increase was due to investment returns, partially offset by net redemptions.

Over the past year, the Fund's Series A units gained 5.3%, which matched the rise in the benchmark. The broad-based index 1 rose 2.5% and the broad-based index 2 rose 9.1%. 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.

In 2017, the Fund made monthly distributions of 4.25 cents per Series A unit. For the year, the Fund made total distributions of approximately 51 cents per Series A unit, consisting of 12 cents per unit of interest, 19 cents of dividend, 13 cents per unit of capital gains and 7 cents of return of capital.

The Canadian stock market lagged most other major equity markets during 2017. The index was held back by the Energy sector, appreciation in the Canadian dollar and concern that the economy lacks a growth driver to offset the slowing housing market. Furthermore, market sentiment continues to be hurt by ongoing uncertainty regarding the North American Free Trade Agreement ("NAFTA").

The Bank of Canada (the "BOC") surprised markets this year by shifting to a hawkish stance, hiking rates twice on the back of strong economic growth. However, the Canadian economy is not without risks. In addition to housing concerns, items that may impact Canada's competitiveness include U.S. protectionism, increasing taxes, tougher labour laws, stricter environmental standards, rising electricity costs and persistently low oil prices.

Canadian government bonds recorded negligible overall returns in 2017, with gains on longer-term fixed income offset by losses on shorter-term securities. The low global interest-rate environment created demand for longer-maturity government bonds as investors searched for higher-yielding investments. Meanwhile, the yield on the two-year government security doubled in 2017 after the BOC's rate hikes, the first increases in seven years. However, yields soon retreated as the central bank became more cautious about high consumer debt, uncertainty surrounding the survival of the NAFTA and concern about the overheated housing market.

During the year, relative performance in the Fund's equity segment was boosted by the Utilities and Financials sectors, while Energy had a negative impact.

In the Utilities sector, stock selection and an overweight allocation aided returns. In particular, an overweight position in Brookfield Infrastructure Partners helped returns as the stock had another strong year, supported by acquisitions and growth projects.

The Fund benefited from strong security selection and an overweight allocation to the Financials sector, with bank stocks producing strong returns during the latter part of the year. Bank shares are now trading slightly above their historical average, boosted in part by the BOC's more hawkish rate outlook.

Energy was the worst-performing TSX sector in 2017, due to volatility in crude-oil prices, weak natural-gas prices and ongoing energy-infrastructure bottlenecks. The Fund's exposure to Precision Drilling further weighed on returns as the stock struggled.



Recent Developments

Global stock markets continue to be supported by the synchronized global expansion and better-than-expected corporate profit growth around the world, but the recent rally has pushed equities closer to fair value. It may be prudent to lower total-return expectations and consider the potential for higher volatility in the months ahead. Without support from rising valuations, further gains in stocks will likely be paced by corporate profit growth.

The Canadian economy is not without risks. In addition to housing concerns, items that may impact Canada's competitiveness include protectionism, increasing taxes, tougher labour laws, stricter environmental standards, rising electricity costs and persistently low oil 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$247,000 (2016 – \$584,000) or 13% (2016 – 24%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the 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, 2017	14.25	0.45	(0.17)	0.35	0.11	0.74	(0.12)	(0.19)	(0.13)	(0.07)	(0.51)	14.48
Dec. 31, 2016	13.24	0.48	(0.17)	0.34	0.86	1.51	(0.12)	(0.23)	(0.13)	(0.03)	(0.51)	14.25
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
Advisor Series												
Dec. 31, 2017	14.41	0.46	(0.17)	0.35	0.12	0.76	(0.12)	(0.19)	(0.13)	(0.07)	(0.51)	14.65
Dec. 31, 2016	13.38	0.49	(0.16)	0.35	0.86	1.54	(0.12)	(0.23)	(0.13)	(0.03)	(0.51)	14.41
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
Series D												
Dec. 31, 2017	14.77	0.47	(0.13)	0.36	0.11	0.81	(0.12)	(0.19)	(0.13)	(0.07)	(0.51)	15.08
Dec. 31, 2016	13.67	0.50	(0.13)	0.35	0.89	1.61	(0.12)	(0.23)	(0.13)	(0.03)	(0.51)	14.77
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
Series F												
Dec. 31, 2017	15.52	0.50	(0.11)	0.38	0.15	0.92	(0.12)	(0.19)	(0.13)	(0.07)	(0.51)	15.90
Dec. 31, 2016	14.31	0.53	(0.11)	0.37	0.85	1.64	(0.12)	(0.23)	(0.13)	(0.03)	(0.51)	15.52
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
Series O												
Dec. 31, 2017	16.13	0.52	—	0.40	0.12	1.04	(0.12)	(0.19)	(0.13)	(0.07)	(0.51)	16.66
Dec. 31, 2016	14.76	0.54	—	0.38	0.95	1.87	(0.12)	(0.23)	(0.13)	(0.03)	(0.51)	16.13
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

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, 2017	14.48	6 882 249	475 151	1.20	1.20	26.15	0.03
Dec. 31, 2016	14.25	7 044 014	494 218	1.20	1.20	24.37	0.03
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
Advisor Series							
Dec. 31, 2017	14.65	60 990	4 162	1.15	1.15	26.15	0.03
Dec. 31, 2016	14.41	62 451	4 334	1.15	1.15	24.37	0.03
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
Series D							
Dec. 31, 2017	15.08	175 640	11 647	0.88	0.88	26.15	0.03
Dec. 31, 2016	14.77	169 877	11 500	0.88	0.88	24.37	0.03
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
Series F							
Dec. 31, 2017	15.90	565 502	35 574	0.72	0.72	26.15	0.03
Dec. 31, 2016	15.52	253 543	16 337	0.71	0.71	24.37	0.03
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
Series O							
Dec. 31, 2017	16.66	589 109	35 358	0.03	0.03	26.15	0.03
Dec. 31, 2016	16.13	588 353	36 469	0.02	0.02	24.37	0.03
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

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.

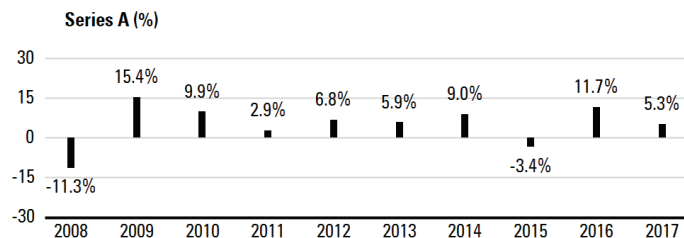
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

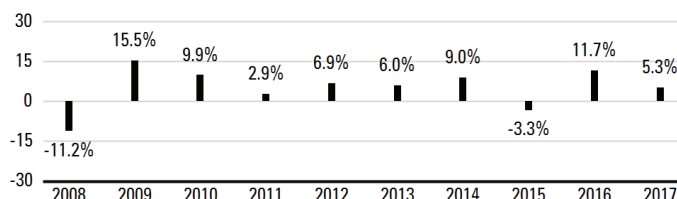
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional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

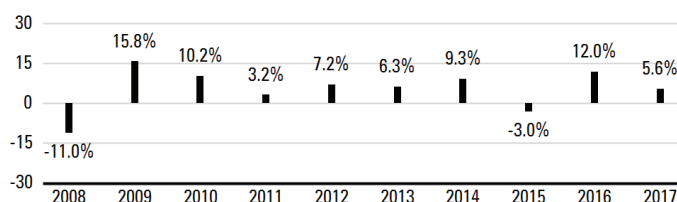
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



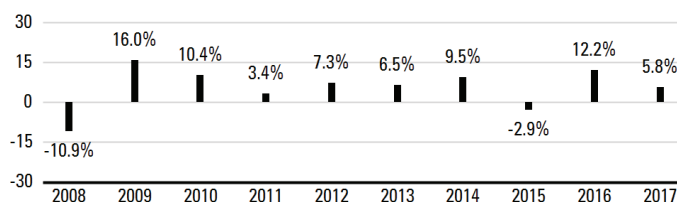
Advisor Series (%)



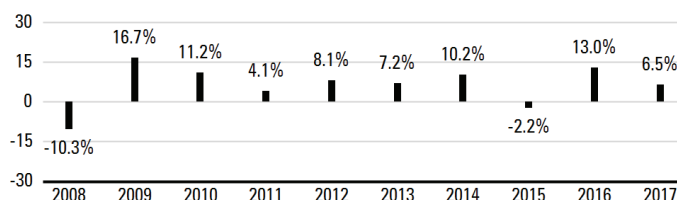
Series D (%)



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, 2017, 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 indexes are as follows:

Broad-based index 1 – FTSE TMX Canada Universe Bond Index

Broad-based index 2 – S&P/TSX Capped Composite Total Return Index

In January 2018, the S&P/TSX Capped Composite Total Return Index was added as a second broad-based index to more closely reflect the Fund's composition. The existing 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	5.3	4.4	5.6	5.0	—
Benchmark	5.3	4.4	5.5	4.9	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—
Advisor Series	5.3	4.4	5.6	5.0	—
Benchmark	5.3	4.4	5.5	4.9	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—
Series D	5.6	4.7	5.9	5.3	—
Benchmark	5.3	4.4	5.5	4.9	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—
Series F	5.8	4.9	6.1	5.5	—
Benchmark	5.3	4.4	5.5	4.9	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—
Series O	6.5	5.6	6.8	6.2	—
Benchmark	5.3	4.4	5.5	4.9	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—

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

Series O units have been available for sale to unitholders since January 1, 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.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Canadian Bonds	49.8
Equities	38.5
Income Trusts	8.2
Foreign Bonds	0.7
Cash/Other	2.8

Top 25 Holdings

	% of Net Asset Value
RBC U.S. Dividend Fund	7.2
Royal Bank of Canada	3.3
Toronto-Dominion Bank	2.8
Cash & Cash Equivalents	2.4
Bank of Nova Scotia	2.2
Enbridge Inc.	1.7
Canadian National Railway Co.	1.6
Government of Canada 0.750% Sep 1 2021	1.5
Bank of Montreal	1.5
Brookfield Asset Management Inc., Class A	1.4
Manulife Financial Corporation	1.3
Province of Ontario 4.600% Jun 2 2039	1.3
Province of Ontario 4.650% Jun 2 2041	1.2
TransCanada Corp.	1.2
Province of Ontario 3.450% Jun 2 2045	1.1
Suncor Energy Inc.	1.1
Canadian Imperial Bank of Commerce	1.0
Province of Ontario 6.500% Mar 8 2029	1.0
Ontario Electricity Financial Corp. 8.250% Jun 22 2026	1.0
Province of Quebec 3.000% Sep 1 2023	1.0
Government of Canada 4.000% Jun 1 2041	0.9
Government of Canada 2.750% Dec 1 2048	0.9
Canadian Pacific Railway Ltd.	0.9
Province of Quebec 5.000% Dec 1 2041	0.9
Government of Canada 1.500% Jun 1 2026	0.8
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.

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



BALANCED FUND

RBC U.S. MONTHLY INCOME FUND

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$1.3 billion as of December 31, 2017, from \$1.1 billion at the end of 2016. The increase was due to a combination of net inflows and investment returns.

Over the past year, the Fund's Series A units gained 10.1%, which underperformed the 10.6% rise in the benchmark. The broad-based index 1 rose 3.5% and the broad-based index 2 rose 21.8%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

In 2017, the Fund made monthly distributions of approximately 2.70 cents per Series A unit. For the year, the Fund made total distributions of approximately 32 cents per Series A unit, consisting of 3 cents per unit of interest, 10 cents of dividend income, 13 cents of capital gains and 6 cents of return of capital. In January 2018, monthly distributions for the Fund were raised to 2.90 cents per Series A unit.

The U.S. stock market climbed in 2017 on the back of solid returns from industry sectors that tend to have greater exposure to economic growth. Performance was driven by the continuation of the synchronized global economic expansion, still accommodative global central-bank policy and low market interest rates and inflation, which drove better-than-expected financial performance for most U.S. companies.

Returns for U.S. fixed income were more modest. Bonds of U.S. companies benefited from a strengthening world economy, persistent demand for higher-yielding assets and optimism about the impact of business-friendly U.S. tax reform. The U.S. Federal Reserve (the "Fed") raised its short-term benchmark three times and the Bank of England once, while the Bank of Canada raised rates twice. As a consequence, gains were limited in high-quality government bonds. The positive risk environment favoured the riskier asset classes of global fixed income such as high-yield bonds and emerging-market bonds.

The Fund benefited from an above-benchmark allocation to corporate bonds. However, overall security selection in fixed income was a negative for relative returns. The equity component of the portfolio slightly underperformed the S&P 500 Index, the U.S. stock benchmark, primarily due to an underweight allocation to the strong-performing Information Technology sector. Strong security selection in the Industrials, Consumer Discretionary and Energy sectors aided relative performance in the equity segment.

As of December 31, 2017, 51% of the Fund's assets were invested in fixed income, 44% in equities and the remainder in cash.

Recent Developments

The shift toward tighter monetary policies could have a negative impact on fixed-income returns in the year ahead. Better global economic growth and expectations that inflation will quicken may result in volatility. Assuming that yields rise modestly, corporate bonds would provide modest returns for investors, and the Fund continues to favour non-government bonds at the expense of government bonds.

The portfolio manager believes that stocks could rise modestly over the next year. However, there are several scenarios that could lead to declines, including an escalation of tensions with North Korea, a mistake by the Fed in possibly raising interest rates too quickly or



protectionist trade moves by the Trump administration. The portfolio manager's indicators suggest that the odds of a recession remain fairly low, but with valuations at an eight-year high and the Fed intent on boosting interest rates, the risks have increased and earnings growth remains the key to higher stock 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. The sub-advisor earns a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisor is paid by the manager from the management fee paid by the Fund.

Distributors

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

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$33,000 (2016 – \$101,000) or 6% (2016 – 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 (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, 2017	10.05	0.30	(0.17)	0.29	0.57	0.99	(0.03)	(0.10)	(0.13)	(0.06)	(0.32)	10.72
Dec. 31, 2016	9.73	0.32	(0.17)	0.15	0.33	0.63	(0.05)	(0.11)	(0.14)	(0.02)	(0.32)	10.05
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
Advisor Series												
Dec. 31, 2017	10.15	0.30	(0.17)	0.29	0.59	1.01	(0.03)	(0.10)	(0.13)	(0.06)	(0.32)	10.84
Dec. 31, 2016	9.83	0.33	(0.17)	0.15	0.33	0.64	(0.05)	(0.11)	(0.14)	(0.02)	(0.32)	10.15
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
Series D												
Dec. 31, 2017	10.84	0.32	(0.11)	0.31	0.64	1.16	(0.03)	(0.12)	(0.13)	(0.06)	(0.34)	11.66
Dec. 31, 2016	10.42	0.35	(0.10)	0.16	0.34	0.75	(0.05)	(0.13)	(0.14)	(0.02)	(0.34)	10.84
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
Series F												
Dec. 31, 2017	10.53	0.31	(0.08)	0.30	0.61	1.14	(0.03)	(0.11)	(0.13)	(0.06)	(0.33)	11.34
Dec. 31, 2016	10.10	0.34	(0.08)	0.16	0.35	0.77	(0.05)	(0.12)	(0.14)	(0.02)	(0.33)	10.53
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
Series I												
Dec. 31, 2017	10.58	0.32	(0.08)	0.30	0.63	1.17	(0.03)	(0.11)	(0.13)	(0.06)	(0.33)	11.41
Dec. 31, 2016	10.14	0.34	(0.07)	0.16	0.37	0.80	(0.05)	(0.12)	(0.14)	(0.02)	(0.33)	10.58
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.



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, 2017	10.72	1 109 029	103 458	1.66	1.66	54.52	0.04
Dec. 31, 2016	10.05	866 573	86 255	1.71 ⁴	1.71	108.65	0.05
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
Advisor Series							
Dec. 31, 2017	10.84	52 781	4 869	1.62	1.62	54.52	0.04
Dec. 31, 2016	10.15	53 113	5 231	1.67 ⁴	1.67	108.65	0.05
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
Series D							
Dec. 31, 2017	11.66	41 897	3 594	0.94	0.94	54.52	0.04
Dec. 31, 2016	10.84	33 225	3 065	0.99 ⁴	0.99	108.65	0.05
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
Series F							
Dec. 31, 2017	11.34	86 396	7 616	0.78	0.78	54.52	0.04
Dec. 31, 2016	10.53	50 021	4 751	0.82 ⁴	0.82	108.65	0.05
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
Series I							
Dec. 31, 2017	11.41	57 157	5 008	0.71	0.71	54.52	0.04
Dec. 31, 2016	10.58	54 070	5 109	0.70	0.70	108.65	0.05
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 ⁵	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 Effective June 30, 2016, the management fees were changed in respect of Series A, Advisor Series, Series D and Series F units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 1.65%, Advisor Series – 1.61%, Series D – 0.94% and Series F – 0.77%.

⁵ 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	1.40%	53%	47%
Advisor Series	1.40%	53%	47%
Series D	0.80%	17%	83%
Series F	0.65%	—	100%
Series I	0.60%	—	100%

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

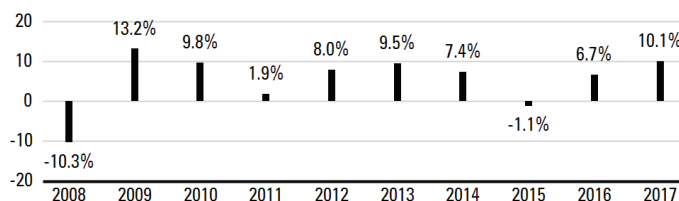
PAST PERFORMANCE (in USD)

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.

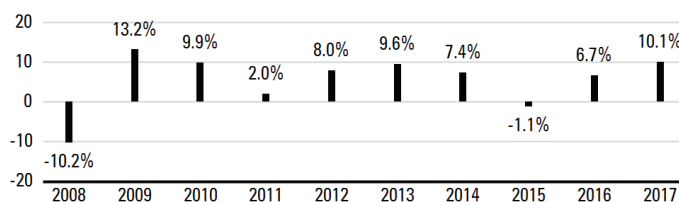
Year-by-Year Returns (%)

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.

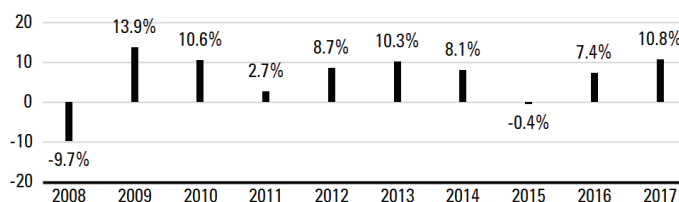
Series A (%)



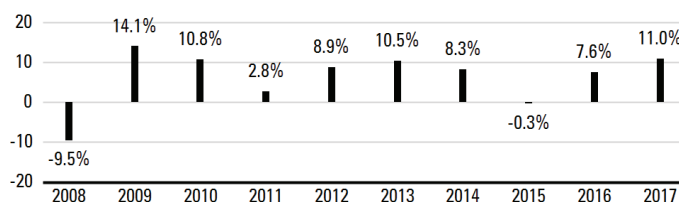
Advisor Series (%)



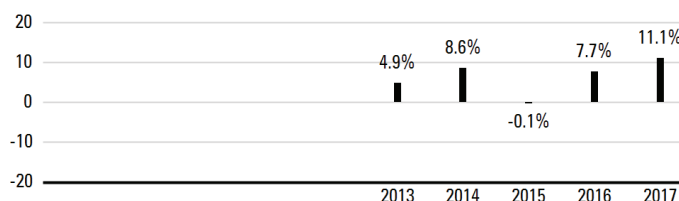
Series D (%)



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, 2017, 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 indexes are as follows:

- Broad-based index 1 – Barclays Capital U.S. Aggregate Bond Index
- Broad-based index 2 – S&P 500 Total Return Index (USD)

In January 2018, the S&P 500 Total Return Index (USD) was added as a second broad-based index to more closely reflect the Fund's composition. The existing 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	10.1	5.1	6.4	5.3	—
Benchmark	10.6	6.0	7.5	6.1	—
Broad-based index 1	3.5	2.2	2.1	4.0	—
Broad-based index 2	21.8	11.4	15.8	8.5	—
Advisor Series	10.1	5.1	6.5	5.3	—
Benchmark	10.6	6.0	7.5	6.1	—
Broad-based index 1	3.5	2.2	2.1	4.0	—
Broad-based index 2	21.8	11.4	15.8	8.5	—
Series D	10.8	5.8	7.2	6.0	—
Benchmark	10.6	6.0	7.5	6.1	—
Broad-based index 1	3.5	2.2	2.1	4.0	—
Broad-based index 2	21.8	11.4	15.8	8.5	—
Series F	11.0	6.0	7.4	6.2	—
Benchmark	10.6	6.0	7.5	6.1	—
Broad-based index 1	3.5	2.2	2.1	4.0	—
Broad-based index 2	21.8	11.4	15.8	8.5	—
Series I	11.1	6.2	—	—	7.3
Benchmark	10.6	6.0	—	—	7.1
Broad-based index 1	3.5	2.2	—	—	2.9
Broad-based index 2	21.8	11.4	—	—	13.4

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 I 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.

All outstanding Series H units were re-designated as Series A units effective June 30, 2016.

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, 2017

Investment Mix

	% of Net Asset Value
Equities	44.0
Bonds	33.3
Mortgage-Backed Securities	12.4
Cash/Other	10.3

Top 25 Holdings

	% of Net Asset Value
United States Treasury 1.750% May 15 2023	6.0
Cash & Cash Equivalents	5.1
United States Treasury 2.000% Feb 15 2025	2.9
RBC U.S. High Yield Bond Fund	2.5
RBC Emerging Markets Bond Fund	2.5
Apple Inc.	2.1
Microsoft Corp.	1.8
United States Treasury 2.250% Nov 15 2024	1.7
United States Treasury 1.500% Jan 31 2022	1.6
JPMorgan Chase & Co.	1.5
United States Treasury 1.625% Feb 15 2026	1.4
Bank of America Corp.	1.4
Johnson & Johnson	1.3
Citigroup Inc.	1.2
iShares Dow Jones US Real Estate Index Fund	1.2
United States Treasury 1.125% Apr 30 2020	1.1
Philip Morris International Inc.	1.1
Cisco Systems Inc.	1.1
PepsiCo Inc.	1.1
Chevron Corp.	1.1
Texas Instruments Inc.	1.0
Comcast Corp., Class A	1.0
UnitedHealth Group Incorporated	0.9
McDonald's Corp.	0.8
Pfizer Inc.	0.8
Top 25 Holdings	44.2

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.



BALANCED FUND

RBC BALANCED FUND

December 31, 2017

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 8, 2018.

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, 7% for international equities and 3% for emerging markets 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value fell to \$5.7 billion as of December 31, 2017, from \$5.8 billion at the end of 2016. The decrease was due to net outflows, partially offset by investment returns.

Over the past year, the Fund's Series A units gained 7.0%, which underperformed the 7.7% rise in the benchmark. The broad-based index 1 rose 2.5% and the broad-based index 2 rose 9.1%. 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 economic growth surged to the highest in seven years in 2017 thanks to a confluence of factors. The expansion was highly synchronized, encompassing the bulk of developed and many emerging-market nations. In the U.S., measures of confidence and risk appetite were robust, benefiting from the macroeconomic strength and helping to sustain it. Economic growth in the Eurozone and Japan continued to impress with a persistence that would have been hard to fathom several years ago. Canadian growth was unexpectedly brisk, prompting the Bank of Canada to raise interest rates twice during the year, even as investors worried about Canadians' high household debts and the future of the North American Free Trade Agreement.

The Fund's overweight position in equities and underweight position in fixed income had a positive impact on performance. Bonds issued by national governments ended 2017 with modest returns as inflation remained subdued and most major central banks extended bond-buying programs aimed at holding down interest rates. Yields moved generally lower in the first eight months of the year due to escalating tension between the U.S. and North Korea and continued skepticism about the Trump administration's ability to enact its pro-growth policies. However, government-bond yields reversed higher in September as investors began anticipating efforts by central banks to scale back monetary stimulus and the likelihood of U.S. tax cuts increased. Canadian bonds underperformed U.S. fixed income given the faster-than-expected domestic growth. The Fund's fixed-income returns were bolstered by the positive impact of asset weighting and security selection in investment-grade bonds.

Stock markets rose in most of the world during 2017, driven by the tailwinds of rising corporate profits and the continued environment of relatively low global interest rates. Among the strongest-performing indexes were Japan, which benefited from the impact of structural reforms, and emerging markets, bolstered by a handful of technology stocks having large market capitalizations. In the U.S., equities were aided by expectations that the Republican-controlled Congress would work with President Trump to pass corporate and personal-income tax cuts, a hope that came to fruition at year end. European markets in local-currency terms and Canadian indexes had more modest gains because their indexes had minimal exposure to the strong returns delivered by the Information Technology sector. The portfolio's performance benefited from security selection in the developed markets of Europe and Asia, as well as asset weighting in emerging-market equities.



Recent Developments

The portfolio manager expects bond yields to move higher at a gradual pace, supported by the improving economy and monetary tightening. Meanwhile, earnings have been coming through and analysts are optimistic that the trend can persist. U.S. corporate-tax cuts could provide an additional boost to profits. Against this backdrop, equities continue to offer superior total-return potential compared to fixed income and the portfolio manager has maintained a moderate overweight in stocks and underweight in bonds as a result.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. The sub-advisors earn a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisors are paid by the manager from the management fee paid by 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$169,000 (2016 – \$382,000) or 7% (2016 – 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 A												
Dec. 31, 2017	13.86	0.35	(0.31)	0.75	0.18	0.97	—	(0.04)	(0.52)	—	(0.56)	14.28
Dec. 31, 2016	13.18	0.40	(0.29)	0.46	0.33	0.90	—	(0.11)	(0.12)	—	(0.23)	13.86
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
Advisor Series												
Dec. 31, 2017	14.01	0.35	(0.31)	0.76	0.19	0.99	—	(0.03)	(0.53)	—	(0.56)	14.43
Dec. 31, 2016	13.31	0.40	(0.29)	0.46	0.33	0.90	—	(0.11)	(0.12)	—	(0.23)	14.01
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
Series T5												
Dec. 31, 2017	12.63	0.31	(0.27)	0.67	0.20	0.91	—	(0.03)	(0.52)	(0.08)	(0.63)	12.87
Dec. 31, 2016	12.40	0.37	(0.27)	0.42	0.36	0.88	—	(0.10)	(0.09)	(0.43)	(0.62)	12.63
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
Series T8												
Dec. 31, 2017	8.35	0.20	(0.17)	0.44	0.04	0.51	—	(0.02)	(0.24)	(0.41)	(0.67)	8.26
Dec. 31, 2016	8.46	0.25	(0.18)	0.28	0.20	0.55	—	(0.07)	(0.09)	(0.52)	(0.68)	8.35
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
Series D												
Dec. 31, 2017	14.41	0.37	(0.20)	0.78	0.18	1.13	—	(0.13)	(0.54)	—	(0.67)	14.89
Dec. 31, 2016	13.70	0.41	(0.19)	0.47	0.38	1.07	—	(0.23)	(0.12)	—	(0.35)	14.41
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
Series F												
Dec. 31, 2017	15.23	0.39	(0.17)	0.83	0.22	1.27	—	(0.16)	(0.58)	—	(0.74)	15.74
Dec. 31, 2016	14.47	0.44	(0.16)	0.51	0.24	1.03	—	(0.29)	(0.12)	—	(0.41)	15.23
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



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, 2017	15.78	0.40	(0.07)	0.86	0.20	1.39	—	(0.25)	(0.60)	—	(0.85)	16.33
Dec. 31, 2016	14.99	0.45	(0.06)	0.52	0.40	1.31	—	(0.40)	(0.13)	—	(0.53)	15.78
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
Series O												
Dec. 31, 2017	15.36	0.39	—	0.84	0.19	1.42	—	(0.30)	(0.58)	—	(0.88)	15.91
Dec. 31, 2016	14.59	0.44	—	0.51	0.38	1.33	—	(0.44)	(0.13)	—	(0.57)	15.36
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

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, 2017	14.28	5 063 830	354 559	2.16	2.16	29.14	0.04
Dec. 31, 2016	13.86	5 291 927	381 744	2.16	2.16	31.74	0.06
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
Advisor Series							
Dec. 31, 2017	14.43	17 160	1 190	2.18	2.18	29.14	0.04
Dec. 31, 2016	14.01	17 857	1 275	2.17	2.17	31.74	0.06
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
Series T5							
Dec. 31, 2017	12.87	1 195	93	2.15	2.15	29.14	0.04
Dec. 31, 2016	12.63	751	59	2.14	2.14	31.74	0.06
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
Series T8							
Dec. 31, 2017	8.26	2 596	314	2.11	2.11	29.14	0.04
Dec. 31, 2016	8.35	3 944	472	2.13	2.13	31.74	0.06
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



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, 2017	14.89	125 541	8 432	1.33	1.33	29.14	0.04
Dec. 31, 2016	14.41	115 887	8 040	1.33	1.33	31.74	0.06
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
Series F							
Dec. 31, 2017	15.74	193 873	12 321	1.06	1.06	29.14	0.04
Dec. 31, 2016	15.23	84 401	5 541	1.06	1.06	31.74	0.06
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
Series I							
Dec. 31, 2017	16.33	242 039	14 823	0.42	0.42	29.14	0.04
Dec. 31, 2016	15.78	228 592	14 487	0.42	0.42	31.74	0.06
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
Series O							
Dec. 31, 2017	15.91	62 877	3 953	0.03	0.03	29.14	0.04
Dec. 31, 2016	15.36	56 950	3 709	0.04	0.04	31.74	0.06
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

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%	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	1.00%	—	100%

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

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

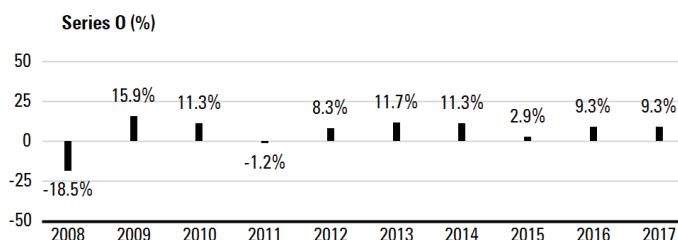
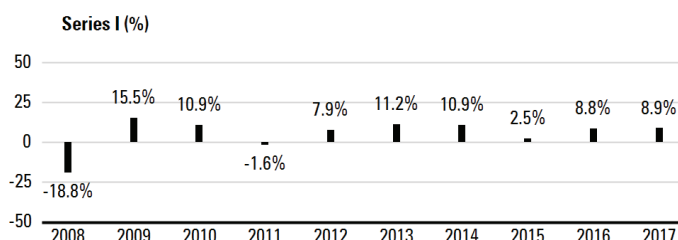
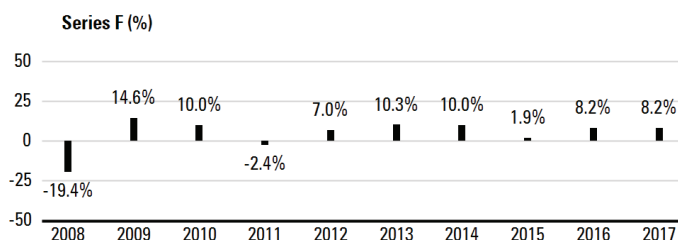
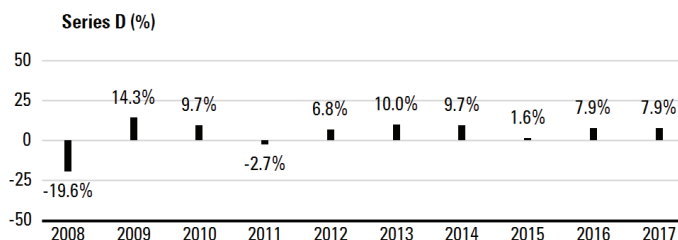
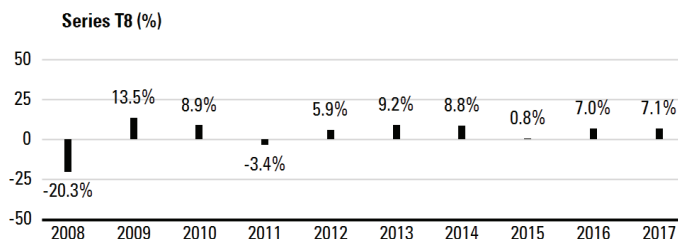
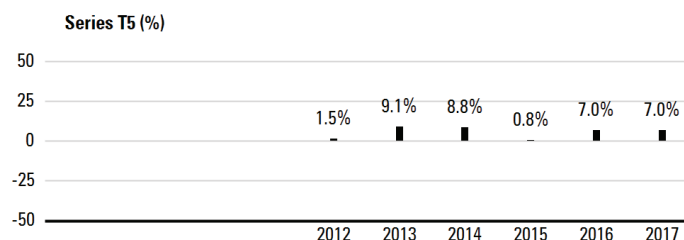
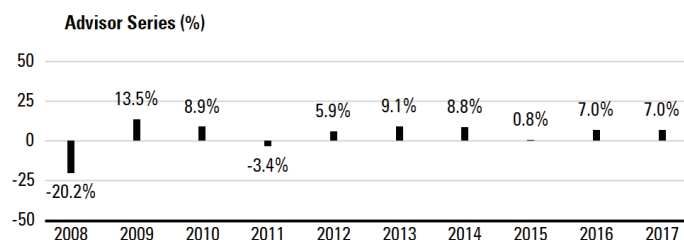
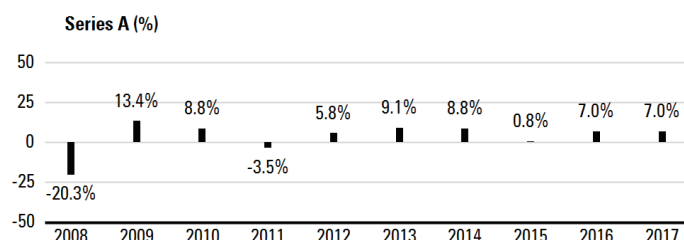


PAST PERFORMANCE

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

Year-by-Year Returns (%)

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





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2017, 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 indexes are as follows:

Broad-based index 1 – FTSE TMX Canada Universe Bond Index

Broad-based index 2 – S&P/TSX Capped Composite Total Return Index

In January 2018, the S&P/TSX Capped Composite Total Return Index was added as a second broad-based index to more closely reflect the Fund’s composition. The existing 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	7.0	4.9	6.5	3.2	—
Benchmark	7.7	6.1	7.7	5.6	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—
Advisor Series	7.0	4.9	6.5	3.3	—
Benchmark	7.7	6.1	7.7	5.6	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—
Series T5	7.0	4.9	6.5	—	6.5
Benchmark	7.7	6.1	7.7	—	7.7
Broad-based index 1	2.5	2.6	3.0	—	3.0
Broad-based index 2	9.1	6.6	8.6	—	8.6
Series T8	7.1	4.9	6.5	3.3	—
Benchmark	7.7	6.1	7.7	5.6	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—
Series D	7.9	5.8	7.4	4.1	—
Benchmark	7.7	6.1	7.7	5.6	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—
Series F	8.2	6.0	7.7	4.4	—
Benchmark	7.7	6.1	7.7	5.6	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—
Series I	8.9	6.7	8.4	5.2	—
Benchmark	7.7	6.1	7.7	5.6	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—
Series O	9.3	7.1	8.8	5.6	—
Benchmark	7.7	6.1	7.7	5.6	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—

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

Series T5 units have been available for sale to unitholders since September 24, 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.

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, 2017

Investment Mix

	% of Net Asset Value
Canadian Bonds	37.4
Canadian Equities	33.5
United States Equities	9.6
International Equities	9.5
Investment Funds	7.2
Foreign Bonds	1.2
Cash/Other	1.6

Top 25 Holdings

	% of Net Asset Value
RBC Emerging Markets Equity Fund	3.7
Royal Bank of Canada	2.4
Toronto-Dominion Bank	2.1
Bank of Nova Scotia	1.6
Cash & Cash Equivalents	1.4
RBC Canadian Small & Mid-Cap Resources Fund	1.4
Government of Canada 0.750% Sep 1 2021	1.3
Enbridge Inc.	1.3
Suncor Energy Inc.	1.2
Province of Ontario 4.600% Jun 2 2039	1.1
Bank of Montreal	1.1
Canadian National Railway Co.	1.1
Province of Ontario 2.850% Jun 2 2023	1.0
Province of Ontario 4.650% Jun 2 2041	1.0
Brookfield Asset Management Inc., Class A	1.0
Canadian Natural Resources Ltd.	1.0
Province of Ontario 3.150% Jun 2 2022	1.0
Government of Canada 0.750% Mar 1 2021	0.9
Province of Ontario 2.600% Jun 2 2025	0.9
Hydro-Quebec 6.500% Feb 15 2035	0.9
Manulife Financial Corporation	0.9
TransCanada Corp.	0.9
Province of Ontario 4.700% Jun 2 2037	0.9
Government of Canada 0.500% Mar 1 2022	0.9
Canadian Imperial Bank of Commerce	0.8
Top 25 Holdings	31.8

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.



BALANCED FUND

RBC GLOBAL BALANCED FUND

December 31, 2017

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 8, 2018.

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, 19% for Canadian equities, 20% for U.S. equities, 12% for international equities and 4% for emerging-markets 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$727 million as of December 31, 2017, from \$714 million at the end of 2016. The increase was due to investment returns, largely offset by net redemptions.

Over the past year, the Fund's Series A units gained 7.8%, which underperformed the 8.7% rise in the benchmark. The broad-based index 1 rose 2.5% and the broad-based index 2 rose 9.1%. 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.

The year will go down as one of the least volatile on record given the positive impact on stocks and bonds of synchronized, moderate global growth and interest rates kept low by major central banks. All of the Fund's asset classes and regions showed gains in 2017, especially stocks outside Canada. Geopolitical tensions and election concerns in Europe did little to influence asset prices. Corporate profits increased steadily as interest rates remained low, boosting prices for non-government bonds as their yields traded near record-low levels relative to government bonds.

The Fund's relative returns were helped by the outperformance of holdings in the developed markets of Europe and Asia, as well as relatively large allocations to international equities, especially emerging markets. The Canadian dollar rose against a weakening U.S. dollar, but depreciated against European currencies and was flat versus the yen. The fall in the U.S. dollar followed several years of strength, as international economies strengthened more than the U.S.

Returns for global bonds were much lower than for stocks, with the Citigroup World Government Bond Index returning 1.7% versus 23% for the MSCI World Index. The Fund continued to carry an overweight position in stocks and an underweight position in bonds, and to hedge most of its fixed-income exposure. Also during 2017, the Fund increased exposure to currency movements in the equity portion of the portfolio and slightly reduced the Fund's exposure to equities given strong stock markets.

Recent Developments

The portfolio manager's outlook at the start of 2018 differs little from projections in place at the outset of 2017. As in January of last year, the thinking is that the years-long rise in global stocks should continue, but become more susceptible to a decline later in the year if investors' growth expectations aren't met. Stocks are becoming fully valued and it will now be up to earnings growth to drive stocks rather than rising valuations. Government-bond yields should remain relatively low, 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. Both



the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. The sub-advisors earn a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisors are paid by the manager from the management fee paid by 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$18,000 (2016 – \$33,000) or 5% (2016 – 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, 2017	16.45	0.36	(0.38)	0.92	0.38	1.28	—	—	(0.73)	—	(0.73)	17.02
Dec. 31, 2016	15.83	0.38	(0.35)	0.62	0.04	0.69	—	—	(0.10)	—	(0.10)	16.45
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
Advisor Series												
Dec. 31, 2017	16.61	0.37	(0.37)	0.93	0.37	1.30	—	—	(0.74)	—	(0.74)	17.18
Dec. 31, 2016	15.97	0.39	(0.35)	0.63	0.12	0.79	—	—	(0.10)	—	(0.10)	16.61
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
Series T5												
Dec. 31, 2017	13.43	0.29	(0.30)	0.74	0.32	1.05	—	—	(0.58)	(0.09)	(0.67)	13.78
Dec. 31, 2016	13.51	0.32	(0.29)	0.52	0.30	0.85	—	—	(0.09)	(0.59)	(0.68)	13.43
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
Series T8												
Dec. 31, 2017	8.42	0.18	(0.18)	0.46	0.18	0.64	—	—	(0.32)	(0.35)	(0.67)	8.39
Dec. 31, 2016	8.74	0.20	(0.18)	0.33	0.13	0.48	—	—	(0.06)	(0.64)	(0.70)	8.42
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
Series D												
Dec. 31, 2017	17.81	0.39	(0.24)	1.00	0.39	1.54	—	—	(0.79)	—	(0.79)	18.59
Dec. 31, 2016	16.98	0.41	(0.23)	0.67	0.09	0.94	—	—	(0.10)	—	(0.10)	17.81
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
Series F												
Dec. 31, 2017	19.17	0.42	(0.21)	1.08	0.46	1.75	—	—	(0.84)	—	(0.84)	20.07
Dec. 31, 2016	18.23	0.45	(0.20)	0.73	0.12	1.10	—	—	(0.11)	—	(0.11)	19.17
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



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, 2017	19.85	0.44	—	1.13	0.47	2.04	—	—	(0.87)	—	(0.87)	21.00
Dec. 31, 2016	18.69	0.46	—	0.74	0.16	1.36	—	—	(0.11)	—	(0.11)	19.85
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

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, 2017	17.02	630 441	37 050	2.21	2.21	55.70	0.06
Dec. 31, 2016	16.45	647 952	39 385	2.21	2.21	53.75	0.08
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
Advisor Series							
Dec. 31, 2017	17.18	9 145	532	2.19	2.19	55.70	0.06
Dec. 31, 2016	16.61	8 296	500	2.17	2.17	53.75	0.08
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
Series T5							
Dec. 31, 2017	13.78	495	36	2.20	2.20	55.70	0.06
Dec. 31, 2016	13.43	438	33	2.21	2.21	53.75	0.08
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
Series T8							
Dec. 31, 2017	8.39	5 340	636	2.12	2.12	55.70	0.06
Dec. 31, 2016	8.42	6 906	820	2.14	2.14	53.75	0.08
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
Series D							
Dec. 31, 2017	18.59	24 797	1 334	1.33	1.33	55.70	0.06
Dec. 31, 2016	17.81	18 365	1 031	1.33	1.33	53.75	0.08
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



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, 2017	20.07	28 371	1 414	1.05	1.05	55.70	0.06
Dec. 31, 2016	19.17	12 612	658	1.06	1.06	53.75	0.08
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
Series O							
Dec. 31, 2017	21.00	28 417	1 353	0.04	0.04	55.70	0.06
Dec. 31, 2016	19.85	19 714	993	0.04	0.04	53.75	0.08
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

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%	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.



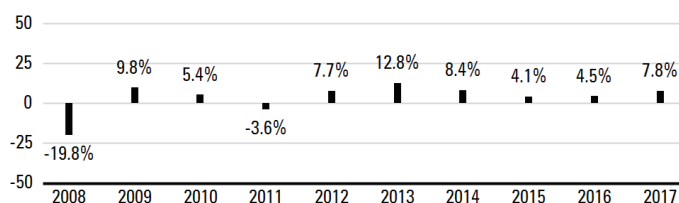
PAST PERFORMANCE

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.

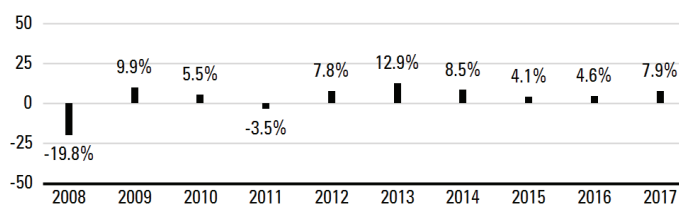
Year-by-Year Returns (%)

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.

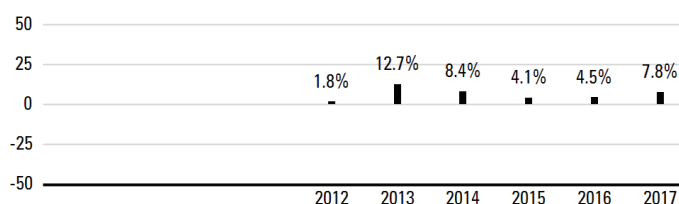
Series A (%)



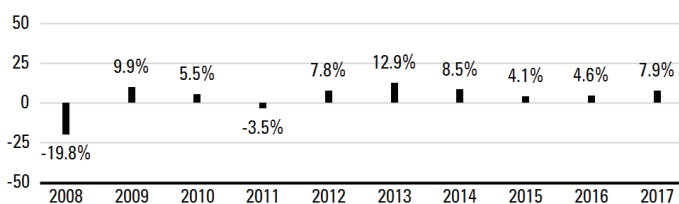
Advisor Series (%)



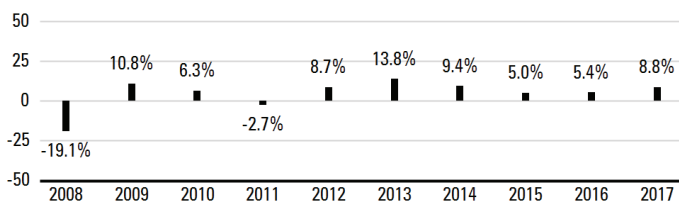
Series T5 (%)



Series T8 (%)

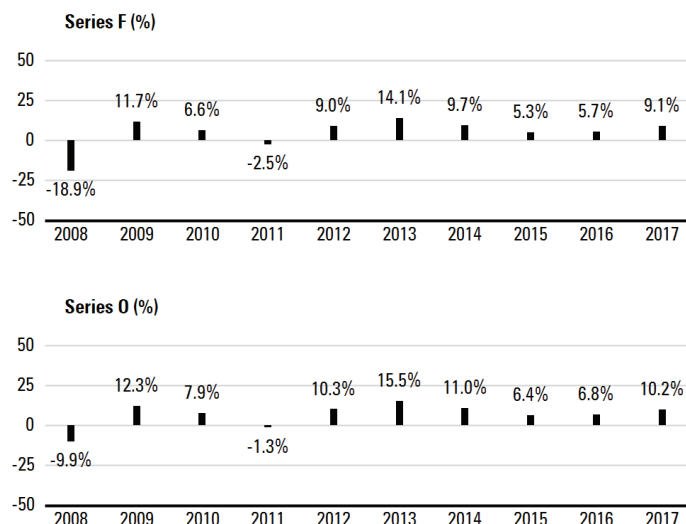


Series D (%)





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, 2017, 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 indexes are as follows:

Broad-based index 1 – FTSE TMX Canada Universe Bond Index

Broad-based index 2 – S&P/TSX Capped Composite Total Return Index

In January 2018, the FTSE TMX Canada Universe Bond Index was added as a second broad-based index to more closely reflect the Fund's composition. The existing 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	7.8	5.5	7.5	3.3	—
Benchmark	8.7	7.1	9.2	6.2	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—
Advisor Series	7.9	5.5	7.5	3.4	—
Benchmark	8.7	7.1	9.2	6.2	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—
Series T5	7.8	5.5	7.5	—	7.4
Benchmark	8.7	7.1	9.2	—	9.0
Broad-based index 1	2.5	2.6	3.0	—	3.0
Broad-based index 2	9.1	6.6	8.6	—	8.6
Series T8	7.9	5.5	7.6	3.4	—
Benchmark	8.7	7.1	9.2	6.2	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—
Series D	8.8	6.4	8.4	4.2	—
Benchmark	8.7	7.1	9.2	6.2	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—
Series F	9.1	6.7	8.7	4.5	—
Benchmark	8.7	7.1	9.2	6.2	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—
Series O	10.2	7.8	9.9	—	7.2
Benchmark	8.7	7.1	9.2	—	6.5
Broad-based index 1	2.5	2.6	3.0	—	4.7
Broad-based index 2	9.1	6.6	8.6	—	5.8

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

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



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Foreign Bonds	20.7
Canadian Equities	19.1
United States Equities	18.5
Canadian Bonds	17.5
International Equities	13.9
Investment Funds	8.2
Cash/Other	2.1

Top 25 Holdings

	% of Net Asset Value
RBC Emerging Markets Equity Fund	3.9
Cash & Cash Equivalents	1.9
Japan Government Twenty Year JPY 0.500% Sep 20 2036	1.7
United States Treasury 1.750% May 15 2023	1.6
Buoni Poliennali Del Tesoro EUR 1.500% Aug 1 2019	1.5
Royal Bank of Canada	1.4
Toronto-Dominion Bank	1.3
Province of Ontario USD 2.500% Sep 10 2021	1.2
Province of Ontario USD 1.625% Jan 18 2019	1.1
United States Treasury 1.500% Jan 31 2022	1.1
RBC Canadian Small & Mid-Cap Resources Fund	1.0
United States Treasury 1.500% Nov 30 2019	1.0
Bank of Nova Scotia	0.9
Apple Inc.	0.9
United States Treasury 2.500% Feb 15 2045	0.9
Spain Government EUR 2.750% Apr 30 2019	0.9
Suncor Energy Inc.	0.9
RBC U.S. Mid-Cap Growth Equity Fund	0.8
RBC U.S. Mid-Cap Value Equity Fund	0.8
Enbridge Inc.	0.8
Province of Ontario 4.700% Jun 2 2037	0.8
Buoni Poliennali Del Tesoro EUR 1.450% Sep 15 2022	0.8
Canadian National Railway Co.	0.8
Japan Government Ten Year JPY 0.100% Sep 20 2027	0.7
United States Treasury 2.375% May 15 2027	0.7
Top 25 Holdings	29.4

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 VISION BALANCED FUND

formerly, RBC Jantzi Balanced Fund

December 31, 2017

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 8, 2018.

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, by investing primarily in Canadian, U.S. and international equities and fixed-income securities, either directly or indirectly through investment in other funds managed by RBC GAM or an affiliate of RBC GAM. The Fund follows a socially responsible approach to investing. Investments that qualify for inclusion in the Fund must possess strong environmental, social and governance practices relative to industry peers, as defined by Sustainalytics Best-of-Sector™ methodology.

The Fund's target weightings for each asset class are 45% for fixed income, 19% for Canadian equities, 20% for U.S. equities and 16% for international equities. The target weightings 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$188 million as of December 31, 2017, from \$110 million at the end of 2016. The increase was due mainly to net inflows.

Over the past year, the Fund's Series A units gained 7.6%, which underperformed the 7.7% rise in the benchmark. The broad-based index 1 rose 2.5% and the broad-based index 2 rose 9.1%. 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 economic growth surged to the highest in seven years in 2017 thanks to a confluence of factors. The expansion was highly synchronized, encompassing the bulk of developed and many emerging-market nations. In the U.S., measures of confidence and risk appetite were robust, benefiting from the macroeconomic strength and helping to sustain it. Economic growth in the Eurozone and Japan continued to impress with a persistence that would have been hard to fathom several years ago. Canadian growth was unexpectedly brisk, prompting the Bank of Canada to raise interest rates twice during the year, even as investors worried about Canadians' high household debts and the future of the North American Free Trade Agreement.

The Fund's overweight position in equities and underweight position in fixed income had a positive impact on performance. Bonds issued by national governments ended 2017 with modest returns as inflation remained subdued and most major central banks extended bond-buying programs aimed at holding down interest rates. Yields moved generally lower in the first eight months of the year due to escalating tension between the U.S. and North Korea and continued skepticism about the Trump administration's ability to enact its pro-growth policies. However, government-bond yields reversed higher in September as investors began anticipating efforts by central banks to scale back monetary stimulus and the likelihood of U.S. tax cuts increased. Canadian bonds underperformed U.S. fixed income given the faster-than-expected domestic growth. The Fund's fixed-income segment had a positive impact on portfolio returns.

Stock markets rose in most of the world during 2017, driven by the tailwinds of rising corporate profits and the continued environment of relatively low global interest rates. Among the strongest-performing indexes were Japan, which benefited from the impact of structural reforms, and emerging markets, bolstered by a handful of technology stocks having large market capitalizations. In the U.S., equities were aided by expectations that the Republican-controlled Congress would work with President Trump to pass corporate and personal-income tax cuts, a hope that came to fruition at year end. European markets in local-currency terms and Canadian indexes had more modest gains because their indexes had minimal exposure to the strong returns delivered by the Information Technology sector. Both of the Fund's equity investments aided portfolio performance, led by the RBC Vision Global Equity Fund.

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



Sustainalytics conducted one review of the Fund's holdings in 2017. Eligibility was determined in relation to the Environmental, Social and Governance ("ESG") criteria developed by RBC GAM in consultation with Sustainalytics. In the opinion of Sustainalytics, all holdings in the Fund were eligible in the latest review, based on the above criteria. However, during the year, four companies were removed from the Fund as they no longer met certain ESG criteria.

Recent Developments

The portfolio manager expects bond yields to move higher at a gradual pace, supported by the improving economy and monetary tightening. Meanwhile, earnings have been coming through and analysts are optimistic that the trend can persist. U.S. corporate-tax cuts could provide an additional boost to profits. Against this backdrop, equities continue to offer superior total-return potential compared to fixed income and the portfolio manager has maintained a moderate overweight in stocks and underweight in bonds as a result.

Effective June 30, 2017, the Fund's investment objective was changed to provide the Fund with the ability to invest in other mutual funds managed by RBC GAM or an affiliate of RBC GAM. Also effective June 30, 2017, the name of the Fund was changed to RBC Vision Balanced Fund.

Effective June 30, 2017, the Phillips, Hager & North Community Values Balanced Fund merged into the Fund and unitholders of the Phillips, Hager & North Community Values Balanced Fund received units of the Fund on a dollar-for-dollar, tax-deferred basis.

Effective June 30, 2017, management fees were reduced as follows: from 1.85% to 1.75% for Series A and Advisor Series units; from 1.10% to 1.00% for Series D units; and from 0.85% to 0.75% for Series F units. Also effective June 30, 2017, administration fees were reduced as follows: from 0.15% to 0.10% for Series A units.

Effective June 30, 2017, Series DZ units were capped and are no longer available for purchase by new investors.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. The sub-advisors earn a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisors are paid by the manager from the management fee paid by 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 D and Series DZ units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$5,000 (2016 – \$4,000) or 11% (2016 – 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, 2017	11.56	0.24	(0.25)	1.15	(0.24)	0.90	—	—	(0.73)	—	(0.73)	11.71
Dec. 31, 2016	11.19	0.25	(0.25)	0.13	0.26	0.39	—	(0.01)	—	—	(0.01)	11.56
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
Advisor Series												
Dec. 31, 2017	11.62	0.22	(0.25)	1.05	(0.04)	0.98	—	—	(0.74)	—	(0.74)	11.77
Dec. 31, 2016	11.25	0.25	(0.24)	0.13	0.28	0.42	—	(0.01)	—	—	(0.01)	11.62
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
Series D												
Dec. 31, 2017	12.15	0.25	(0.16)	1.23	(0.29)	1.03	—	—	(0.77)	—	(0.77)	12.43
Dec. 31, 2016	11.69	0.26	(0.16)	0.14	0.21	0.45	—	(0.03)	—	—	(0.03)	12.15
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
Series DZ												
Dec. 31, 2017³	10.00[†]	0.10	(0.06)	0.47	0.11	0.62	—	—	(0.61)	—	(0.61)	9.78
Series F												
Dec. 31, 2017	12.29	0.23	(0.12)	1.11	(0.05)	1.17	—	—	(0.78)	—	(0.78)	12.59
Dec. 31, 2016	11.80	0.27	(0.13)	0.14	0.33	0.61	—	(0.04)	—	—	(0.04)	12.29
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
Series O												
Dec. 31, 2017³	10.00[†]	0.10	—	0.47	0.09	0.66	—	—	(0.61)	—	(0.61)	9.81

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

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

³ From May 19, 2017.

[†] 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, 2017	11.71	116 016	9 905	2.14⁴	2.14	46.42	0.08
Dec. 31, 2016	11.56	95 557	8 268	2.21	2.21	67.30	0.07
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
Advisor Series							
Dec. 31, 2017	11.77	19 298	1 640	2.09⁴	2.09	46.42	0.08
Dec. 31, 2016	11.62	6 002	516	2.13	2.13	67.30	0.07
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
Series D							
Dec. 31, 2017	12.43	3 319	267	1.27⁴	1.27	46.42	0.08
Dec. 31, 2016	12.15	2 876	237	1.34	1.34	67.30	0.07
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
Series DZ							
Dec. 31, 2017⁵	9.78	23 779	2 431	0.98	0.98	46.42	0.08
Series F							
Dec. 31, 2017	12.59	24 837	1 973	0.98⁴	0.98	46.42	0.08
Dec. 31, 2016	12.29	5 354	436	1.05	1.05	67.30	0.07
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
Series O							
Dec. 31, 2017⁵	9.81	834	85	0.04	0.04	46.42	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. 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 Effective June 30, 2017, the management fees were changed in respect of Series A, Advisor Series, Series D and Series F units of the Fund and the administration fees were changed in respect of Series A units of the Fund. If the changes to the management fees and administration fees would have been in effect throughout 2017, the adjusted MER for each series of the Fund would be: Series A – 2.04%, Advisor Series – 2.03%, Series D – 1.20% and Series F – 0.93%.

⁵ From May 19, 2017.



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%	50%	50%
Advisor Series	1.75%	50%	50%
Series D	1.00%	20%	80%
Series DZ	0.75%	33%	67%
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.

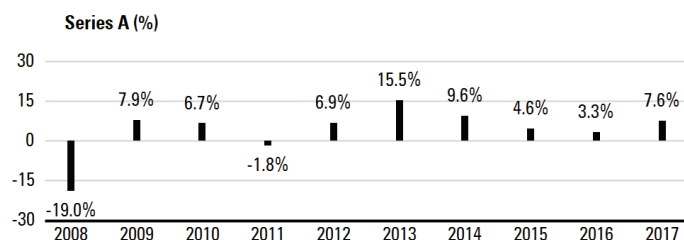
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

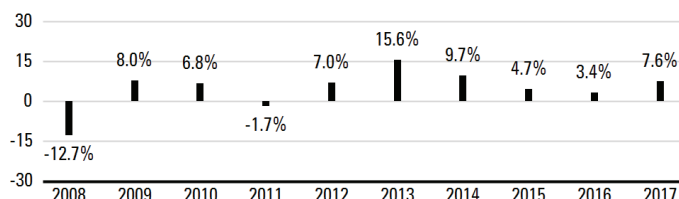
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional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

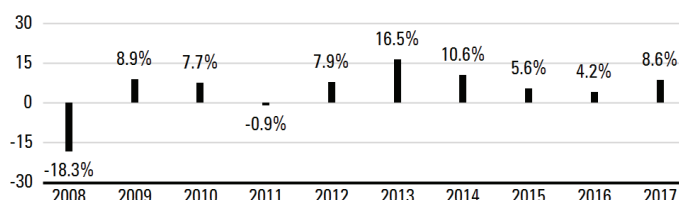
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



Advisor Series (%)



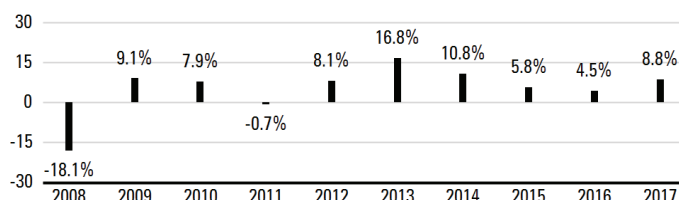
Series D (%)



Series DZ (%)



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, 2017, compared with the following benchmarks:

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

- 35% MSCI World Total Return Net Index (CAD)
- 28% Citi World Government Bond Index (Currency-Hedged in CAD)
- 20% S&P/TSX Capped Composite Total Return Index
- 15% FTSE TMX Canada Universe Bond Index
- 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
- 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 change in benchmark better reflects the composition of the Fund.

The broad-based indexes are as follows:

Broad-based index 1 – FTSE TMX Canada Universe Bond Index

Broad-based index 2 – S&P/TSX Capped Composite Total Return Index

In January 2018, the FTSE TMX Canada Universe Bond Index was added as a second broad-based index to more closely reflect the Fund’s composition. The existing 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	7.6	5.2	8.1	3.7	—
New benchmark	7.7	6.7	9.1	5.8	—
Old benchmark	8.3	7.0	9.3	6.2	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—
Advisor Series	7.6	5.2	8.1	—	4.6
New benchmark	7.7	6.7	9.1	—	6.1
Old benchmark	8.3	7.0	9.3	—	6.5
Broad-based index 1	2.5	2.6	3.0	—	4.6
Broad-based index 2	9.1	6.6	8.6	—	6.1
Series D	8.6	6.1	9.0	4.6	—
New benchmark	7.7	6.7	9.1	5.8	—
Old benchmark	8.3	7.0	9.3	6.2	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—
Series DZ	—	—	—	—	3.9
New benchmark	—	—	—	—	2.6
Old benchmark	—	—	—	—	2.5
Broad-based index 1	—	—	—	—	-0.7
Broad-based index 2	—	—	—	—	6.8

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series F	8.8	6.4	9.3	4.9	—
New benchmark	7.7	6.7	9.1	5.8	—
Old benchmark	8.3	7.0	9.3	6.2	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—
Series O	—	—	—	—	4.2
New benchmark	—	—	—	—	2.6
Old benchmark	—	—	—	—	2.5
Broad-based index 1	—	—	—	—	-0.7
Broad-based index 2	—	—	—	—	6.8

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

Series DZ and Series O units have been available for sale to unitholders since May 19, 2017, and Advisor Series units since January 21, 2008.

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

INDEX DESCRIPTIONS

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.

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

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.

FTSE TMX Canada 30 Day TBill Index This index is a measure of the performance of Canadian short-term cash investments.

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.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Equity Funds	58.1
Foreign Bonds	22.4
Income Funds	13.7
Canadian Bonds	2.8
Cash/Other	3.0

Top 25 Holdings

	% of Net Asset Value
RBC Vision Global Equity Fund	37.4
RBC Vision Canadian Equity Fund	20.6
RBC Vision Bond Fund	13.7
Cash & Cash Equivalents	3.0
United States Treasury 1.750% May 15 2023	2.0
United States Treasury 1.500% Nov 30 2019	2.0
United States Treasury 1.500% Jan 31 2022	1.9
United States Treasury 2.375% May 15 2027	1.4
Japan Government Ten Year JPY 0.100% Sep 20 2027	1.3
France O.A.T. EUR 0.500% May 25 2026	1.3
Japan Government Twenty Year JPY 0.200% Jun 20 2036	0.9
Buoni Poliennali Del Tesoro EUR 1.500% Aug 1 2019	0.9
Spain Government EUR 1.150% Jul 30 2020	0.9
Buoni Poliennali Del Tesoro EUR 1.600% Jun 1 2026	0.8
Bundesrepublik Deutschland EUR 0.500% Feb 15 2026	0.7
Province of Ontario USD 2.500% Sep 10 2021	0.6
United Kingdom Gilt GBP 1.250% Jul 22 2027	0.6
Government of Canada 0.500% Mar 1 2022	0.6
United Kingdom Gilt GBP 3.250% Jan 22 2044	0.6
Buoni Poliennali Del Tesoro EUR 1.450% Sep 15 2022	0.5
United States Treasury 2.500% Feb 15 2045	0.5
Belgium Government EUR 2.600% Jun 22 2024	0.5
Government of Canada 1.500% Jun 1 2026	0.5
Spain Government EUR 2.750% Apr 30 2019	0.5
Government of Canada 1.500% Jun 1 2023	0.4
Top 25 Holdings	94.1

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.



BALANCED FUND

**RBC CONSERVATIVE
GROWTH & INCOME FUND**

December 31, 2017

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 8, 2018.

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

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 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund's risk rating changed from low-to-medium to low.

Results of Operations

The Fund's net asset value rose to \$155 million as of December 31, 2017, from \$82 million at the end of 2016. The increase was due mainly to net inflows.

Over the past year, the Fund's Series A units gained 4.9%, which outperformed the 4.8% rise in the benchmark. The broad-based index 1 rose 2.5% and the broad-based index 2 rose 9.1%. 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 economic growth surged to the highest in seven years in 2017 thanks to a confluence of factors. The expansion was highly synchronized, encompassing the bulk of developed and many emerging-market nations. In the U.S., measures of confidence and risk appetite were robust, benefiting from the macroeconomic strength and helping to sustain it. Economic growth in the Eurozone and Japan continued to impress with a persistence that would have been hard to fathom several years ago. Canadian growth was unexpectedly brisk, prompting the Bank of Canada to raise interest rates twice during the year, even as investors worried about Canadians' high household debts and the future of the North American Free Trade Agreement.

The Fund's overweight position in equities and underweight position in fixed income had a positive impact on performance. Bonds issued by national governments ended 2017 with modest returns as inflation remained subdued and most major central banks extended bond-buying programs aimed at holding down interest rates. Yields moved generally lower in the first eight months of the year due to escalating tension between the U.S. and North Korea and continued skepticism about the Trump administration's ability to enact its pro-growth policies. However, government-bond yields reversed higher in September as investors began anticipating efforts by central banks to scale back monetary stimulus and the likelihood of U.S. tax cuts increased. Canadian bonds underperformed U.S. fixed income given the faster-than-expected domestic growth. Returns were bolstered by exposure to the RBC Bond Fund and the Phillips, Hager & North Total Return Bond Fund.

Stock markets rose in most of the world during 2017, driven by the tailwinds of rising corporate profits and the continued environment of relatively low global interest rates. Among the strongest-performing indexes were Japan, which benefited from the impact of structural reforms, and emerging markets, bolstered by a handful of technology stocks having large market capitalizations. In the U.S., equities were aided by expectations that the Republican-controlled Congress would work with President Trump to pass corporate and personal-income tax cuts, a hope that came to fruition at year end. European markets in local-currency terms and Canadian indexes had more modest



gains because their indexes had minimal exposure to the strong returns delivered by the Information Technology sector. The portfolio benefited from investments in the RBC U.S. Dividend Fund and the RBC Canadian Equity Income Fund.

Recent Developments

The portfolio manager expects bond yields to move higher at a gradual pace, supported by the improving economy and monetary tightening. Meanwhile, earnings have been coming through and analysts are optimistic that the trend can persist. U.S. corporate-tax cuts could provide an additional boost to profits. Against this backdrop, equities continue to offer superior total-return potential compared to fixed income and the portfolio manager has maintained a moderate overweight in stocks and underweight in bonds as a result.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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 and Series T5 units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	9.84	0.35	(0.17)	0.04	0.23	0.45	(0.10)	(0.04)	(0.01)	—	(0.15)	10.17
Dec. 31, 2016	9.57	0.35	(0.16)	0.01	0.23	0.43	(0.14)	(0.06)	(0.01)	—	(0.21)	9.84
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, 2017	9.83	0.36	(0.17)	0.04	0.23	0.46	(0.09)	(0.04)	(0.01)	—	(0.14)	10.17
Dec. 31, 2016	9.57	0.35	(0.16)	0.01	0.29	0.49	(0.14)	(0.06)	(0.01)	—	(0.21)	9.83
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, 2017	9.38	0.36	(0.17)	0.04	0.16	0.39	(0.10)	(0.05)	(0.01)	(0.31)	(0.47)	9.36
Dec. 31, 2016	9.39	0.35	(0.16)	0.01	0.26	0.46	(0.13)	(0.05)	(0.01)	(0.28)	(0.47)	9.38
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, 2017	9.38	0.33	(0.16)	0.04	0.20	0.41	(0.11)	(0.05)	(0.01)	(0.30)	(0.47)	9.36
Dec. 31, 2016	9.39	0.34	(0.16)	0.01	0.23	0.42	(0.13)	(0.05)	(0.01)	(0.28)	(0.47)	9.38
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 F												
Dec. 31, 2017	9.85	0.35	(0.08)	0.04	0.16	0.47	(0.16)	(0.07)	(0.01)	—	(0.24)	10.17
Dec. 31, 2016	9.57	0.35	(0.08)	0.01	0.18	0.46	(0.18)	(0.08)	(0.01)	—	(0.27)	9.85
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, 2017	9.52	0.35	(0.08)	0.04	0.20	0.51	(0.16)	(0.08)	(0.01)	(0.22)	(0.47)	9.58
Dec. 31, 2016	9.45	0.34	(0.08)	0.01	0.23	0.50	(0.17)	(0.08)	(0.01)	(0.21)	(0.47)	9.52
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, 2017	9.79	0.36	(0.07)	0.04	0.24	0.57	(0.17)	(0.07)	(0.02)	—	(0.26)	10.10
Dec. 31, 2016	9.56	0.35	(0.07)	0.01	0.33	0.62	(0.23)	(0.10)	(0.01)	—	(0.34)	9.79
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



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, 2017	9.85	0.34	—	0.04	0.23	0.61	(0.22)	(0.09)	(0.02)	—	(0.33)	10.17
Dec. 31, 2016	9.56	0.34	—	0.01	0.06	0.41	(0.24)	(0.10)	(0.01)	—	(0.35)	9.85
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.

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, 2017	10.17	73 861	7 266	1.70	1.70	5.14	0.03
Dec. 31, 2016	9.84	39 746	4 041	1.69	1.69	27.72	0.05
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, 2017	10.17	18 396	1 810	1.72	1.72	5.14	0.03
Dec. 31, 2016	9.83	15 504	1 577	1.72	1.72	27.72	0.05
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, 2017	9.36	1 879	201	1.74	1.74	5.14	0.03
Dec. 31, 2016	9.38	1 114	119	1.74	1.74	27.72	0.05
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, 2017	9.36	1 626	174	1.71	1.71	5.14	0.03
Dec. 31, 2016	9.38	1 194	127	1.75	1.75	27.72	0.05
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 F							
Dec. 31, 2017	10.17	33 687	3 313	0.87	0.87	5.14	0.03
Dec. 31, 2016	9.85	14 073	1 429	0.88	0.88	27.72	0.05
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, 2017	9.58	5 392	563	0.86	0.86	5.14	0.03
Dec. 31, 2016	9.52	4 288	450	0.85	0.85	27.72	0.05
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	—	—



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, 2017	10.10	1 884	187	0.75	0.75	5.14	0.03
Dec. 31, 2016	9.79	1 709	175	0.78	0.78	27.72	0.05
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, 2017	10.17	18 061	1 777	0.07	0.07	5.14	0.03
Dec. 31, 2016	9.85	4 413	448	0.07	0.07	27.72	0.05
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.

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 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.

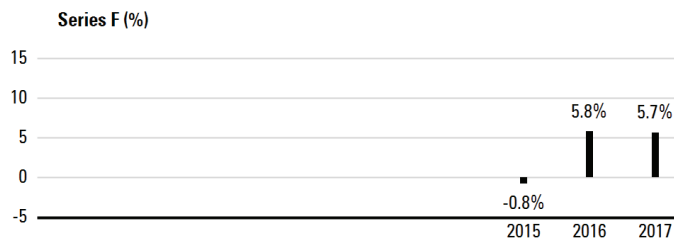


PAST PERFORMANCE

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, 2017, compared with the following benchmarks:

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

- 80% FTSE TMX Canada Universe Bond Index
- 9% S&P/TSX Capped Composite Total Return Index
- 6% S&P 500 Total Return Index (CAD)
- 3% MSCI Emerging Markets Total Return Net Index (CAD)
- 2% MSCI Europe Total Return Net Index (CAD)

The broad-based indexes are as follows:

Broad-based index 1 – FTSE TMX Canada Universe Bond Index

Broad-based index 2 – S&P/TSX Capped Composite Total Return Index

In January 2018, the S&P/TSX Capped Composite Total Return Index was added as a second broad-based index to more closely reflect the Fund's composition. The existing 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	4.9	—	—	—	2.8
Benchmark	4.8	—	—	—	3.0
Broad-based index 1	2.5	—	—	—	1.6
Broad-based index 2	9.1	—	—	—	6.3
Advisor Series	4.8	—	—	—	2.8
Benchmark	4.8	—	—	—	3.0
Broad-based index 1	2.5	—	—	—	1.6
Broad-based index 2	9.1	—	—	—	6.3
Advisor T5 Series	4.8	—	—	—	2.8
Benchmark	4.8	—	—	—	3.0
Broad-based index 1	2.5	—	—	—	1.6
Broad-based index 2	9.1	—	—	—	6.3
Series T5	4.9	—	—	—	2.8
Benchmark	4.8	—	—	—	3.0
Broad-based index 1	2.5	—	—	—	1.6
Broad-based index 2	9.1	—	—	—	6.3
Series F	5.7	—	—	—	3.6
Benchmark	4.8	—	—	—	3.0
Broad-based index 1	2.5	—	—	—	1.6
Broad-based index 2	9.1	—	—	—	6.3
Series FT5	5.7	—	—	—	3.7
Benchmark	4.8	—	—	—	3.0
Broad-based index 1	2.5	—	—	—	1.6
Broad-based index 2	9.1	—	—	—	6.3

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series I	5.9	—	—	—	3.8
Benchmark	4.8	—	—	—	3.0
Broad-based index 1	2.5	—	—	—	1.6
Broad-based index 2	9.1	—	—	—	6.3
Series O	6.6	—	—	—	4.5
Benchmark	4.8	—	—	—	3.0
Broad-based index 1	2.5	—	—	—	1.6
Broad-based index 2	9.1	—	—	—	6.3

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, Advisor T5 Series, Series T5, Series F, Series FT5, Series I and Series O units have been available for sale to unitholders since January 26, 2015.

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 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.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Income Funds	76.8
Canadian Equity Funds	9.9
United States Equity Funds	7.0
International Equity Funds	6.9
Cash/Other	(0.6)

Top 25 Holdings*

	% of Net Asset Value
RBC Bond Fund	26.7
Phillips, Hager & North Total Return Bond Fund	26.7
RBC Canadian Equity Income Fund	9.9
RBC Global Corporate Bond Fund	9.2
RBC Global High Yield Bond Fund	7.1
BlueBay Global Monthly Income Bond Fund	7.1
RBC U.S. Dividend Fund	7.0
RBC Emerging Markets Dividend Fund	3.5
RBC European Dividend Fund	3.4
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.



BALANCED FUND

**RBC BALANCED
GROWTH & INCOME FUND**

December 31, 2017

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 8, 2018.

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

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 and individual securities. 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$1.5 billion as of December 31, 2017, from \$1.1 billion at the end of 2016. The increase was due mainly to net inflows.

Over the past year, the Fund's Series A units gained 8.4%, which underperformed the 9.7% rise in the benchmark. The broad-based index 1 rose 2.5% and the broad-based index 2 rose 9.1%. 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 economic growth surged to the highest in seven years in 2017 thanks to a confluence of factors. The expansion was highly synchronized, encompassing the bulk of developed and many emerging-market nations. In the U.S., measures of confidence and risk appetite were robust, benefiting from the macroeconomic strength and helping to sustain it. Economic growth in the Eurozone and Japan continued to impress with a persistence that would have been hard to fathom several years ago. Canadian growth was unexpectedly brisk, prompting the Bank of Canada to raise interest rates twice during the year, even as investors worried about Canadians' high household debts and the future of the North American Free Trade Agreement.

The Fund's overweight position in equities and underweight position in fixed income had a positive impact on performance. Bonds issued by national governments ended 2017 with modest returns as inflation remained subdued and most major central banks extended bond-buying programs aimed at holding down interest rates. Yields moved generally lower in the first eight months of the year due to escalating tension between the U.S. and North Korea and continued skepticism about the Trump administration's ability to enact its pro-growth policies. However, government-bond yields reversed higher in September as investors began anticipating efforts by central banks to scale back monetary stimulus and the likelihood of U.S. tax cuts increased. Canadian bonds underperformed U.S. fixed income given the faster-than-expected domestic growth. Returns were bolstered by exposure to the RBC Global High Yield Bond Fund and the BlueBay Global Monthly Income Bond Fund.

Stock markets rose in most of the world during 2017, driven by the tailwinds of rising corporate profits and the continued environment of relatively low global interest rates. Among the strongest-performing indexes were Japan, which benefited from the impact of structural reforms, and emerging markets, bolstered by a handful of technology stocks having large market capitalizations. In the U.S., equities were aided by expectations that the Republican-controlled Congress would work with President Trump to pass corporate and personal-income tax cuts, a hope that came to fruition at year end. European markets in local-currency terms and Canadian indexes had more modest gains because their indexes had minimal exposure to the strong returns delivered by the Information Technology sector. The portfolio benefited from equity investments in North America and the developed markets of Europe and Asia. Emerging-market equities also contributed positively to the Fund's performance.



Recent Developments

The portfolio manager expects bond yields to move higher at a gradual pace, supported by the improving economy and monetary tightening. Meanwhile, earnings have been coming through and analysts are optimistic that the trend can persist. U.S. corporate-tax cuts could provide an additional boost to profits. Against this backdrop, equities continue to offer superior total-return potential compared to fixed income and the portfolio manager has maintained a moderate overweight in stocks and underweight in bonds as a result.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$67,000 (2016 – \$77,000) or 10% (2016 – 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 A												
Dec. 31, 2017	11.93	0.41	(0.25)	0.28	0.53	0.97	(0.02)	(0.12)	(0.11)	—	(0.25)	12.67
Dec. 31, 2016	11.02	0.39	(0.23)	0.11	0.76	1.03	(0.02)	(0.14)	—	—	(0.16)	11.93
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, 2017	11.93	0.41	(0.25)	0.28	0.55	0.99	(0.02)	(0.12)	(0.11)	—	(0.25)	12.67
Dec. 31, 2016	11.03	0.39	(0.23)	0.11	0.76	1.03	(0.02)	(0.14)	—	—	(0.16)	11.93
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, 2017	11.11	0.41	(0.25)	0.28	0.49	0.93	(0.02)	(0.12)	(0.09)	(0.33)	(0.56)	11.46
Dec. 31, 2016	10.64	0.39	(0.23)	0.11	0.70	0.97	(0.02)	(0.12)	—	(0.39)	(0.53)	11.11
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, 2017	11.11	0.37	(0.23)	0.25	0.46	0.85	(0.02)	(0.12)	(0.08)	(0.34)	(0.56)	11.46
Dec. 31, 2016	10.64	0.37	(0.22)	0.11	0.71	0.97	(0.02)	(0.12)	—	(0.39)	(0.53)	11.11
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, 2017	11.93	0.41	(0.23)	0.28	0.57	1.03	(0.03)	(0.14)	—	—	(0.17)	12.78
Dec. 31, 2016	11.03	0.39	(0.21)	0.11	0.78	1.07	(0.02)	(0.17)	—	—	(0.19)	11.93
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, 2017	11.99	0.41	(0.15)	0.28	0.50	1.04	(0.04)	(0.20)	(0.11)	—	(0.35)	12.75
Dec. 31, 2016	11.08	0.40	(0.14)	0.11	0.77	1.14	(0.03)	(0.22)	—	—	(0.25)	11.99
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



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, 2017	12.06	0.41	(0.12)	0.28	0.54	1.11	(0.05)	(0.23)	(0.11)	—	(0.39)	12.82
Dec. 31, 2016	11.12	0.40	(0.11)	0.11	0.80	1.20	(0.03)	(0.23)	—	—	(0.26)	12.06
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, 2017	11.52	0.38	(0.11)	0.26	0.53	1.06	(0.05)	(0.21)	(0.12)	(0.20)	(0.58)	12.03
Dec. 31, 2016	10.91	0.38	(0.10)	0.11	0.76	1.15	(0.03)	(0.24)	—	(0.28)	(0.55)	11.52
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
Series I												
Dec. 31, 2017	12.05	0.41	(0.09)	0.28	0.56	1.16	(0.05)	(0.26)	(0.11)	—	(0.42)	12.80
Dec. 31, 2016	11.13	0.40	(0.09)	0.11	0.81	1.23	(0.03)	(0.28)	—	—	(0.31)	12.05
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, 2017	11.67	0.39	—	0.27	0.51	1.17	(0.06)	(0.32)	(0.11)	—	(0.49)	12.40
Dec. 31, 2016	10.76	0.39	—	0.11	0.85	1.35	(0.04)	(0.32)	—	—	(0.36)	11.67
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, 2017	12.67	534 305	42 173	2.08	2.08	31.11	0.09
Dec. 31, 2016	11.93	402 434	33 746	2.08	2.08	50.12	0.13
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, 2017	12.67	349 293	27 564	2.10	2.10	31.11	0.09
Dec. 31, 2016	11.93	288 737	24 205	2.09	2.09	50.12	0.13
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



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
Advisor T5 Series							
Dec. 31, 2017	11.46	55 234	4 819	2.10	2.10	31.11	0.09
Dec. 31, 2016	11.11	52 790	4 752	2.10	2.10	50.12	0.13
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, 2017	11.46	22 728	1 983	2.07	2.07	31.11	0.09
Dec. 31, 2016	11.11	19 327	1 740	2.07	2.07	50.12	0.13
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, 2017	12.78	35 828	2 804	1.90	1.90	31.11	0.09
Dec. 31, 2016	11.93	47 015	3 943	1.89	1.89	50.12	0.13
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, 2017	12.75	27 000	2 118	1.26	1.26	31.11	0.09
Dec. 31, 2016	11.99	16 936	1 412	1.27	1.27	50.12	0.13
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, 2017	12.82	367 673	28 687	1.00	1.00	31.11	0.09
Dec. 31, 2016	12.06	167 125	13 857	0.99	0.99	50.12	0.13
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
Series FT5							
Dec. 31, 2017	12.03	56 781	4 721	0.99	0.99	31.11	0.09
Dec. 31, 2016	11.52	28 137	2 442	0.99	0.99	50.12	0.13
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, 2017	12.80	34 118	2 666	0.81	0.81	31.11	0.09
Dec. 31, 2016	12.05	39 106	3 247	0.81	0.81	50.12	0.13
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



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, 2017	12.40	64 105	5 168	0.08	0.08	31.11	0.09
Dec. 31, 2016	11.67	19 740	1 691	0.07	0.07	50.12	0.13
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.

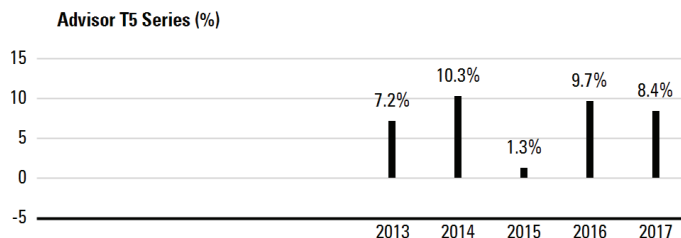
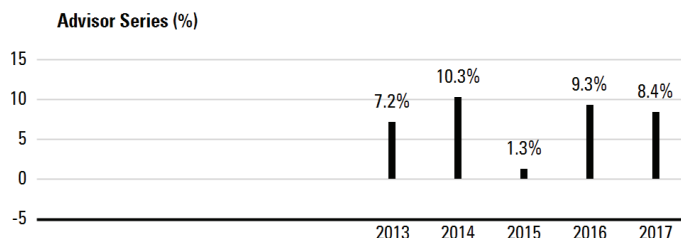
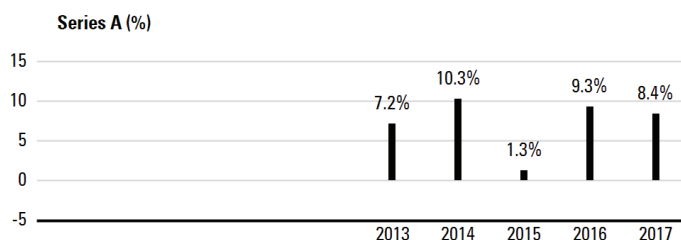


PAST PERFORMANCE

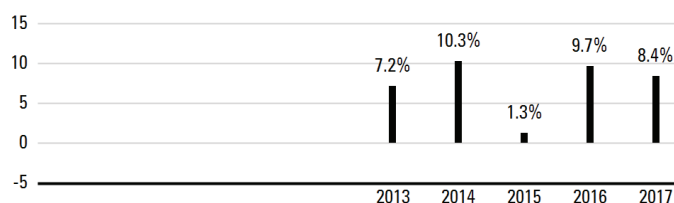
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional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

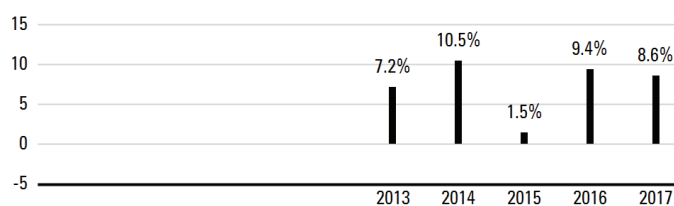
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



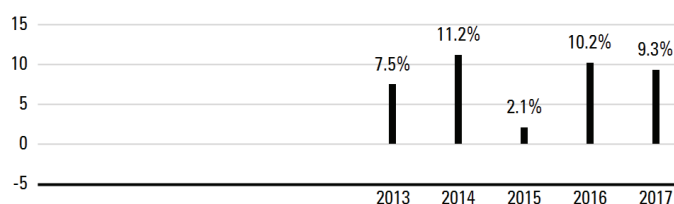
Series T5 (%)



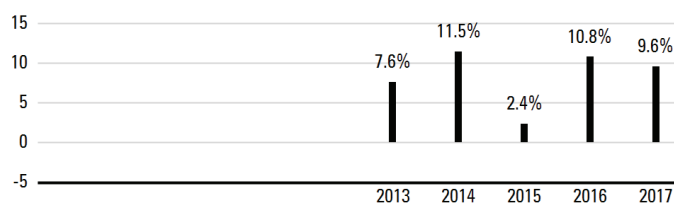
Series H (%)



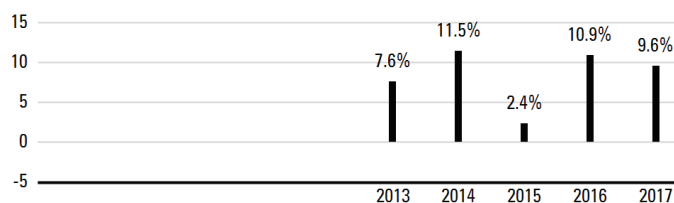
Series D (%)



Series F (%)

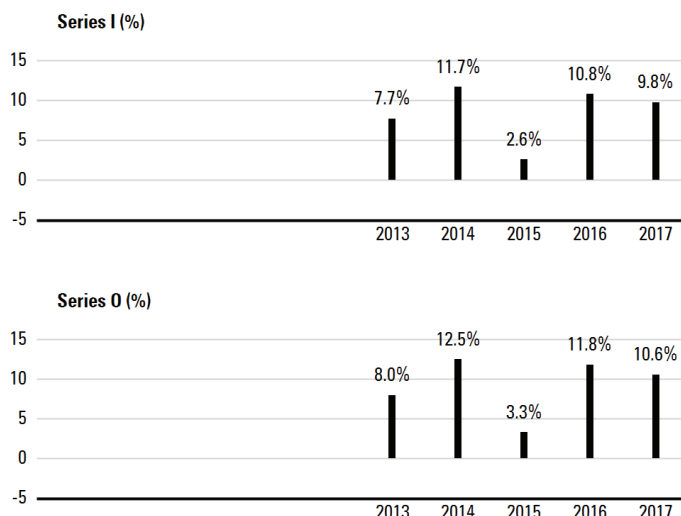


Series FT5 (%)





PAST PERFORMANCE (cont.)



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, 2017, 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 indexes are as follows:

Broad-based index 1 – FTSE TMX Canada Universe Bond Index

Broad-based index 2 – S&P/TSX Capped Composite Total Return Index

In January 2018, the S&P/TSX Capped Composite Total Return Index was added as a second broad-based index to more closely reflect the Fund's composition. The existing 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	8.4	6.4	—	—	8.4
Benchmark	9.7	7.3	—	—	9.3
Broad-based index 1	2.5	2.6	—	—	3.8
Broad-based index 2	9.1	6.6	—	—	9.1
Advisor Series	8.4	6.4	—	—	8.4
Benchmark	9.7	7.3	—	—	9.3
Broad-based index 1	2.5	2.6	—	—	3.8
Broad-based index 2	9.1	6.6	—	—	9.1
Advisor T5 Series	8.4	6.4	—	—	8.4
Benchmark	9.7	7.3	—	—	9.3
Broad-based index 1	2.5	2.6	—	—	3.8
Broad-based index 2	9.1	6.6	—	—	9.1
Series T5	8.4	6.4	—	—	8.4
Benchmark	9.7	7.3	—	—	9.3
Broad-based index 1	2.5	2.6	—	—	3.8
Broad-based index 2	9.1	6.6	—	—	9.1
Series H	8.6	6.6	—	—	8.6
Benchmark	9.7	7.3	—	—	9.3
Broad-based index 1	2.5	2.6	—	—	3.8
Broad-based index 2	9.1	6.6	—	—	9.1
Series D	9.3	7.3	—	—	9.3
Benchmark	9.7	7.3	—	—	9.3
Broad-based index 1	2.5	2.6	—	—	3.8
Broad-based index 2	9.1	6.6	—	—	9.1
Series F	9.6	7.6	—	—	9.6
Benchmark	9.7	7.3	—	—	9.3
Broad-based index 1	2.5	2.6	—	—	3.8
Broad-based index 2	9.1	6.6	—	—	9.1
Series FT5	9.6	7.6	—	—	9.6
Benchmark	9.7	7.3	—	—	9.3
Broad-based index 1	2.5	2.6	—	—	3.8
Broad-based index 2	9.1	6.6	—	—	9.1
Series I	9.8	7.8	—	—	9.8
Benchmark	9.7	7.3	—	—	9.3
Broad-based index 1	2.5	2.6	—	—	3.8
Broad-based index 2	9.1	6.6	—	—	9.1
Series O	10.6	8.5	—	—	10.6
Benchmark	9.7	7.3	—	—	9.3
Broad-based index 1	2.5	2.6	—	—	3.8
Broad-based index 2	9.1	6.6	—	—	9.1

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 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.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Investment Funds	51.1
Canadian Equities	28.3
United States Equities	18.8
Cash/Other	1.8

Top 25 Holdings

	% of Net Asset Value
Phillips, Hager & North Total Return Bond Fund	12.8
RBC Emerging Markets Dividend Fund	9.8
RBC Global Corporate Bond Fund	8.7
BlueBay Global Monthly Income Bond Fund	6.7
RBC Global High Yield Bond Fund	6.7
RBC European Dividend Fund	6.4
Cash & Cash Equivalents	1.8
Royal Bank of Canada	1.7
Enbridge Inc.	1.5
Toronto-Dominion Bank	1.2
Manulife Financial Corporation	1.1
Bank of Nova Scotia	1.0
Sun Life Financial Inc.	0.9
Apple Inc.	0.9
Brookfield Asset Management Inc., Class A	0.8
Microsoft Corp.	0.7
Canadian Imperial Bank of Commerce	0.7
Suncor Energy Inc.	0.6
TransCanada Corp.	0.6
Canadian Natural Resources Ltd.	0.6
Canadian Pacific Railway Ltd.	0.6
Bank of America Corp.	0.6
Enbridge Income Fund Holdings Inc.	0.6
Bank of Montreal	0.6
BCE Inc.	0.5
Top 25 Holdings	68.1

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.



BALANCED FUND

**RBC GLOBAL
GROWTH & INCOME FUND**

December 31, 2017

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 8, 2018.

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 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 also invest in emerging market equity securities, emerging market currencies 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

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$84 million as of December 31, 2017, from \$22 million at the end of 2016. The increase was due to net inflows.

Over the past year, the Fund's Series A units gained 12.3%, which outperformed the 9.8% rise in the benchmark. The broad-based index 1 rose 2.5% and the broad-based index 2 rose 9.1%. 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 economic growth surged to the highest in seven years in 2017 thanks to a confluence of factors. The expansion was highly synchronized, encompassing the bulk of developed and many emerging-market nations. In the U.S., measures of confidence and risk appetite were robust, benefiting from the macroeconomic strength and helping to sustain it. Economic growth in the Eurozone and Japan continued to impress with a persistence that would have been hard to fathom several years ago. Canadian growth was unexpectedly brisk, prompting the Bank of Canada to raise interest rates twice during the year, even as investors worried about Canadians' high household debts and the future of the North American Free Trade Agreement.

The Fund's overweight position in equities and underweight position in fixed income had a positive impact on performance. Stock markets rose in most of the world during 2017, driven by the tailwinds of rising corporate profits and the continued environment of relatively low global interest rates. Among the strongest-performing indexes were Japan, which benefited from the impact of structural reforms, and emerging markets, bolstered by a handful of technology stocks having large market capitalizations. In the U.S., equities were aided by expectations that the Republican-controlled Congress would work with President Trump to pass corporate and personal-income tax cuts, a hope that came to fruition at year end. European markets in local-currency terms and Canadian indexes had more modest gains because their indexes had minimal exposure to the strong returns delivered by the Information Technology sector. The portfolio benefited from investments in the RBC Global Equity Focus Fund and the RBC Global Dividend Growth Fund.

Bonds issued by national governments ended 2017 with modest returns as inflation remained subdued and most major central banks extended bond-buying programs aimed at holding down interest rates. Yields moved generally lower in the first eight months of the year due to escalating tension between the U.S. and North Korea and continued skepticism about the Trump administration's ability to enact its pro-growth policies. However, government-bond yields reversed higher in September as investors began anticipating efforts by central banks to scale back monetary stimulus and the likelihood of U.S. tax cuts increased. Canadian bonds underperformed U.S. fixed income given the faster-than-expected domestic growth. Returns were bolstered by exposure to the RBC Global Corporate Bond Fund and the RBC Global High Yield Bond Fund.



Recent Developments

The portfolio manager expects bond yields to move higher at a gradual pace, supported by the improving economy and monetary tightening. Meanwhile, earnings have been coming through and analysts are optimistic that the trend can persist. U.S. corporate-tax cuts could provide an additional boost to profits. Against this backdrop, equities continue to offer superior total-return potential compared to fixed income and the portfolio manager has maintained a moderate overweight in stocks and underweight in bonds as a result.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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 and Series T5 units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	10.32	0.35	(0.23)	0.41	0.62	1.15	(0.01)	(0.11)	(0.13)	—	(0.25)	11.34
Dec. 31, 2016 ³	10.00 [†]	0.27	(0.20)	0.22	0.34	0.63	—	(0.09)	(0.14)	—	(0.23)	10.32
Advisor Series												
Dec. 31, 2017	10.32	0.37	(0.23)	0.42	0.65	1.21	(0.01)	(0.11)	(0.13)	—	(0.25)	11.34
Dec. 31, 2016 ³	10.00 [†]	0.29	(0.20)	0.23	0.36	0.68	—	(0.09)	(0.14)	—	(0.23)	10.32
Advisor T5 Series												
Dec. 31, 2017	10.08	0.37	(0.23)	0.42	0.49	1.05	(0.02)	(0.13)	(0.29)	(0.06)	(0.50)	10.78
Dec. 31, 2016 ³	10.00 [†]	0.29	(0.20)	0.23	0.37	0.69	—	(0.09)	(0.01)	(0.36)	(0.46)	10.08
Series T5												
Dec. 31, 2017	10.08	0.35	(0.21)	0.40	0.56	1.10	(0.02)	(0.16)	(0.16)	(0.16)	(0.50)	10.79
Dec. 31, 2016 ³	10.00 [†]	0.25	(0.20)	0.20	0.38	0.63	—	(0.09)	(0.15)	(0.22)	(0.46)	10.08
Series F												
Dec. 31, 2017	10.37	0.34	(0.11)	0.39	0.68	1.30	(0.02)	(0.12)	(0.14)	—	(0.28)	11.49
Dec. 31, 2016 ³	10.00 [†]	0.27	(0.09)	0.21	0.33	0.72	—	(0.14)	(0.15)	—	(0.29)	10.37
Series FT5												
Dec. 31, 2017	10.18	0.37	(0.10)	0.43	0.61	1.31	(0.04)	(0.28)	(0.17)	(0.02)	(0.51)	11.02
Dec. 31, 2016 ³	10.00 [†]	0.24	(0.09)	0.19	0.07	0.41	—	(0.18)	(0.25)	(0.03)	(0.46)	10.18
Series O												
Dec. 31, 2017	10.41	0.62	—	0.71	0.86	2.19	(0.02)	(0.15)	(0.14)	—	(0.31)	11.59
Dec. 31, 2016 ³	10.00 [†]	0.33	—	0.26	0.16	0.75	—	(0.19)	(0.15)	—	(0.34)	10.41

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

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

³ From January 11, 2016.

[†] 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, 2017	11.34	39 981	3 527	2.12	2.13	12.50	0.10
Dec. 31, 2016 ⁴	10.32	9 084	880	2.11	2.12	18.69	0.17
Advisor Series							
Dec. 31, 2017	11.34	14 223	1 254	2.10	2.11	12.50	0.10
Dec. 31, 2016 ⁴	10.32	4 893	474	2.08	2.09	18.69	0.17
Advisor T5 Series							
Dec. 31, 2017	10.78	509	47	2.18	2.19	12.50	0.10
Dec. 31, 2016 ⁴	10.08	1	—	2.18	2.19	18.69	0.17
Series T5							
Dec. 31, 2017	10.79	896	83	2.09	2.10	12.50	0.10
Dec. 31, 2016 ⁴	10.08	234	23	2.10	2.12	18.69	0.17
Series F							
Dec. 31, 2017	11.49	26 688	2 323	1.01	1.02	12.50	0.10
Dec. 31, 2016 ⁴	10.37	4 620	446	0.99	1.01	18.69	0.17
Series FT5							
Dec. 31, 2017	11.02	1 445	131	0.98	0.99	12.50	0.10
Dec. 31, 2016 ⁴	10.18	685	67	1.02	1.03	18.69	0.17
Series O							
Dec. 31, 2017	11.59	1	—	0.09	0.10	12.50	0.10
Dec. 31, 2016 ⁴	10.41	2 144	206	0.09	0.10	18.69	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 January 11, 2016.

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 F	0.75%	—	100%
Series FT5	0.75%	—	100%

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

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



PAST PERFORMANCE

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

Year-by-Year Returns (%)

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





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2017, compared with the following benchmarks:

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

- 60% MSCI World Total Return Net Index (CAD)
- 32% Citi World Government Bond Index (Currency-Hedged in CAD)
- 4% Bank of America Merrill Lynch U.S. High Yield BB-B Index (hedged to CAD)
- 4% JPMorgan Emerging Markets Bond Index Global Diversified (hedged to CAD)

The broad-based indexes are as follows:

Broad-based index 1 – FTSE TMX Canada Universe Bond Index

Broad-based index 2 – S&P/TSX Capped Composite Total Return Index

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A	12.3	—	—	—	9.1
Benchmark	9.8	—	—	—	9.4
Broad-based index 1	2.5	—	—	—	2.1
Broad-based index 2	9.1	—	—	—	19.6
Advisor Series	12.3	—	—	—	9.2
Benchmark	9.8	—	—	—	9.4
Broad-based index 1	2.5	—	—	—	2.1
Broad-based index 2	9.1	—	—	—	19.6
Advisor T5 Series	12.3	—	—	—	9.1
Benchmark	9.8	—	—	—	9.4
Broad-based index 1	2.5	—	—	—	2.1
Broad-based index 2	9.1	—	—	—	19.6
Series T5	12.3	—	—	—	9.2
Benchmark	9.8	—	—	—	9.4
Broad-based index 1	2.5	—	—	—	2.1
Broad-based index 2	9.1	—	—	—	19.6
Series F	13.5	—	—	—	10.3
Benchmark	9.8	—	—	—	9.4
Broad-based index 1	2.5	—	—	—	2.1
Broad-based index 2	9.1	—	—	—	19.6
Series FT5	13.5	—	—	—	10.4
Benchmark	9.8	—	—	—	9.4
Broad-based index 1	2.5	—	—	—	2.1
Broad-based index 2	9.1	—	—	—	19.6
Series O	14.3	—	—	—	11.3
Benchmark	9.8	—	—	—	9.4
Broad-based index 1	2.5	—	—	—	2.1
Broad-based index 2	9.1	—	—	—	19.6

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

Series A, Advisor Series, Advisor T5 Series, Series T5, Series F, Series FT5 and Series O units have been available for sale to unitholders since January 25, 2016.

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

INDEX DESCRIPTIONS

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.

Citi World Government Bond Index (Currency-Hedged in CAD) This index is a broad measure of the performance of investment-grade foreign government bonds. 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.

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 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.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
International Equity Funds	53.9
Income Funds	36.0
United States Equity Funds	9.5
Cash/Other	0.6

Top 25 Holdings*

	% of Net Asset Value
RBC Global Dividend Growth Fund	19.2
RBC Global Equity Focus Fund	19.2
RBC Global Bond Fund	13.3
RBC Global Corporate Bond Fund	11.1
RBC Emerging Markets Equity Fund	10.7
RBC U.S. Mid-Cap Value Equity Fund	9.4
RBC Global High Yield Bond Fund	6.9
RBC European Mid-Cap Equity Fund	4.8
BlueBay Global Monthly Income Bond Fund	2.3
RBC Emerging Markets Foreign Exchange Fund	2.3
Cash & Cash Equivalents	0.8
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 RETIREMENT INCOME SOLUTION

December 31, 2017

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 8, 2018.

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 for investors who are approaching or are already in retirement. The Fund seeks to provide regular income with a potential for modest capital appreciation by investing primarily in units of other funds managed by RBC GAM or an affiliate (the “underlying funds”), emphasizing mutual funds whose investment objective is to generate income.

To achieve the Fund’s objectives, the portfolio manager selects underlying funds based on their ability to provide cash flow and complement other funds within the portfolio. 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 meet its stated investment objectives. The Fund’s target weightings for fixed-income and equity assets are 75% and 25%, respectively. The portfolio manager manages the allocations so that they will not be more than 15% above or below the target weightings.

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 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the “new risk classification methodology”). Pursuant to the new risk classification methodology, certain funds’ risk ratings were changed. RBC GAM reviews each fund’s risk rating on an annual basis or if there has been a material change to a fund’s investment objectives or investment strategies. Any changes to a fund’s risk rating are the result of RBC GAM’s annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund’s risk rating changed from low-to-medium to low.

Results of Operations

The Fund’s net asset value rose to \$14 million as of December 31, 2017, from \$1 million at the end of 2016. The increase was due to net inflows.

Over the past year, the Fund’s Series A units gained 2.8%, which underperformed the 3.5% rise in the benchmark. The broad-based index 1 rose 2.5% and the broad-based index 2 rose 9.1%. 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 economic growth surged to the highest in seven years in 2017 thanks to a confluence of factors. The expansion was highly synchronized, encompassing the bulk of developed and many emerging-market nations. In the U.S., measures of confidence and risk appetite were robust, benefiting from the macroeconomic strength and helping to sustain it. Economic growth in the Eurozone and Japan continued to impress with a persistence that would have been hard to fathom several years ago. Canadian growth was unexpectedly brisk, prompting the Bank of Canada to raise interest rates twice during the year, even as investors worried about Canadians’ high household debts and the future of the North American Free Trade Agreement.

Bonds issued by national governments ended 2017 with modest returns as inflation remained subdued and most major central banks extended bond-buying programs aimed at holding down interest rates. Yields moved generally lower in the first eight months of the year due to escalating tension between the U.S. and North Korea and continued skepticism about the Trump administration’s ability to enact its pro-growth policies. However, government-bond yields reversed higher in September as investors began anticipating efforts by central banks to scale back monetary stimulus and the likelihood of U.S. tax cuts increased. Canadian bonds underperformed U.S. fixed income given the faster-than-expected domestic growth. Returns were bolstered by the RBC Global High Yield Bond Fund and the RBC Canadian Short-Term Income Fund.

Stock markets rose in most of the world during 2017, driven by the tailwinds of rising corporate profits and the continued environment of relatively low global interest rates. Among the strongest-performing indexes were Japan, which benefited from the impact of structural reforms, and emerging markets, bolstered by a handful of technology stocks having large market capitalizations. In the U.S., equities were aided by expectations that the Republican-controlled Congress would work with President Trump to pass corporate and personal-income tax cuts, a hope that came to fruition at year end. European markets in local-currency terms and Canadian indexes had more modest



gains because their indexes had minimal exposure to the strong returns delivered by the Information Technology sector. The portfolio benefited from exposure to the RBC Global Dividend Growth Fund and the RBC QUBE Low Volatility Global Equity Fund.

Recent Developments

The portfolio manager expects bond yields to move higher at a gradual pace, supported by the improving economy and monetary tightening. Meanwhile, earnings have been coming through and analysts are optimistic that the trend can persist. U.S. corporate-tax cuts could provide an additional boost to profits. Against this backdrop, equities continue to offer modest total-return potential.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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 T5 units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	9.95	0.29	(0.17)	0.07	—	0.19	(0.05)	(0.06)	(0.06)	—	(0.17)	10.06
Dec. 31, 2016 ³	10.00 [†]	0.06	(0.06)	0.04	0.04	0.08	(0.01)	(0.02)	(0.03)	—	(0.06)	9.95
Advisor Series												
Dec. 31, 2017	9.95	0.40	(0.15)	0.10	(0.06)	0.29	(0.05)	(0.06)	(0.06)	—	(0.17)	10.07
Dec. 31, 2016 ³	10.00 [†]	0.20	(0.09)	0.14	(0.24)	0.01	(0.01)	(0.02)	(0.03)	—	(0.06)	9.95
Series T5												
Dec. 31, 2017	9.88	0.23	(0.17)	0.06	0.21	0.33	(0.04)	(0.06)	(0.18)	(0.21)	(0.49)	9.66
Dec. 31, 2016 ³	10.00 [†]	0.19	(0.10)	0.13	(0.26)	(0.04)	(0.05)	(0.07)	—	—	(0.12)	9.88
Series F												
Dec. 31, 2017	9.96	0.28	(0.09)	0.07	(0.02)	0.24	(0.08)	(0.11)	(0.06)	—	(0.25)	10.07
Dec. 31, 2016 ³	10.00 [†]	0.04	(0.03)	0.03	0.13	0.17	(0.02)	(0.02)	(0.03)	—	(0.07)	9.96
Series FT5												
Dec. 31, 2017	9.90	0.39	(0.07)	0.09	(0.05)	0.36	(0.11)	(0.13)	(0.06)	(0.19)	(0.49)	9.77
Dec. 31, 2016 ³	10.00 [†]	0.20	(0.08)	0.14	(0.24)	0.02	(0.05)	(0.07)	—	—	(0.12)	9.90
Series O												
Dec. 31, 2017	9.95	0.80	(0.01)	0.19	(0.19)	0.79	(0.12)	(0.15)	(0.06)	—	(0.33)	10.06
Dec. 31, 2016 ³	10.00 [†]	0.20	(0.06)	0.14	(0.24)	0.04	(0.03)	(0.03)	(0.03)	—	(0.09)	9.95

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

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

³ From September 23, 2016.

[†] 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, 2017	10.06	10 946	1 088	1.71	1.74	11.85	0.02
Dec. 31, 2016 ⁴	9.95	602	60	1.72	2.16	0.95	0.04
Advisor Series							
Dec. 31, 2017	10.07	1	—	1.60	1.63	11.85	0.02
Dec. 31, 2016 ⁴	9.95	1	—	1.72	2.16	0.95	0.04
Series T5							
Dec. 31, 2017	9.66	115	12	1.67	1.70	11.85	0.02
Dec. 31, 2016 ⁴	9.88	2	—	1.72	2.16	0.95	0.04
Series F							
Dec. 31, 2017	10.07	3 076	306	0.86	0.89	11.85	0.02
Dec. 31, 2016 ⁴	9.96	344	35	0.87	1.31	0.95	0.04
Series FT5							
Dec. 31, 2017	9.77	1	—	0.81	0.84	11.85	0.02
Dec. 31, 2016 ⁴	9.90	1	—	0.87	1.31	0.95	0.04
Series O							
Dec. 31, 2017	10.06	1	—	0.05	0.08	11.85	0.02
Dec. 31, 2016 ⁴	9.95	146	15	0.04	0.48	0.95	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.

⁴ From September 23, 2016.

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	1.45%	52%	48%
Advisor Series	1.45%	52%	48%
Series T5	1.45%	52%	48%
Series F	0.70%	—	100%
Series FT5	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.

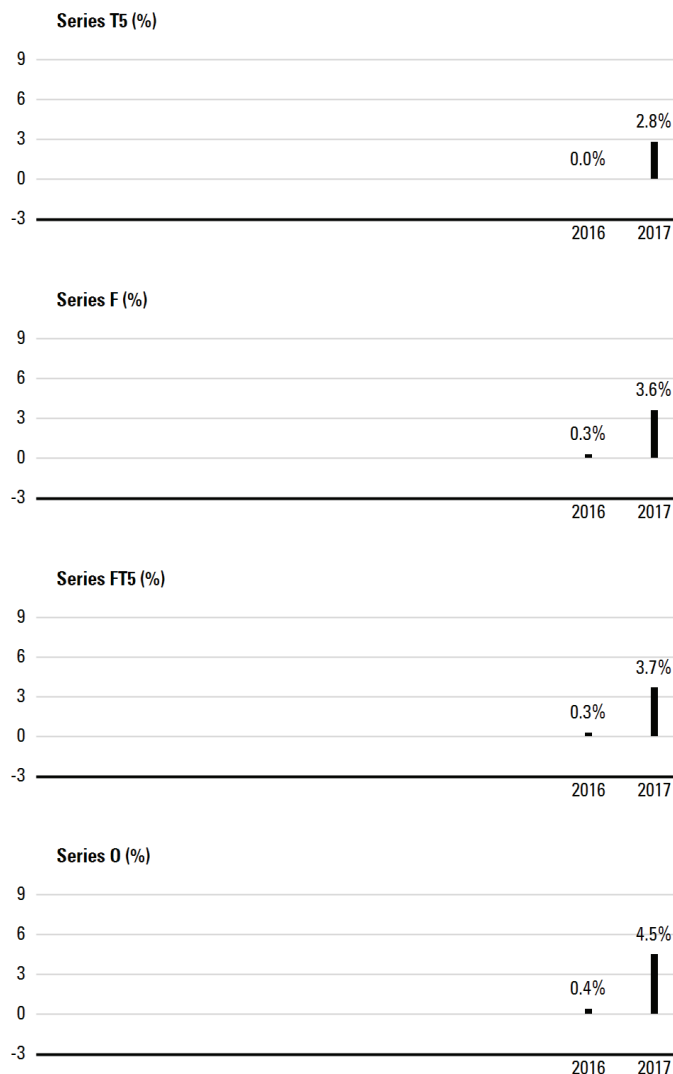
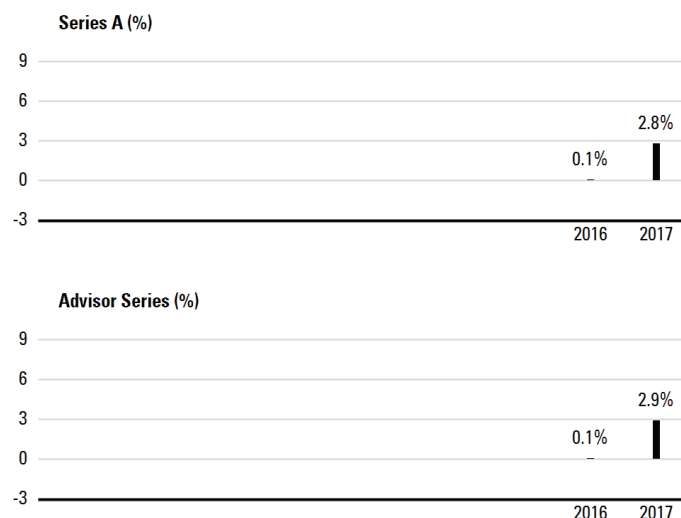


PAST PERFORMANCE

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, 2017, compared with the following benchmarks:

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

- 55% FTSE TMX Canada Short Term Bond Index
- 16% MSCI World Total Return Net Index (CAD)
- 11% Citi World Government Bond Index (Currency-Hedged to CAD)
- 9% FTSE TMX Canada Universe Bond Index
- 9% S&P/TSX Capped Composite Total Return Index

The broad-based indexes are as follows:

Broad-based index 1 – FTSE TMX Canada Universe Bond Index

Broad-based index 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	—	—	—	2.3
Benchmark	3.5	—	—	—	3.5
Broad-based index 1	2.5	—	—	—	0.1
Broad-based index 2	9.1	—	—	—	12.4
Advisor Series	2.9	—	—	—	2.5
Benchmark	3.5	—	—	—	3.5
Broad-based index 1	2.5	—	—	—	0.1
Broad-based index 2	9.1	—	—	—	12.4
Series T5	2.8	—	—	—	2.3
Benchmark	3.5	—	—	—	3.5
Broad-based index 1	2.5	—	—	—	0.1
Broad-based index 2	9.1	—	—	—	12.4
Series F	3.6	—	—	—	3.2
Benchmark	3.5	—	—	—	3.5
Broad-based index 1	2.5	—	—	—	0.1
Broad-based index 2	9.1	—	—	—	12.4
Series FT5	3.7	—	—	—	3.3
Benchmark	3.5	—	—	—	3.5
Broad-based index 1	2.5	—	—	—	0.1
Broad-based index 2	9.1	—	—	—	12.4
Series O	4.5	—	—	—	4.0
Benchmark	3.5	—	—	—	3.5
Broad-based index 1	2.5	—	—	—	0.1
Broad-based index 2	9.1	—	—	—	12.4

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 A, Advisor Series, Series T5, Series F, Series FT5 and Series O units have been available for sale to unitholders since October 11, 2016.

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.

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.

Citi World Government Bond Index (Currency-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.

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.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Income Funds	74.7
International Equity Funds	15.6
Canadian Equity Funds	9.3
Cash/Other	0.4

Top 25 Holdings*

	% of Net Asset Value
RBC Canadian Short-Term Income Fund	54.7
RBC Global Dividend Growth Fund	10.8
RBC Global High Yield Bond Fund	5.0
RBC QUBE Low Volatility Global Equity Fund	4.8
Phillips, Hager & North Conservative Equity Income Fund	4.8
RBC QUBE Low Volatility Canadian Equity Fund	4.5
RBC Bond Fund	4.4
Phillips, Hager & North Total Return Bond Fund	4.4
RBC Global Bond Fund	1.7
BlueBay Global Sovereign Bond Fund (Canada)	1.7
BlueBay Global Investment Grade Corporate Bond Fund (Canada)	1.3
RBC Global Corporate Bond Fund	1.2
Cash & Cash Equivalents	0.7
Total	100.0

* The Fund holds fewer than 25 holdings.

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

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



PORTFOLIO SOLUTION

RBC RETIREMENT 2020 PORTFOLIO

December 31, 2017

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 8, 2018.

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 retirement that commences around 2020 (the “target date”). It seeks to provide total returns comprised of income and modest capital appreciation.

The Fund invests primarily in a diversified portfolio of equity, fixed-income and/or money market securities from anywhere in the world, gradually shifting its asset mix to emphasize fixed-income and/or money market investments. The Fund invests up to 100% of its net assets in funds managed by RBC GAM or an affiliate.

Ten years after the target date of the Fund is reached, it is expected that the Fund’s asset allocation will be substantially similar to the RBC Retirement Income Solution.

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 uses an asset allocation strategy that adjusts the portfolio’s asset mix relative to a target retirement date of 2020. Ten years after the Fund’s target date is reached, the Fund’s asset allocation is expected to be 75% in fixed-income funds and 25% in equity funds. The Fund is suitable for investors who plan to hold their investments for the medium-to-long 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the “new risk classification methodology”). Pursuant to the new risk classification methodology, certain funds’ risk ratings were changed. RBC GAM reviews each fund’s risk rating on an annual basis or if there has been a material change to a fund’s investment objectives or investment strategies. Any changes to a fund’s risk rating are the result of RBC GAM’s annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund’s risk rating changed from low-to-medium to low.

Results of Operations

The Fund’s net asset value rose to \$25 million as of December 31, 2017, from \$694,000 at the end of 2016. The increase was due to net inflows.

Over the past year, the Fund’s Series A units gained 6.8%. The fixed-income benchmark rose 2.5% and the equity benchmark rose 9.1%.

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 economic growth surged to the highest in seven years in 2017 thanks to a confluence of factors. The expansion was highly synchronized, encompassing the bulk of developed and many emerging-market nations. In the U.S., measures of confidence and risk appetite were robust, benefiting from the macroeconomic strength and helping to sustain it. Economic growth in the Eurozone and Japan continued to impress with a persistence that would have been hard to fathom several years ago. Canadian growth was unexpectedly brisk, prompting the Bank of Canada to raise interest rates twice during the year, even as investors worried about Canadians’ high household debts and the future of the North American Free Trade Agreement.

Bonds issued by national governments ended 2017 with modest returns as inflation remained subdued and most major central banks extended bond-buying programs aimed at holding down interest rates. Yields moved generally lower in the first eight months of the year due to escalating tension between the U.S. and North Korea and continued skepticism about the Trump administration’s ability to enact its pro-growth policies. However, government-bond yields reversed higher in September as investors began anticipating efforts by central banks to scale back monetary stimulus and the likelihood of U.S. tax cuts increased. Canadian bonds underperformed U.S. fixed income given the faster-than-expected domestic growth. Returns were bolstered by the RBC Global High Yield Bond Fund and the RBC Bond Fund.

Stock markets rose in most of the world during 2017, driven by the tailwinds of rising corporate profits and the continued environment of relatively low global interest rates. Among the strongest-performing indexes were Japan, which benefited from the impact of structural reforms, and emerging markets, bolstered by a handful of technology stocks having large market capitalizations. In the U.S., equities were aided by expectations that the Republican-controlled Congress would work with President Trump to pass corporate and personal-income tax cuts, a hope that came to fruition at year end. European markets in local-currency terms and Canadian indexes had more modest gains because their indexes had minimal exposure to the strong returns delivered by the Information Technology sector. The portfolio’s performance benefited from the RBC Global Dividend Growth Fund and the RBC Global Equity Focus Fund.



Recent Developments

The portfolio manager expects bond yields to move higher at a gradual pace, supported by the improving economy and monetary tightening. Meanwhile, earnings have been coming through and analysts are optimistic that the trend can persist. U.S. corporate-tax cuts could provide an additional boost to profits. Against this backdrop, equities continue to offer modest total-return potential.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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 T5 units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	9.90	0.37	(0.18)	0.24	0.12	0.55	(0.02)	(0.07)	(0.15)	—	(0.24)	10.33
Dec. 31, 2016 ³	10.00 [†]	0.15	(0.07)	0.13	(0.06)	0.15	(0.02)	(0.05)	(0.11)	—	(0.18)	9.90
Advisor Series												
Dec. 31, 2017	9.90	0.25	(0.17)	0.16	0.77	1.01	(0.03)	(0.07)	(0.15)	—	(0.25)	10.34
Dec. 31, 2016 ³	10.00 [†]	0.44	(0.10)	0.39	(0.65)	0.08	(0.02)	(0.05)	(0.11)	—	(0.18)	9.90
Series T5												
Dec. 31, 2017	9.95	0.25	(0.17)	0.17	0.85	1.10	(0.04)	(0.11)	(0.32)	(0.03)	(0.50)	10.13
Dec. 31, 2016 ³	10.00 [†]	0.44	(0.10)	0.39	(0.65)	0.08	(0.03)	(0.09)	—	—	(0.12)	9.95
Series F												
Dec. 31, 2017	9.83	0.30	(0.10)	0.20	0.21	0.61	(0.04)	(0.13)	(0.15)	—	(0.32)	10.26
Dec. 31, 2016 ³	10.00 [†]	0.44	(0.08)	0.39	(0.65)	0.10	(0.04)	(0.12)	(0.11)	—	(0.27)	9.83
Series FT5												
Dec. 31, 2017	9.97	0.72	(0.08)	0.48	(0.36)	0.76	(0.07)	(0.24)	(0.14)	(0.05)	(0.50)	10.24
Dec. 31, 2016 ³	10.00 [†]	0.44	(0.08)	0.39	(0.65)	0.10	(0.03)	(0.09)	—	—	(0.12)	9.97
Series O												
Dec. 31, 2017	9.76	1.87	(0.01)	1.24	(1.78)	1.32	(0.07)	(0.20)	(0.15)	—	(0.42)	10.19
Dec. 31, 2016 ³	10.00 [†]	0.44	(0.06)	0.39	(0.66)	0.11	(0.06)	(0.19)	(0.11)	—	(0.36)	9.76

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

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

³ From September 23, 2016.

[†] 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, 2017	10.33	14 229	1 378	1.76	1.78	2.54	0.05
Dec. 31, 2016 ⁴	9.90	543	55	1.79	2.27	3.79	0.09
Advisor Series							
Dec. 31, 2017	10.34	142	14	1.68	1.70	2.54	0.05
Dec. 31, 2016 ⁴	9.90	1	—	1.79	2.27	3.79	0.09
Series T5							
Dec. 31, 2017	10.13	133	13	1.67	1.69	2.54	0.05
Dec. 31, 2016 ⁴	9.95	1	—	1.79	2.27	3.79	0.09
Series F							
Dec. 31, 2017	10.26	10 529	1 026	0.95	0.97	2.54	0.05
Dec. 31, 2016 ⁴	9.83	1	—	0.94	1.42	3.79	0.09
Series FT5							
Dec. 31, 2017	10.24	1	—	0.88	0.90	2.54	0.05
Dec. 31, 2016 ⁴	9.97	1	—	0.94	1.42	3.79	0.09
Series O							
Dec. 31, 2017	10.19	1	—	0.06	0.08	2.54	0.05
Dec. 31, 2016 ⁴	9.76	147	15	0.06	0.54	3.79	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 September 23, 2016.

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 T5	1.50%	50%	50%
Series F	0.75%	—	100%
Series FT5	0.75%	—	100%

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

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



PAST PERFORMANCE

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

Year-by-Year Returns (%)

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





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2017, 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	6.8	—	—	—	6.2
Benchmark 1	2.5	—	—	—	0.1
Benchmark 2	9.1	—	—	—	12.4
Advisor Series	7.0	—	—	—	6.4
Benchmark 1	2.5	—	—	—	0.1
Benchmark 2	9.1	—	—	—	12.4
Series T5	6.9	—	—	—	6.3
Benchmark 1	2.5	—	—	—	0.1
Benchmark 2	9.1	—	—	—	12.4
Series F	7.7	—	—	—	7.1
Benchmark 1	2.5	—	—	—	0.1
Benchmark 2	9.1	—	—	—	12.4
Series FT5	7.8	—	—	—	7.2
Benchmark 1	2.5	—	—	—	0.1
Benchmark 2	9.1	—	—	—	12.4
Series O	8.7	—	—	—	8.1
Benchmark 1	2.5	—	—	—	0.1
Benchmark 2	9.1	—	—	—	12.4

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 indexes.

Series A, Advisor Series, Series T5, Series F, Series FT5 and Series O units have been available for sale to unitholders since October 11, 2016.

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.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Income Funds	51.9
International Equity Funds	22.2
Canadian Equity Funds	17.4
United States Equity Funds	7.9
Cash/Other	0.6

Top 25 Holdings*

	% of Net Asset Value
RBC Canadian Short-Term Income Fund	12.5
Phillips, Hager & North Total Return Bond Fund	9.0
RBC Bond Fund	9.0
RBC Global Dividend Growth Fund	7.7
RBC Global Equity Focus Fund	5.5
RBC Global High Yield Bond Fund	5.0
RBC QUBE Low Volatility Global Equity Fund	5.0
Phillips, Hager & North Conservative Equity Income Fund	4.4
RBC QUBE Low Volatility Canadian Equity Fund	4.4
BlueBay Global Sovereign Bond Fund (Canada)	4.1
RBC Global Corporate Bond Fund	4.1
BlueBay Global Investment Grade Corporate Bond Fund (Canada)	4.1
RBC Global Bond Fund	4.1
Phillips, Hager & North Canadian Equity Underlying Fund	4.1
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	3.5
Phillips, Hager & North Canadian Equity Value Fund	3.0
RBC U.S. Mid-Cap Value Equity Fund	2.3
RBC U.S. Equity Value Fund	2.1
RBC Emerging Markets Equity Fund	2.0
RBC European Equity Fund	1.5
RBC Private Canadian Mid-Cap Equity Pool	1.5
Cash & Cash Equivalents	0.6
RBC Asia Pacific ex-Japan Equity Fund	0.5
Total	100.0

* The Fund holds fewer than 25 holdings.

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

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



PORTFOLIO SOLUTION

RBC RETIREMENT 2025 PORTFOLIO

December 31, 2017

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 8, 2018.

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 retirement that commences around 2025 (the “target date”). It seeks to provide total returns comprised of income and modest capital appreciation.

The Fund invests primarily in a diversified portfolio of equity, fixed-income and/or money market securities from anywhere in the world, gradually shifting its asset mix to emphasize fixed-income and/or money market investments. The Fund invests up to 100% of its net assets in funds managed by RBC GAM or an affiliate.

Ten years after the target date of the Fund is reached, it is expected that the Fund’s asset allocation will be substantially similar to the RBC Retirement Income Solution.

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 uses an asset allocation strategy that adjusts the portfolio’s asset mix relative to a target retirement date of 2025. Ten years after the Fund’s target date is reached, the Fund’s asset allocation is expected to be 75% in fixed-income funds and 25% in equity 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the “new risk classification methodology”). Pursuant to the new risk classification methodology, certain funds’ risk ratings were changed. RBC GAM reviews each fund’s risk rating on an annual basis or if there has been a material change to a fund’s investment objectives or investment strategies. Any changes to a fund’s risk rating are the result of RBC GAM’s annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund’s risk rating during the reporting period.

Results of Operations

The Fund’s net asset value rose to \$20 million as of December 31, 2017, from \$402,000 at the end of 2016. The increase was due to net inflows.

Over the past year, the Fund’s Series A units gained 7.8%. The fixed-income benchmark rose 2.5% and the equity benchmark rose 9.1%.

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 economic growth surged to the highest in seven years in 2017 thanks to a confluence of factors. The expansion was highly synchronized, encompassing the bulk of developed and many emerging-market nations. In the U.S., measures of confidence and risk appetite were robust, benefiting from the macroeconomic strength and helping to sustain it. Economic growth in the Eurozone and Japan continued to impress with a persistence that would have been hard to fathom several years ago. Canadian growth was unexpectedly brisk, prompting the Bank of Canada to raise interest rates twice during the year, even as investors worried about Canadians’ high household debts and the future of the North American Free Trade Agreement.

Bonds issued by national governments ended 2017 with modest returns as inflation remained subdued and most major central banks extended bond-buying programs aimed at holding down interest rates. Yields moved generally lower in the first eight months of the year due to escalating tension between the U.S. and North Korea and continued skepticism about the Trump administration’s ability to enact its pro-growth policies. However, government-bond yields reversed higher in September as investors began anticipating efforts by central banks to scale back monetary stimulus and the likelihood of U.S. tax cuts increased. Canadian bonds underperformed U.S. fixed income given the faster-than-expected domestic growth. Returns were bolstered by investments in the RBC Global High Yield Bond Fund and the RBC Bond Fund.

Stock markets rose in most of the world during 2017, driven by the tailwinds of rising corporate profits and the continued environment of relatively low global interest rates. Among the strongest-performing indexes were Japan, which benefited from the impact of structural reforms, and emerging markets, bolstered by a handful of technology stocks having large market capitalizations. In the U.S., equities were aided by expectations that the Republican-controlled Congress would work with President Trump to pass corporate and personal-income tax cuts, a hope that came to fruition at year end. European markets in local-currency terms and Canadian indexes had more modest gains because their indexes had minimal exposure to the strong returns delivered by the Information Technology sector. The portfolio’s performance benefited from exposure to the RBC Global Equity Focus Fund and the RBC Global Dividend Growth Fund.



Recent Developments

The portfolio manager expects bond yields to move higher at a gradual pace, supported by the improving economy and monetary tightening. Meanwhile, earnings have been coming through and analysts are optimistic that the trend can persist. U.S. corporate-tax cuts could provide an additional boost to profits. Against this backdrop, equities continue to offer modest total-return potential.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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 Advisor Series units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	9.94	0.34	(0.21)	0.30	0.28	0.71	—	(0.08)	(0.20)	—	(0.28)	10.43
Dec. 31, 2016 ³	10.00 [†]	0.15	(0.08)	0.12	—	0.19	(0.01)	(0.05)	(0.12)	—	(0.18)	9.94
Advisor Series												
Dec. 31, 2017	9.94	0.29	(0.22)	0.26	(0.09)	0.24	—	(0.09)	(0.21)	—	(0.30)	10.44
Dec. 31, 2016 ³	10.00 [†]	0.32	(0.11)	0.26	(0.35)	0.12	(0.01)	(0.05)	(0.12)	—	(0.18)	9.94
Series F												
Dec. 31, 2017	9.85	0.33	(0.10)	0.29	0.02	0.54	(0.01)	(0.19)	(0.21)	—	(0.41)	10.32
Dec. 31, 2016 ³	10.00 [†]	0.32	(0.08)	0.26	(0.36)	0.14	(0.03)	(0.15)	(0.12)	—	(0.30)	9.85
Series O												
Dec. 31, 2017	9.77	1.82	(0.01)	1.62	(1.94)	1.49	(0.01)	(0.30)	(0.21)	—	(0.52)	10.24
Dec. 31, 2016 ³	10.00 [†]	0.32	(0.06)	0.26	(0.36)	0.16	(0.05)	(0.22)	(0.12)	—	(0.39)	9.77

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.

³ From September 23, 2016.

[†] 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, 2017	10.43	16 841	1 615	2.08	2.10	8.38	0.06
Dec. 31, 2016 ⁴	9.94	251	25	2.13	2.70	3.77	0.11
Advisor Series							
Dec. 31, 2017	10.44	69	7	1.99	2.01	8.38	0.06
Dec. 31, 2016 ⁴	9.94	1	—	2.13	2.70	3.77	0.11
Series F							
Dec. 31, 2017	10.32	2 786	270	0.94	0.96	8.38	0.06
Dec. 31, 2016 ⁴	9.85	1	—	1.00	1.57	3.77	0.11
Series O							
Dec. 31, 2017	10.24	1	—	0.06	0.08	8.38	0.06
Dec. 31, 2016 ⁴	9.77	149	15	0.06	0.63	3.77	0.11

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

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

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

⁴ From September 23, 2016.

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	1.80%	56%	44%
Advisor Series	1.80%	56%	44%
Series F	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.



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, 2017, 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	7.8	—	—	—	7.3
Benchmark 1	2.5	—	—	—	0.1
Benchmark 2	9.1	—	—	—	12.4
Advisor Series	8.0	—	—	—	7.5
Benchmark 1	2.5	—	—	—	0.1
Benchmark 2	9.1	—	—	—	12.4
Series F	9.0	—	—	—	8.6
Benchmark 1	2.5	—	—	—	0.1
Benchmark 2	9.1	—	—	—	12.4
Series O	10.0	—	—	—	9.6
Benchmark 1	2.5	—	—	—	0.1
Benchmark 2	9.1	—	—	—	12.4

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 indexes.

Series A, Advisor Series, Series F and Series O units have been available for sale to unitholders since October 11, 2016.

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.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Income Funds	39.8
International Equity Funds	26.0
Canadian Equity Funds	22.0
United States Equity Funds	11.8
Cash/Other	0.4

Top 25 Holdings

	% of Net Asset Value
RBC Global Dividend Growth Fund	8.0
Phillips, Hager & North Total Return Bond Fund	7.3
RBC Bond Fund	7.3
RBC Canadian Short-Term Income Fund	6.5
RBC Global Equity Focus Fund	6.4
Phillips, Hager & North Canadian Equity Underlying Fund	5.5
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	5.2
RBC Global High Yield Bond Fund	5.0
RBC QUBE Low Volatility Global Equity Fund	5.0
Phillips, Hager & North Conservative Equity Income Fund	4.5
RBC QUBE Low Volatility Canadian Equity Fund	4.5
Phillips, Hager & North Canadian Equity Value Fund	3.9
RBC U.S. Mid-Cap Value Equity Fund	3.5
BlueBay Global Investment Grade Corporate Bond Fund (Canada)	3.5
RBC Global Corporate Bond Fund	3.4
BlueBay Global Sovereign Bond Fund (Canada)	3.4
RBC Global Bond Fund	3.4
RBC Emerging Markets Equity Fund	3.1
RBC U.S. Equity Value Fund	3.1
RBC Private Canadian Mid-Cap Equity Pool	2.6
RBC European Equity Fund	2.2
Phillips, Hager & North Canadian Growth Fund	1.0
RBC Asia Pacific ex-Japan Equity Fund	0.7
Cash & Cash Equivalents	0.6
RBC Japanese Equity Fund	0.4
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 RETIREMENT 2030 PORTFOLIO

December 31, 2017

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 8, 2018.

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 retirement that commences around 2030 (the “target date”). It seeks to provide total returns comprised of income and modest capital appreciation.

The Fund invests primarily in a diversified portfolio of equity, fixed-income and/or money market securities from anywhere in the world, gradually shifting its asset mix to emphasize fixed-income and/or money market investments. The Fund invests up to 100% of its net assets in funds managed by RBC GAM or an affiliate.

Ten years after the target date of the Fund is reached, it is expected that the Fund’s asset allocation will be substantially similar to the RBC Retirement Income Solution.

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 uses an asset allocation strategy that adjusts the portfolio’s asset mix relative to a target retirement date of 2030. Ten years after the Fund’s target date is reached, the Fund’s asset allocation is expected to be 75% in fixed-income funds and 25% in equity 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the “new risk classification methodology”). Pursuant to the new risk classification methodology, certain funds’ risk ratings were changed. RBC GAM reviews each fund’s risk rating on an annual basis or if there has been a material change to a fund’s investment objectives or investment strategies. Any changes to a fund’s risk rating are the result of RBC GAM’s annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund’s risk rating during the reporting period.

Results of Operations

The Fund’s net asset value rose to \$28 million as of December 31, 2017, from \$830,000 at the end of 2016. The increase was due to net inflows.

Over the past year, the Fund’s Series A units gained 8.3%. The fixed-income benchmark rose 2.5% and the equity benchmark rose 9.1%.

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 economic growth surged to the highest in seven years in 2017 thanks to a confluence of factors. The expansion was highly synchronized, encompassing the bulk of developed and many emerging-market nations. In the U.S., measures of confidence and risk appetite were robust, benefiting from the macroeconomic strength and helping to sustain it. Economic growth in the Eurozone and Japan continued to impress with a persistence that would have been hard to fathom several years ago. Canadian growth was unexpectedly brisk, prompting the Bank of Canada to raise interest rates twice during the year, even as investors worried about Canadians’ high household debts and the future of the North American Free Trade Agreement.

Bonds issued by national governments ended 2017 with modest returns as inflation remained subdued and most major central banks extended bond-buying programs aimed at holding down interest rates. Yields moved generally lower in the first eight months of the year due to escalating tension between the U.S. and North Korea and continued skepticism about the Trump administration’s ability to enact its pro-growth policies. However, government-bond yields reversed higher in September as investors began anticipating efforts by central banks to scale back monetary stimulus and the likelihood of U.S. tax cuts increased. Canadian bonds underperformed U.S. fixed income given the faster-than-expected domestic growth. Returns were bolstered by the RBC Global High Yield Bond Fund and the RBC Bond Fund.

Stock markets rose in most of the world during 2017, driven by the tailwinds of rising corporate profits and the continued environment of relatively low global interest rates. Among the strongest-performing indexes were Japan, which benefited from the impact of structural reforms, and emerging markets, bolstered by a handful of technology stocks having large market capitalizations. In the U.S., equities were aided by expectations that the Republican-controlled Congress would work with President Trump to pass corporate and personal-income tax cuts, a hope that came to fruition at year end. European markets in local-currency terms and Canadian indexes had more modest gains because their indexes had minimal exposure to the strong returns delivered by the Information Technology sector. The portfolio benefited from investments in the RBC Global Equity Focus Fund and the RBC Global Dividend Growth Fund.



Recent Developments

The portfolio manager expects bond yields to move higher at a gradual pace, supported by the improving economy and monetary tightening. Meanwhile, earnings have been coming through and analysts are optimistic that the trend can persist. U.S. corporate-tax cuts could provide an additional boost to profits. Against this backdrop, equities continue to offer modest total-return potential.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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 Advisor Series units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	10.01	0.36	(0.22)	0.31	0.29	0.74	—	(0.09)	(0.19)	—	(0.28)	10.56
Dec. 31, 2016 ³	10.00 [†]	0.14	(0.08)	0.12	(0.21)	(0.03)	(0.01)	(0.04)	(0.08)	—	(0.13)	10.01
Advisor Series												
Dec. 31, 2017	10.01	0.60	(0.22)	0.52	(0.20)	0.70	—	(0.08)	(0.20)	—	(0.28)	10.56
Dec. 31, 2016 ³	10.00 [†]	0.32	(0.10)	0.28	(0.07)	0.43	(0.01)	(0.04)	(0.08)	—	(0.13)	10.01
Series F												
Dec. 31, 2017	9.91	0.30	(0.10)	0.26	0.46	0.92	—	(0.20)	(0.20)	—	(0.40)	10.45
Dec. 31, 2016 ³	10.00 [†]	0.42	(0.08)	0.36	(0.53)	0.17	(0.03)	(0.15)	(0.08)	—	(0.26)	9.91
Series O												
Dec. 31, 2017	9.84	2.02	(0.01)	1.75	(2.25)	1.51	(0.01)	(0.29)	(0.20)	—	(0.50)	10.37
Dec. 31, 2016 ³	10.00 [†]	0.42	(0.06)	0.36	(0.54)	0.18	(0.05)	(0.22)	(0.08)	—	(0.35)	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 September 23, 2016.

[†] 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, 2017	10.56	22 615	2 141	2.08	2.10	1.53	0.07
Dec. 31, 2016 ⁴	10.01	670	67	2.14	2.63	2.45	0.10
Advisor Series							
Dec. 31, 2017	10.56	19	2	2.12	2.14	1.53	0.07
Dec. 31, 2016 ⁴	10.01	9	1	2.14	2.63	2.45	0.10
Series F							
Dec. 31, 2017	10.45	4 874	467	0.94	0.96	1.53	0.07
Dec. 31, 2016 ⁴	9.91	1	—	1.01	1.50	2.45	0.10
Series O							
Dec. 31, 2017	10.37	1	—	0.07	0.09	1.53	0.07
Dec. 31, 2016 ⁴	9.84	150	15	0.07	0.56	2.45	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.

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Series A	1.80%	56%	44%
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PAST PERFORMANCE

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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, 2017, 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	8.3	—	—	—	8.0
Benchmark 1	2.5	—	—	—	0.1
Benchmark 2	9.1	—	—	—	12.4
Advisor Series	8.2	—	—	—	7.9
Benchmark 1	2.5	—	—	—	0.1
Benchmark 2	9.1	—	—	—	12.4
Series F	9.5	—	—	—	9.2
Benchmark 1	2.5	—	—	—	0.1
Benchmark 2	9.1	—	—	—	12.4
Series O	10.5	—	—	—	10.1
Benchmark 1	2.5	—	—	—	0.1
Benchmark 2	9.1	—	—	—	12.4

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 indexes.

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(after consideration of derivative products, if any)

As at December 31, 2017

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Income Funds	34.6
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Top 25 Holdings

	% of Net Asset Value
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Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	5.9
RBC Global High Yield Bond Fund	5.0
RBC QUBE Low Volatility Global Equity Fund	4.9
RBC QUBE Low Volatility Canadian Equity Fund	4.3
Phillips, Hager & North Conservative Equity Income Fund	4.2
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RBC Canadian Short-Term Income Fund	3.5
RBC Emerging Markets Equity Fund	3.3
Phillips, Hager & North Canadian Equity Value Fund	3.2
RBC Private Canadian Mid-Cap Equity Pool	3.1
RBC U.S. Equity Value Fund	3.0
RBC Global Corporate Bond Fund	3.0
BlueBay Global Sovereign Bond Fund (Canada)	3.0
RBC Global Bond Fund	3.0
BlueBay Global Investment Grade Corporate Bond Fund (Canada)	3.0
Phillips, Hager & North Canadian Growth Fund	3.0
RBC European Equity Fund	2.3
BlueBay European High Yield Bond Fund	1.0
RBC Asia Pacific ex-Japan Equity Fund	0.8
Cash & Cash Equivalents	0.6
Top 25 Holdings	99.4

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.

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PORTFOLIO SOLUTION

RBC RETIREMENT 2035 PORTFOLIO

December 31, 2017

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 8, 2018.

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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 is an asset allocation fund specifically designed to meet the changing needs of investors who are saving money for retirement that commences around 2035 (the “target date”). It seeks to provide total returns comprised of income and modest capital appreciation.

The Fund invests primarily in a diversified portfolio of equity, fixed-income and/or money market securities from anywhere in the world, gradually shifting its asset mix to emphasize fixed-income and/or money market investments. The Fund invests up to 100% of its net assets in funds managed by RBC GAM or an affiliate.

Ten years after the target date of the Fund is reached, it is expected that the Fund’s asset allocation will be substantially similar to the RBC Retirement Income Solution.

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 uses an asset allocation strategy that adjusts the portfolio’s asset mix relative to a target retirement date of 2035. Ten years after the Fund’s target date is reached, the Fund’s asset allocation is expected to be 75% in fixed-income funds and 25% in equity 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the “new risk classification methodology”). Pursuant to the new risk classification methodology, certain funds’ risk ratings were changed. RBC GAM reviews each fund’s risk rating on an annual basis or if there has been a material change to a fund’s investment objectives or investment strategies. Any changes to a fund’s risk rating are the result of RBC GAM’s annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund’s risk rating during the reporting period.

Results of Operations

The Fund’s net asset value rose to \$21 million as of December 31, 2017, from \$2 million at the end of 2016. The increase was due to net inflows.

Over the past year, the Fund’s Series A units gained 8.5%. The fixed-income benchmark rose 2.5% and the equity benchmark rose 9.1%.

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 economic growth surged to the highest in seven years in 2017 thanks to a confluence of factors. The expansion was highly synchronized, encompassing the bulk of developed and many emerging-market nations. In the U.S., measures of confidence and risk appetite were robust, benefiting from the macroeconomic strength and helping to sustain it. Economic growth in the Eurozone and Japan continued to impress with a persistence that would have been hard to fathom several years ago. Canadian growth was unexpectedly brisk, prompting the Bank of Canada to raise interest rates twice during the year, even as investors worried about Canadians’ high household debts and the future of the North American Free Trade Agreement.

Bonds issued by national governments ended 2017 with modest returns as inflation remained subdued and most major central banks extended bond-buying programs aimed at holding down interest rates. Yields moved generally lower in the first eight months of the year due to escalating tension between the U.S. and North Korea and continued skepticism about the Trump administration’s ability to enact its pro-growth policies. However, government-bond yields reversed higher in September as investors began anticipating efforts by central banks to scale back monetary stimulus and the likelihood of U.S. tax cuts increased. Canadian bonds underperformed U.S. fixed income given the faster-than-expected domestic growth. Returns were bolstered by exposure to the RBC Global High Yield Bond Fund and the BlueBay European High Yield Bond Fund (Canada).

Stock markets rose in most of the world during 2017, driven by the tailwinds of rising corporate profits and the continued environment of relatively low global interest rates. Among the strongest-performing indexes were Japan, which benefited from the impact of structural reforms, and emerging markets, bolstered by a handful of technology stocks having large market capitalizations. In the U.S., equities were aided by expectations that the Republican-controlled Congress would work with President Trump to pass corporate and personal-income tax cuts, a hope that came to fruition at year end. European markets in local-currency terms and Canadian indexes had more modest gains because their indexes had minimal exposure to the strong returns delivered by the Information Technology sector. The portfolio’s performance benefited from investments in the RBC Global Equity Focus Fund and the RBC Global Dividend Growth Fund.



Recent Developments

The portfolio manager expects bond yields to move higher at a gradual pace, supported by the improving economy and monetary tightening. Meanwhile, earnings have been coming through and analysts are optimistic that the trend can persist. U.S. corporate-tax cuts could provide an additional boost to profits. Against this backdrop, equities continue to offer modest total-return potential.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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 Advisor Series units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	9.87	0.35	(0.21)	0.30	0.31	0.75	—	(0.09)	(0.19)	—	(0.28)	10.42
Dec. 31, 2016 ³	10.00 [†]	0.17	(0.06)	0.15	(0.07)	0.19	(0.02)	(0.09)	(0.13)	—	(0.24)	9.87
Advisor Series												
Dec. 31, 2017	9.87	0.54	(0.19)	0.47	0.04	0.86	—	(0.11)	(0.19)	—	(0.30)	10.43
Dec. 31, 2016 ³	10.00 [†]	1.22	(0.10)	1.08	(2.08)	0.12	(0.02)	(0.09)	(0.13)	—	(0.24)	9.87
Series F												
Dec. 31, 2017	9.77	0.27	(0.10)	0.24	0.48	0.89	—	(0.21)	(0.20)	—	(0.41)	10.32
Dec. 31, 2016 ³	10.00 [†]	1.22	(0.08)	1.08	(2.08)	0.14	(0.04)	(0.20)	(0.13)	—	(0.37)	9.77
Series O												
Dec. 31, 2017	9.70	1.17	(0.01)	1.02	(0.65)	1.53	(0.01)	(0.30)	(0.20)	—	(0.51)	10.23
Dec. 31, 2016 ³	10.00 [†]	1.22	(0.06)	1.08	(2.08)	0.16	(0.05)	(0.28)	(0.13)	—	(0.46)	9.70

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

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

³ From September 23, 2016.

[†] 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, 2017	10.42	19 259	1 848	2.07	2.09	—	0.07
Dec. 31, 2016 ⁴	9.87	1 499	152	2.14	2.40	1.36	0.11
Advisor Series							
Dec. 31, 2017	10.43	1	—	1.99	2.01	—	0.07
Dec. 31, 2016 ⁴	9.87	1	—	2.14	2.40	1.36	0.11
Series F							
Dec. 31, 2017	10.32	1 819	176	0.95	0.97	—	0.07
Dec. 31, 2016 ⁴	9.77	1	—	1.01	1.27	1.36	0.11
Series O							
Dec. 31, 2017	10.23	1	—	0.07	0.09	—	0.07
Dec. 31, 2016 ⁴	9.70	149	15	0.07	0.33	1.36	0.11

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

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

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

⁴ From September 23, 2016.

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	1.80%	56%	44%
Advisor Series	1.80%	56%	44%
Series F	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.



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, 2017, 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	8.5	—	—	—	7.9
Benchmark 1	2.5	—	—	—	0.1
Benchmark 2	9.1	—	—	—	12.4
Advisor Series	8.7	—	—	—	8.1
Benchmark 1	2.5	—	—	—	0.1
Benchmark 2	9.1	—	—	—	12.4
Series F	9.7	—	—	—	9.1
Benchmark 1	2.5	—	—	—	0.1
Benchmark 2	9.1	—	—	—	12.4
Series O	10.7	—	—	—	10.0
Benchmark 1	2.5	—	—	—	0.1
Benchmark 2	9.1	—	—	—	12.4

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 indexes.

Series A, Advisor Series, Series F and Series O units have been available for sale to unitholders since October 11, 2016.

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.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Income Funds	34.5
International Equity Funds	27.8
Canadian Equity Funds	23.6
United States Equity Funds	13.3
Cash/Other	0.8

Top 25 Holdings

	% of Net Asset Value
RBC Global Equity Focus Fund	9.0
RBC Bond Fund	6.5
Phillips, Hager & North Total Return Bond Fund	6.5
Phillips, Hager & North Canadian Equity Underlying Fund	6.4
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	6.4
RBC Global Dividend Growth Fund	6.3
RBC Global High Yield Bond Fund	5.0
RBC QUBE Low Volatility Global Equity Fund	5.0
RBC U.S. Mid-Cap Value Equity Fund	4.2
Phillips, Hager & North Canadian Growth Fund	3.9
Phillips, Hager & North Conservative Equity Income Fund	3.8
RBC QUBE Low Volatility Canadian Equity Fund	3.7
RBC Emerging Markets Equity Fund	3.4
RBC Private Canadian Mid-Cap Equity Pool	3.2
BlueBay Global Investment Grade Corporate Bond Fund (Canada)	3.0
RBC Global Corporate Bond Fund	3.0
BlueBay Global Sovereign Bond Fund (Canada)	3.0
RBC Global Bond Fund	3.0
BlueBay European High Yield Bond Fund	3.0
RBC U.S. Equity Value Fund	2.8
Phillips, Hager & North Canadian Equity Value Fund	2.6
RBC European Equity Fund	2.5
RBC Canadian Short-Term Income Fund	1.5
Cash & Cash Equivalents	1.0
RBC Asia Pacific ex-Japan Equity Fund	0.8
Top 25 Holdings	99.5

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

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



PORTFOLIO SOLUTION

RBC RETIREMENT 2040 PORTFOLIO

December 31, 2017

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 8, 2018.

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 retirement that commences around 2040 (the “target date”). It seeks to provide total returns comprised of income and modest capital appreciation.

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Results of Operations

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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.



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, 2017	9.96	0.36	(0.22)	0.33	0.30	0.77	—	(0.10)	(0.20)	—	(0.30)	10.49
Dec. 31, 2016 ³	10.00 [†]	0.20	(0.10)	0.17	(0.13)	0.14	(0.01)	(0.04)	(0.13)	—	(0.18)	9.96
Advisor Series												
Dec. 31, 2017	9.96	0.61	(0.19)	0.56	(0.12)	0.86	—	(0.12)	(0.20)	—	(0.32)	10.50
Dec. 31, 2016 ³	10.00 [†]	0.29	(0.10)	0.26	(0.31)	0.14	(0.01)	(0.04)	(0.13)	—	(0.18)	9.96
Series F												
Dec. 31, 2017	9.86	0.37	(0.10)	0.34	0.34	0.95	(0.01)	(0.22)	(0.20)	—	(0.43)	10.38
Dec. 31, 2016 ³	10.00 [†]	0.29	(0.08)	0.26	(0.31)	0.16	(0.03)	(0.14)	(0.13)	—	(0.30)	9.86
Series O												
Dec. 31, 2017	9.79	1.36	(0.01)	1.25	(1.09)	1.51	(0.01)	(0.31)	(0.20)	—	(0.52)	10.30
Dec. 31, 2016 ³	10.00 [†]	0.29	(0.06)	0.26	(0.31)	0.18	(0.05)	(0.21)	(0.13)	—	(0.39)	9.79

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

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

³ From September 23, 2016.

[†] 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, 2017	10.49	13 987	1 334	2.12	2.15	3.31	0.07
Dec. 31, 2016 ⁴	9.96	472	47	2.14	2.70	3.98	0.11
Advisor Series							
Dec. 31, 2017	10.50	1	—	2.00	2.03	3.31	0.07
Dec. 31, 2016 ⁴	9.96	1	—	2.14	2.70	3.98	0.11
Series F							
Dec. 31, 2017	10.38	882	85	0.95	0.98	3.31	0.07
Dec. 31, 2016 ⁴	9.86	1	—	1.01	1.57	3.98	0.11
Series O							
Dec. 31, 2017	10.30	1	—	0.07	0.10	3.31	0.07
Dec. 31, 2016 ⁴	9.79	150	15	0.07	0.63	3.98	0.11

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

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

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

⁴ From September 23, 2016.

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	1.80%	56%	44%
Advisor Series	1.80%	56%	44%
Series F	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.



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, 2017, 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	8.3	—	—	—	7.9
Benchmark 1	2.5	—	—	—	0.1
Benchmark 2	9.1	—	—	—	12.4
Advisor Series	8.6	—	—	—	8.2
Benchmark 1	2.5	—	—	—	0.1
Benchmark 2	9.1	—	—	—	12.4
Series F	9.6	—	—	—	9.2
Benchmark 1	2.5	—	—	—	0.1
Benchmark 2	9.1	—	—	—	12.4
Series O	10.6	—	—	—	10.2
Benchmark 1	2.5	—	—	—	0.1
Benchmark 2	9.1	—	—	—	12.4

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 indexes.

Series A, Advisor Series, Series F and Series O units have been available for sale to unitholders since October 11, 2016.

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.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Income Funds	34.6
International Equity Funds	27.9
Canadian Equity Funds	23.6
United States Equity Funds	13.2
Cash/Other	0.7

Top 25 Holdings

	% of Net Asset Value
RBC Global Equity Focus Fund	9.4
Phillips, Hager & North Canadian Equity Underlying Fund	6.8
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	6.7
RBC Bond Fund	6.6
Phillips, Hager & North Total Return Bond Fund	6.4
RBC Global Dividend Growth Fund	5.2
RBC Global High Yield Bond Fund	5.0
RBC QUBE Low Volatility Global Equity Fund	5.0
Phillips, Hager & North Canadian Growth Fund	4.9
RBC U.S. Mid-Cap Value Equity Fund	4.5
BlueBay European High Yield Bond Fund	4.0
RBC Emerging Markets Equity Fund	3.6
Phillips, Hager & North Conservative Equity Income Fund	3.4
RBC Private Canadian Mid-Cap Equity Pool	3.4
RBC QUBE Low Volatility Canadian Equity Fund	3.2
RBC Global Corporate Bond Fund	3.0
BlueBay Global Investment Grade Corporate Bond Fund (Canada)	3.0
BlueBay Global Sovereign Bond Fund (Canada)	3.0
RBC Global Bond Fund	3.0
RBC European Equity Fund	2.8
RBC U.S. Equity Value Fund	2.0
Phillips, Hager & North Canadian Equity Value Fund	1.9
Cash & Cash Equivalents	0.9
RBC Asia Pacific ex-Japan Equity Fund	0.9
RBC Canadian Short-Term Income Fund	0.5
Top 25 Holdings	99.1

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 RETIREMENT 2045 PORTFOLIO

December 31, 2017

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 8, 2018.

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 retirement that commences around 2045 (the “target date”). It seeks to provide total returns comprised of income and modest capital appreciation.

The Fund invests primarily in a diversified portfolio of equity, fixed-income and/or money market securities from anywhere in the world, gradually shifting its asset mix to emphasize fixed-income and/or money market investments. The Fund invests up to 100% of its net assets in funds managed by RBC GAM or an affiliate.

Ten years after the target date of the Fund is reached, it is expected that the Fund’s asset allocation will be substantially similar to the RBC Retirement Income Solution.

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 uses an asset allocation strategy that adjusts the portfolio’s asset mix relative to a target retirement date of 2045. Ten years after the Fund’s target date is reached, the Fund’s asset allocation is expected to be 75% in fixed-income funds and 25% in equity 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the “new risk classification methodology”). Pursuant to the new risk classification methodology, certain funds’ risk ratings were changed. RBC GAM reviews each fund’s risk rating on an annual basis or if there has been a material change to a fund’s investment objectives or investment strategies. Any changes to a fund’s risk rating are the result of RBC GAM’s annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund’s risk rating during the reporting period.

Results of Operations

The Fund’s net asset value rose to \$13 million as of December 31, 2017, from \$414,000 at the end of 2016. The increase was due to net inflows.

Over the past year, the Fund’s Series A units gained 8.8%. The fixed-income benchmark rose 2.5% and the equity benchmark rose 9.1%.

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 economic growth surged to the highest in seven years in 2017 thanks to a confluence of factors. The expansion was highly synchronized, encompassing the bulk of developed and many emerging-market nations. In the U.S., measures of confidence and risk appetite were robust, benefiting from the macroeconomic strength and helping to sustain it. Economic growth in the Eurozone and Japan continued to impress with a persistence that would have been hard to fathom several years ago. Canadian growth was unexpectedly brisk, prompting the Bank of Canada to raise interest rates twice during the year, even as investors worried about Canadians’ high household debts and the future of the North American Free Trade Agreement.

Bonds issued by national governments ended 2017 with modest returns as inflation remained subdued and most major central banks extended bond-buying programs aimed at holding down interest rates. Yields moved generally lower in the first eight months of the year due to escalating tension between the U.S. and North Korea and continued skepticism about the Trump administration’s ability to enact its pro-growth policies. However, government-bond yields reversed higher in September as investors began anticipating efforts by central banks to scale back monetary stimulus and the likelihood of U.S. tax cuts increased. Canadian bonds underperformed U.S. fixed income given the faster-than-expected domestic growth. Returns were bolstered by exposure to the BlueBay European High Yield Bond Fund (Canada) and the RBC Global High Yield Bond Fund.

Stock markets rose in most of the world during 2017, driven by the tailwinds of rising corporate profits and the continued environment of relatively low global interest rates. Among the strongest-performing indexes were Japan, which benefited from the impact of structural reforms, and emerging markets, bolstered by a handful of technology stocks having large market capitalizations. In the U.S., equities were aided by expectations that the Republican-controlled Congress would work with President Trump to pass corporate and personal-income tax cuts, a hope that came to fruition at year end. European markets in local-currency terms and Canadian indexes had more modest gains because their indexes had minimal exposure to the strong returns delivered by the Information Technology sector. The portfolio’s performance benefited from investments in the RBC Global Equity Focus Fund and the RBC Emerging Markets Equity Fund.



Recent Developments

The portfolio manager expects bond yields to move higher at a gradual pace, supported by the improving economy and monetary tightening. Meanwhile, earnings have been coming through and analysts are optimistic that the trend can persist. U.S. corporate-tax cuts could provide an additional boost to profits. Against this backdrop, equities continue to offer modest total-return potential.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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 Advisor Series units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	10.01	0.38	(0.22)	0.36	0.30	0.82	—	(0.10)	(0.21)	—	(0.31)	10.58
Dec. 31, 2016 ³	10.00 [†]	0.15	(0.10)	0.13	(0.25)	(0.07)	(0.01)	(0.02)	(0.09)	—	(0.12)	10.01
Advisor Series												
Dec. 31, 2017	10.01	0.72	(0.20)	0.69	(0.31)	0.90	—	(0.11)	(0.21)	—	(0.32)	10.59
Dec. 31, 2016 ³	10.00 [†]	0.25	(0.11)	0.22	(0.23)	0.13	(0.01)	(0.02)	(0.09)	—	(0.12)	10.01
Series F												
Dec. 31, 2017	9.92	0.29	(0.10)	0.27	0.84	1.30	(0.01)	(0.22)	(0.21)	—	(0.44)	10.48
Dec. 31, 2016 ³	10.00 [†]	0.25	(0.08)	0.22	(0.23)	0.16	(0.03)	(0.12)	(0.09)	—	(0.24)	9.92
Series O												
Dec. 31, 2017	9.85	1.73	(0.02)	1.64	(1.74)	1.61	(0.01)	(0.32)	(0.21)	—	(0.54)	10.40
Dec. 31, 2016 ³	10.00 [†]	0.25	(0.07)	0.22	(0.22)	0.18	(0.05)	(0.19)	(0.09)	—	(0.33)	9.85

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 23, 2016.

[†] 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, 2017	10.58	12 722	1 202	2.11	2.15	3.99	0.07
Dec. 31, 2016 ⁴	10.01	263	26	2.15	2.76	3.87	0.11
Advisor Series							
Dec. 31, 2017	10.59	1	—	2.00	2.04	3.99	0.07
Dec. 31, 2016 ⁴	10.01	1	—	2.15	2.76	3.87	0.11
Series F							
Dec. 31, 2017	10.48	586	56	0.96	1.00	3.99	0.07
Dec. 31, 2016 ⁴	9.92	1	—	1.02	1.63	3.87	0.11
Series O							
Dec. 31, 2017	10.40	1	—	0.08	0.12	3.99	0.07
Dec. 31, 2016 ⁴	9.85	150	15	0.07	0.69	3.87	0.11

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

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

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

⁴ From September 23, 2016.

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	1.80%	56%	44%
Advisor Series	1.80%	56%	44%
Series F	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.



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, 2017, 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	8.8	—	—	—	8.3
Benchmark 1	2.5	—	—	—	0.1
Benchmark 2	9.1	—	—	—	12.4
Advisor Series	9.0	—	—	—	8.5
Benchmark 1	2.5	—	—	—	0.1
Benchmark 2	9.1	—	—	—	12.4
Series F	10.0	—	—	—	9.5
Benchmark 1	2.5	—	—	—	0.1
Benchmark 2	9.1	—	—	—	12.4
Series O	11.0	—	—	—	10.5
Benchmark 1	2.5	—	—	—	0.1
Benchmark 2	9.1	—	—	—	12.4

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 indexes.

Series A, Advisor Series, Series F and Series O units have been available for sale to unitholders since October 11, 2016.

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.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Income Funds	34.3
International Equity Funds	29.2
Canadian Equity Funds	22.8
United States Equity Funds	13.0
Cash/Other	0.7

Top 25 Holdings

	% of Net Asset Value
RBC Global Equity Focus Fund	10.0
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	7.1
Phillips, Hager & North Canadian Equity Underlying Fund	7.0
Phillips, Hager & North Total Return Bond Fund	6.7
RBC Bond Fund	6.0
Phillips, Hager & North Canadian Growth Fund	5.9
RBC Global High Yield Bond Fund	5.0
RBC QUBE Low Volatility Global Equity Fund	5.0
BlueBay European High Yield Bond Fund	4.9
RBC U.S. Mid-Cap Value Equity Fund	4.7
RBC Global Dividend Growth Fund	4.3
RBC Emerging Markets Equity Fund	4.0
RBC Private Canadian Mid-Cap Equity Pool	3.5
Phillips, Hager & North Conservative Equity Income Fund	3.1
RBC Global Corporate Bond Fund	3.0
BlueBay Global Sovereign Bond Fund (Canada)	2.9
BlueBay Global Investment Grade Corporate Bond Fund (Canada)	2.9
RBC Global Bond Fund	2.9
RBC European Equity Fund	2.6
RBC QUBE Low Volatility Canadian Equity Fund	2.3
RBC U.S. Equity Value Fund	1.2
RBC Asia Pacific ex-Japan Equity Fund	1.1
Phillips, Hager & North Canadian Equity Value Fund	1.0
Cash & Cash Equivalents	0.9
RBC European Mid-Cap Equity Fund	0.7
Top 25 Holdings	98.7

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

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



PORTFOLIO SOLUTION

RBC RETIREMENT 2050 PORTFOLIO

December 31, 2017

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 8, 2018.

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 retirement that commences around 2050 (the “target date”). It seeks to provide total returns comprised of income and modest capital appreciation.

The Fund invests primarily in a diversified portfolio of equity, fixed-income and/or money market securities from anywhere in the world, gradually shifting its asset mix to emphasize fixed-income and/or money market investments. The Fund invests up to 100% of its net assets in funds managed by RBC GAM or an affiliate.

Ten years after the target date of the Fund is reached, it is expected that the Fund’s asset allocation will be substantially similar to the RBC Retirement Income Solution.

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 uses an asset allocation strategy that adjusts the portfolio’s asset mix relative to a target retirement date of 2050. Ten years after the Fund’s target date is reached, the Fund’s asset allocation is expected to be 75% in fixed-income funds and 25% in equity funds. The Fund is suitable for investors who plan to hold their investments for the long 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the “new risk classification methodology”). Pursuant to the new risk classification methodology, certain funds’ risk ratings were changed. RBC GAM reviews each fund’s risk rating on an annual basis or if there has been a material change to a fund’s investment objectives or investment strategies. Any changes to a fund’s risk rating are the result of RBC GAM’s annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund’s risk rating changed from low-to-medium to low.

Results of Operations

The Fund’s net asset value rose to \$9 million as of December 31, 2017, from \$448,000 at the end of 2016. The increase was due to net inflows.

Over the past year, the Fund’s Series A units gained 7.1%. The fixed-income benchmark rose 2.5% and the equity benchmark rose 9.1%.

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 economic growth surged to the highest in seven years in 2017 thanks to a confluence of factors. The expansion was highly synchronized, encompassing the bulk of developed and many emerging-market nations. In the U.S., measures of confidence and risk appetite were robust, benefiting from the macroeconomic strength and helping to sustain it. Economic growth in the Eurozone and Japan continued to impress with a persistence that would have been hard to fathom several years ago. Canadian growth was unexpectedly brisk, prompting the Bank of Canada to raise interest rates twice during the year, even as investors worried about Canadians’ high household debts and the future of the North American Free Trade Agreement.

Bonds issued by national governments ended 2017 with modest returns as inflation remained subdued and most major central banks extended bond-buying programs aimed at holding down interest rates. Yields moved generally lower in the first eight months of the year due to escalating tension between the U.S. and North Korea and continued skepticism about the Trump administration’s ability to enact its pro-growth policies. However, government-bond yields reversed higher in September as investors began anticipating efforts by central banks to scale back monetary stimulus and the likelihood of U.S. tax cuts increased. Canadian bonds underperformed U.S. fixed income given the faster-than-expected domestic growth. Returns were bolstered by the RBC Global High Yield Bond Fund and the BlueBay European High Yield Bond Fund (Canada).

Stock markets rose in most of the world during 2017, driven by the tailwinds of rising corporate profits and the continued environment of relatively low global interest rates. Among the strongest-performing indexes were Japan, which benefited from the impact of structural reforms, and emerging markets, bolstered by a handful of technology stocks having large market capitalizations. In the U.S., equities were aided by expectations that the Republican-controlled Congress would work with President Trump to pass corporate and personal-income tax cuts, a hope that came to fruition at year end. European markets in local-currency terms and Canadian indexes had more modest gains because their indexes had minimal exposure to the strong returns delivered by the Information Technology sector. The portfolio’s performance benefited from investments in the RBC Global Equity Focus Fund and the RBC Emerging Markets Equity Fund.



Recent Developments

The portfolio manager expects bond yields to move higher at a gradual pace, supported by the improving economy and monetary tightening. Meanwhile, earnings have been coming through and analysts are optimistic that the trend can persist. U.S. corporate-tax cuts could provide an additional boost to profits. Against this backdrop, equities continue to offer modest total-return potential.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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 Advisor Series units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	9.97	0.33	(0.22)	0.29	0.25	0.65	—	(0.09)	(0.18)	—	(0.27)	10.41
Dec. 31, 2016 ³	10.00 [†]	0.12	(0.09)	0.11	(0.01)	0.13	(0.01)	(0.01)	(0.09)	—	(0.11)	9.97
Advisor Series												
Dec. 31, 2017	9.97	0.58	(0.20)	0.49	(0.14)	0.73	—	(0.10)	(0.18)	—	(0.28)	10.42
Dec. 31, 2016 ³	10.00 [†]	0.24	(0.11)	0.21	(0.27)	0.07	(0.01)	(0.01)	(0.09)	—	(0.11)	9.97
Series F												
Dec. 31, 2017	9.86	0.31	(0.10)	0.27	0.28	0.76	(0.01)	(0.20)	(0.18)	—	(0.39)	10.29
Dec. 31, 2016 ³	10.00 [†]	0.24	(0.08)	0.21	(0.27)	0.10	(0.04)	(0.11)	(0.09)	—	(0.24)	9.86
Series O												
Dec. 31, 2017	9.80	1.30	(0.02)	1.11	(1.02)	1.37	(0.01)	(0.30)	(0.18)	—	(0.49)	10.22
Dec. 31, 2016 ³	10.00 [†]	0.24	(0.07)	0.21	(0.26)	0.12	(0.06)	(0.17)	(0.09)	—	(0.32)	9.80

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.

³ From September 23, 2016.

[†] 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, 2017	10.41	8 926	858	2.11	2.16	4.78	0.07
Dec. 31, 2016 ⁴	9.97	297	30	2.14	2.73	3.40	0.08
Advisor Series							
Dec. 31, 2017	10.42	1	—	2.00	2.05	4.78	0.07
Dec. 31, 2016 ⁴	9.97	1	—	2.14	2.73	3.40	0.08
Series F							
Dec. 31, 2017	10.29	119	12	0.95	1.00	4.78	0.07
Dec. 31, 2016 ⁴	9.86	1	—	1.01	1.60	3.40	0.08
Series O							
Dec. 31, 2017	10.22	1	—	0.08	0.13	4.78	0.07
Dec. 31, 2016 ⁴	9.80	149	15	0.07	0.66	3.40	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. 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 23, 2016.

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	1.80%	56%	44%
Advisor Series	1.80%	56%	44%
Series F	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.



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, 2017, 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	7.1	—	—	—	6.4
Benchmark 1	2.5	—	—	—	0.1
Benchmark 2	9.1	—	—	—	12.4
Advisor Series	7.3	—	—	—	6.6
Benchmark 1	2.5	—	—	—	0.1
Benchmark 2	9.1	—	—	—	12.4
Series F	8.3	—	—	—	7.6
Benchmark 1	2.5	—	—	—	0.1
Benchmark 2	9.1	—	—	—	12.4
Series O	9.2	—	—	—	8.5
Benchmark 1	2.5	—	—	—	0.1
Benchmark 2	9.1	—	—	—	12.4

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 indexes.

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(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Income Funds	46.3
International Equity Funds	21.6
Canadian Equity Funds	18.3
United States Equity Funds	12.5
Cash/Other	1.3

Top 25 Holdings

	% of Net Asset Value
RBC Canadian Short-Term Income Fund	11.4
RBC Global Equity Focus Fund	9.9
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	7.3
Phillips, Hager & North Canadian Growth Fund	6.9
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Phillips, Hager & North Total Return Bond Fund	6.4
RBC Bond Fund	6.4
BlueBay European High Yield Bond Fund	5.0
RBC Global High Yield Bond Fund	5.0
RBC U.S. Mid-Cap Value Equity Fund	4.9
RBC Emerging Markets Equity Fund	4.0
RBC Private Canadian Mid-Cap Equity Pool	3.4
RBC Global Bond Fund	3.1
RBC Global Corporate Bond Fund	3.0
BlueBay Global Investment Grade Corporate Bond Fund (Canada)	3.0
BlueBay Global Sovereign Bond Fund (Canada)	3.0
RBC European Equity Fund	2.5
RBC QUBE Low Volatility Global Equity Fund	1.8
Cash & Cash Equivalents	1.4
RBC Asia Pacific ex-Japan Equity Fund	1.1
Phillips, Hager & North Conservative Equity Income Fund	1.0
RBC European Mid-Cap Equity Fund	0.7
RBC Japanese Equity Fund	0.5
RBC Emerging Markets Small-Cap Equity Fund	0.5
RBC Emerging Markets Dividend Fund	0.5
Top 25 Holdings	99.6

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PORTFOLIO SOLUTION

**RBC SELECT VERY
CONSERVATIVE PORTFOLIO**

December 31, 2017

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 8, 2018.

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MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund is a strategic asset allocation fund, which focuses on providing income and the potential for 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 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund's risk rating changed from low-to-medium to low.

Results of Operations

The Fund's net asset value rose to \$13.1 billion as of December 31, 2017, from \$11.9 billion at the end of 2016. The increase was due to a combination of net inflows and investment returns.

Over the past year, the Fund's Series A units gained 4.0%, which underperformed the 4.4% rise in the benchmark. The broad-based index 1 rose 2.5% and the broad-based index 2 rose 9.1%. 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 economic growth surged to the highest in seven years in 2017 thanks to a confluence of factors. The expansion was highly synchronized, encompassing the bulk of developed and many emerging-market nations. In the U.S., measures of confidence and risk appetite were robust, benefiting from the macroeconomic strength and helping to sustain it. Economic growth in the Eurozone and Japan continued to impress with a persistence that would have been hard to fathom several years ago. Canadian growth was unexpectedly brisk, prompting the Bank of Canada to raise interest rates twice during the year, even as investors worried about Canadians' high household debts and the future of the North American Free Trade Agreement.

The Fund's overweight position in equities and underweight position in fixed income had a positive impact on performance. Bonds issued by national governments ended 2017 with modest returns as inflation remained subdued and most major central banks extended bond-buying programs aimed at holding down interest rates. Yields moved generally lower in the first eight months of the year due to escalating tension between the U.S. and North Korea and continued skepticism about the Trump administration's ability to enact its pro-growth policies. However, government-bond yields reversed higher in September as investors began anticipating efforts by central banks to scale back monetary stimulus and the likelihood of U.S. tax cuts increased. Canadian bonds underperformed U.S. fixed income given the faster-than-expected domestic growth. The Fund's returns were boosted by exposure to the RBC Global Corporate Bond Fund and the Phillips, Hager & North Bond Fund.

Stock markets rose in most of the world during 2017, driven by the tailwinds of rising corporate profits and the continued environment of relatively low global interest rates. Among the strongest-performing indexes were Japan, which benefited from the impact of structural reforms, and emerging markets, bolstered by a handful of technology stocks having large market capitalizations. In the U.S., equities were aided by expectations that the Republican-controlled Congress would work with President Trump to pass corporate and personal-income tax cuts, a hope that came to fruition at year end. European markets in local-currency terms and Canadian indexes had more modest gains because their indexes had minimal exposure to the strong returns delivered by the Information Technology sector. Performance benefited from investments in the RBC European Equity Fund and the Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund.



Recent Developments

The portfolio manager expects bond yields to move higher at a gradual pace, supported by the improving economy and monetary tightening. Meanwhile, earnings have been coming through and analysts are optimistic that the trend can persist. U.S. corporate-tax cuts could provide an additional boost to profits. Against this backdrop, equities continue to offer superior total-return potential compared to fixed income and the portfolio manager has maintained a moderate overweight in stocks and underweight in bonds as a result.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	12.13	0.33	(0.20)	0.19	0.16	0.48	(0.06)	(0.06)	(0.07)	—	(0.19)	12.42	
Dec. 31, 2016	12.04	0.35	(0.20)	0.26	0.02	0.43	(0.06)	(0.07)	(0.22)	—	(0.35)	12.13	
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	
Advisor Series													
Dec. 31, 2017	12.19	0.33	(0.21)	0.19	0.15	0.46	(0.06)	(0.06)	(0.07)	—	(0.19)	12.48	
Dec. 31, 2016	12.10	0.36	(0.21)	0.26	0.02	0.43	(0.06)	(0.07)	(0.21)	—	(0.34)	12.19	
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	
Series T5													
Dec. 31, 2017	11.31	0.30	(0.19)	0.17	0.16	0.44	(0.05)	(0.07)	(0.06)	(0.38)	(0.56)	11.19	
Dec. 31, 2016	11.48	0.33	(0.19)	0.24	0.02	0.40	(0.06)	(0.07)	(0.22)	(0.23)	(0.58)	11.31	
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	
Series F													
Dec. 31, 2017	12.16	0.33	(0.10)	0.19	0.13	0.55	(0.10)	(0.11)	(0.07)	—	(0.28)	12.46	
Dec. 31, 2016	12.13	0.35	(0.10)	0.26	(0.23)	0.28	(0.14)	(0.16)	(0.21)	—	(0.51)	12.16	
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	
Series FT5													
Dec. 31, 2017	12.16	0.32	(0.10)	0.19	0.11	0.52	(0.10)	(0.12)	(0.10)	(0.29)	(0.61)	12.13	
Dec. 31, 2016 ³	12.40 [†]	0.16	(0.05)	0.12	(0.28)	(0.05)	(0.05)	(0.05)	(0.28)	—	(0.38)	12.16	



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, 2017	9.88	0.27	—	0.16	0.27	0.70	(0.12)	(0.14)	(0.06)	—	(0.32)	10.12
Dec. 31, 2016	9.91	0.29	—	0.22	0.02	0.53	(0.17)	(0.19)	(0.19)	—	(0.55)	9.88
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 July 4, 2016.

⁴ From February 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 A							
Dec. 31, 2017	12.42	11 973 747	964 460	1.69	1.69	7.76	0.02
Dec. 31, 2016	12.13	11 232 629	926 411	1.69	1.69	9.88	0.04
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
Advisor Series							
Dec. 31, 2017	12.48	71 328	5 715	1.73	1.73	7.76	0.02
Dec. 31, 2016	12.19	74 347	6 099	1.73	1.73	9.88	0.04
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
Series T5							
Dec. 31, 2017	11.19	303 228	27 097	1.68	1.68	7.76	0.02
Dec. 31, 2016	11.31	285 641	25 257	1.67	1.67	9.88	0.04
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
Series F							
Dec. 31, 2017	12.46	725 190	58 187	0.86	0.86	7.76	0.02
Dec. 31, 2016	12.16	327 263	26 914	0.84 ⁴	0.84	9.88	0.04
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



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, 2017	12.13	51 024	4 206	0.86	0.86	7.76	0.02
Dec. 31, 2016 ⁵	12.16	19 665	1 617	0.85	0.85	9.88	0.04
Series O							
Dec. 31, 2017	10.12	6 506	643	0.06	0.06	7.76	0.02
Dec. 31, 2016	9.88	2 623	265	0.05	0.05	9.88	0.04
Dec. 31, 2015	9.91	2 573	260	0.05	0.05	11.22	0.04
Dec. 31, 2014 ⁶	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 Effective June 30, 2016, the management fees were changed in respect of Series F units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series F – 0.87%.

⁵ From July 4, 2016.

⁶ From February 24, 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 management fee payable in respect of each of Series A, Advisor Series and Series T5 units 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 of these 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 Specified Percentage for Series A, Advisor Series and Series T5 units is 1.60%.

The management fee payable to RBC GAM in respect of Series F and Series FT5 units of the Fund is a fixed fee and the MER of each of these series comprises the management fee, administration fee, taxes, other fund costs and any fees and expenses of the underlying funds.

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	0.70%	—	100%
Series FT5	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.

* Management fees for Series A, Advisor Series and Series T5 units represent the actual average management fee rate for the period ended December 31, 2017.

[†] Effective June 30, 2016, the management fee for Series F units is a fixed rate of 0.70%, which is an increase from the previous variable rate of 0.59%.

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

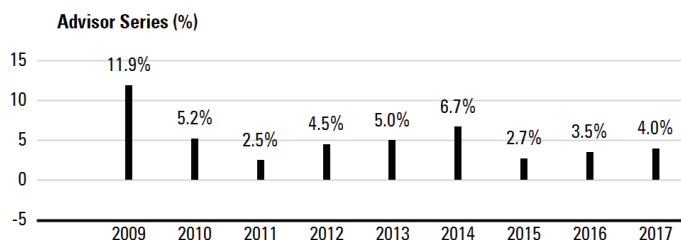
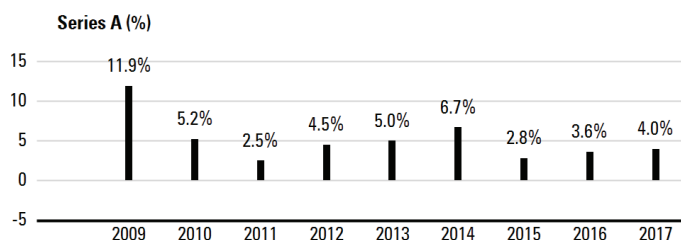


PAST PERFORMANCE

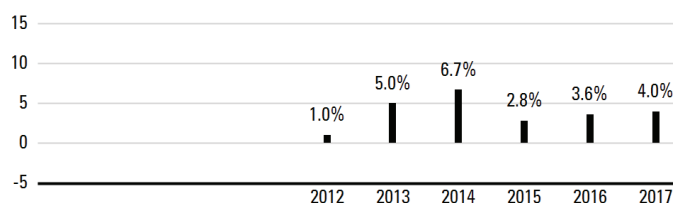
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional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

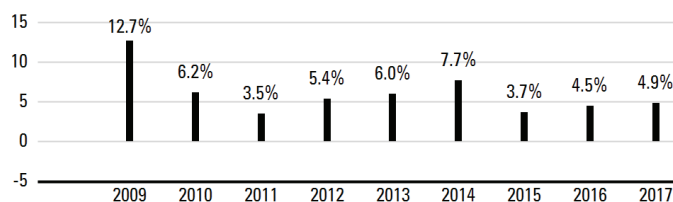
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



Series T5 (%)



Series F (%)



Series FT5 (%)



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, 2017, 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 indexes are as follows:

Broad-based index 1 – FTSE TMX Canada Universe Bond Index

Broad-based index 2 – S&P/TSX Capped Composite Total Return Index

In January 2018, the S&P/TSX Capped Composite Total Return Index was added as a second broad-based index to more closely reflect the Fund’s composition. The existing 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	4.0	3.4	4.4	—	5.2
Benchmark	4.4	4.0	5.0	—	6.5
Broad-based index 1	2.5	2.6	3.0	—	4.5
Broad-based index 2	9.1	6.6	8.6	—	12.3
Advisor Series	4.0	3.4	4.4	—	5.2
Benchmark	4.4	4.0	5.0	—	6.5
Broad-based index 1	2.5	2.6	3.0	—	4.5
Broad-based index 2	9.1	6.6	8.6	—	12.3
Series T5	4.0	3.5	4.4	—	4.4
Benchmark	4.4	4.0	5.0	—	4.9
Broad-based index 1	2.5	2.6	3.0	—	3.0
Broad-based index 2	9.1	6.6	8.6	—	8.6
Series F	4.9	4.4	5.3	—	6.2
Benchmark	4.4	4.0	5.0	—	6.5
Broad-based index 1	2.5	2.6	3.0	—	4.5
Broad-based index 2	9.1	6.6	8.6	—	12.3
Series FT5	4.9	—	—	—	4.4
Benchmark	4.4	—	—	—	2.9
Broad-based index 1	2.5	—	—	—	-0.1
Broad-based index 2	9.1	—	—	—	12.2
Series O	5.7	5.1	—	—	5.5
Benchmark	4.4	4.0	—	—	4.8
Broad-based index 1	2.5	2.6	—	—	3.6
Broad-based index 2	9.1	6.6	—	—	6.6

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

Series FT5 units have been available for sale to unitholders since July 4, 2016, Series O units 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.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Income Funds	72.4
Canadian Equity Funds	11.9
International Equity Funds	7.7
United States Equity Funds	5.7
Cash/Other	2.3

Top 25 Holdings*

	% of Net Asset Value
Phillips, Hager & North Bond Fund	14.0
RBC Global Corporate Bond Fund	12.4
RBC Global Bond Fund	11.0
Phillips, Hager & North Total Return Bond Fund	9.7
RBC Canadian Short-Term Income Fund	7.2
RBC Bond Fund	6.0
Phillips, Hager & North Short Term Bond & Mortgage Fund	5.9
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	5.7
RBC European Equity Fund	4.8
Phillips, Hager & North Conservative Equity Income Fund	3.5
RBC Canadian Dividend Fund	3.3
BlueBay Global Investment Grade Corporate Bond Fund (Canada)	2.7
Cash & Cash Equivalents	2.5
RBC Private Canadian Equity Pool	2.3
RBC Global High Yield Bond Fund	2.0
RBC Global Equity Fund	1.4
Phillips, Hager & North Canadian Equity Underlying Fund II	1.4
BlueBay Global Sovereign Bond Fund (Canada)	1.4
Phillips, Hager & North Canadian Equity Underlying Fund	0.9
RBC Asia Pacific ex-Japan Equity Fund	0.9
RBC Japanese Equity Fund	0.6
RBC QUBE Low Volatility Canadian Equity Fund	0.5
The S&P/TSX 60 Index Future, March 2018	—
Mini MSCI EAFE Index Future, March 2018	(0.1)
Total	100.0

* The Fund holds fewer than 25 holdings.

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.



PORTFOLIO SOLUTION

RBC SELECT CONSERVATIVE PORTFOLIO

December 31, 2017

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 8, 2018.

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 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund's risk rating changed from low-to-medium to low.

Results of Operations

The Fund's net asset value rose to \$27.1 billion as of December 31, 2017, from \$23.0 billion at the end of 2016. The increase was due to a combination of net inflows and investment returns.

Over the past year, the Fund's Series A units gained 5.8%, which underperformed the 6.0% rise in the benchmark. The broad-based index 1 rose 2.5% and the broad-based index 2 rose 9.1%. 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 economic growth surged to the highest in seven years in 2017 thanks to a confluence of factors. The expansion was highly synchronized, encompassing the bulk of developed and many emerging-market nations. In the U.S., measures of confidence and risk appetite were robust, benefiting from the macroeconomic strength and helping to sustain it. Economic growth in the Eurozone and Japan continued to impress with a persistence that would have been hard to fathom several years ago. Canadian growth was unexpectedly brisk, prompting the Bank of Canada to raise interest rates twice during the year, even as investors worried about Canadians' high household debts and the future of the North American Free Trade Agreement.

The Fund's overweight position in equities and underweight position in fixed income had a positive impact on performance. Bonds issued by national governments ended 2017 with modest returns as inflation remained subdued and most major central banks extended bond-buying programs aimed at holding down interest rates. Yields moved generally lower in the first eight months of the year due to escalating tension between the U.S. and North Korea and continued skepticism about the Trump administration's ability to enact its pro-growth policies. However, government-bond yields reversed higher in September as investors began anticipating efforts by central banks to scale back monetary stimulus and the likelihood of U.S. tax cuts increased. Canadian bonds underperformed U.S. fixed income given the faster-than-expected domestic growth. The Fund benefited from exposure to the RBC Bond Fund and the RBC Global Corporate Bond Fund.

Stock markets rose in most of the world during 2017, driven by the tailwinds of rising corporate profits and the continued environment of relatively low global interest rates. Among the strongest-performing indexes were Japan, which benefited from the impact of structural reforms, and emerging markets, bolstered by a handful of technology stocks having large market capitalizations. In the U.S., equities were aided by expectations that the Republican-controlled Congress would work with President Trump to pass corporate and personal-income tax cuts, a hope that came to fruition at year end. European markets in local-currency terms and Canadian indexes had more modest gains because their indexes had minimal exposure to the strong returns delivered by the Information Technology sector. Performance was bolstered by investments in the RBC European Equity Fund and the Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund.



Recent Developments

The portfolio manager expects bond yields to move higher at a gradual pace, supported by the improving economy and monetary tightening. Meanwhile, earnings have been coming through and analysts are optimistic that the trend can persist. U.S. corporate-tax cuts could provide an additional boost to profits. Against this backdrop, equities continue to offer superior total-return potential compared to fixed income and the portfolio manager has maintained a moderate overweight in stocks and underweight in bonds as a result.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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	
		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, 2017	20.65	0.57	(0.38)	0.40	0.59	1.18	(0.01)	(0.16)	(0.15)	—	(0.32)	21.52	
Dec. 31, 2016	20.37	0.59	(0.37)	0.49	0.15	0.86	(0.02)	(0.18)	(0.36)	—	(0.56)	20.65	
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	
Advisor Series													
Dec. 31, 2017	20.85	0.57	(0.39)	0.41	0.60	1.19	(0.01)	(0.16)	(0.15)	—	(0.32)	21.73	
Dec. 31, 2016	20.56	0.60	(0.38)	0.49	0.18	0.89	(0.02)	(0.18)	(0.36)	—	(0.56)	20.85	
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	
Series T5													
Dec. 31, 2017	19.46	0.52	(0.35)	0.37	0.56	1.10	(0.01)	(0.18)	(0.13)	(0.65)	(0.97)	19.59	
Dec. 31, 2016	19.66	0.56	(0.35)	0.46	0.17	0.84	(0.02)	(0.19)	(0.32)	(0.45)	(0.98)	19.46	
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	
Series F													
Dec. 31, 2017	20.86	0.57	(0.19)	0.40	0.58	1.36	(0.02)	(0.34)	(0.15)	—	(0.51)	21.75	
Dec. 31, 2016	20.67	0.59	(0.18)	0.48	(0.17)	0.72	(0.06)	(0.45)	(0.36)	—	(0.87)	20.86	
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	
Series FT5													
Dec. 31, 2017	20.84	0.55	(0.18)	0.39	0.59	1.35	(0.02)	(0.35)	(0.21)	(0.46)	(1.04)	21.18	
Dec. 31, 2016 ³	20.93 [†]	0.28	(0.09)	0.23	(0.19)	0.23	(0.02)	(0.13)	(0.51)	—	(0.66)	20.84	



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, 2017	21.08	0.58	—	0.41	0.62	1.61	(0.03)	(0.52)	(0.15)	—	(0.70)	21.98
Dec. 31, 2016	20.97	0.61	—	0.50	0.14	1.25	(0.09)	(0.69)	(0.36)	—	(1.14)	21.08
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

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 4, 2016.

[†] 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, 2017	21.52	23 294 946	1 082 685	1.84	1.84	6.57	0.04
Dec. 31, 2016	20.65	21 234 899	1 028 279	1.84	1.84	12.26	0.06
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
Advisor Series							
Dec. 31, 2017	21.73	58 339	2 685	1.85	1.85	6.57	0.04
Dec. 31, 2016	20.85	55 642	2 669	1.84	1.84	12.26	0.06
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
Series T5							
Dec. 31, 2017	19.59	507 950	25 927	1.83	1.83	6.57	0.04
Dec. 31, 2016	19.46	448 787	23 060	1.82	1.82	12.26	0.06
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
Series F							
Dec. 31, 2017	21.75	2 436 280	112 025	0.91	0.91	6.57	0.04
Dec. 31, 2016	20.86	756 080	36 255	0.90 ⁴	0.90	12.26	0.06
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
Series FT5							
Dec. 31, 2017	21.18	167 137	7 894	0.91	0.91	6.57	0.04
Dec. 31, 2016 ⁵	20.84	51 066	2 450	0.90	0.90	12.26	0.06



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data (cont.)

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series O							
Dec. 31, 2017	21.98	626 035	28 486	0.06	0.06	6.57	0.04
Dec. 31, 2016	21.08	438 308	20 796	0.05	0.05	12.26	0.06
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

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 Effective June 30, 2016, the management fees were changed in respect of Series F units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series F – 0.92%.

⁵ From July 4, 2016.

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 management fee payable in respect of each of Series A, Advisor Series and Series T5 units 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 of these 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 Specified Percentage for Series A, Advisor Series and Series T5 units is 1.75%.

The management fee payable to RBC GAM in respect of Series F and Series FT5 units of the Fund is a fixed fee and the MER of each of these series comprises the management fee, administration fee, taxes, other fund costs and any fees and expenses of the underlying funds.

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	0.75%	—	100%
Series FT5	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.

* Management fees for Series A, Advisor Series and Series T5 units represent the actual average management fee rate for the period ended December 31, 2017.

[†] Effective June 30, 2016, the management fee for Series F units is a fixed rate of 0.75%, which is an increase from the previous variable rate of 0.64%.

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

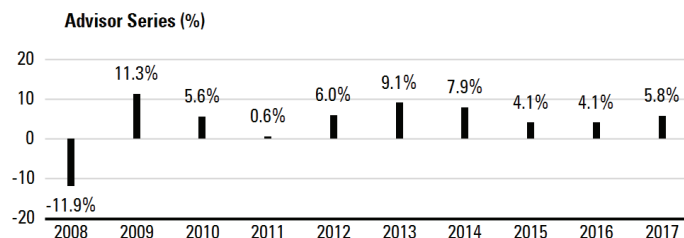
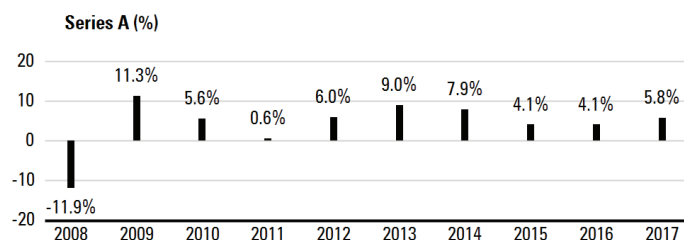


PAST PERFORMANCE

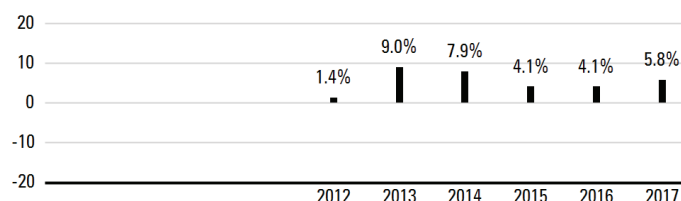
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional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

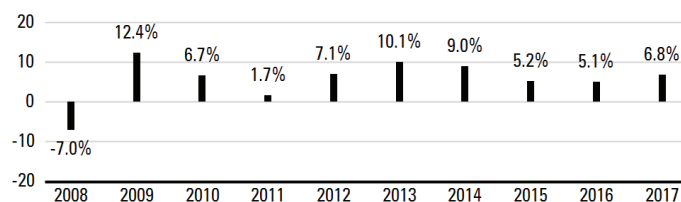
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



Series T5 (%)



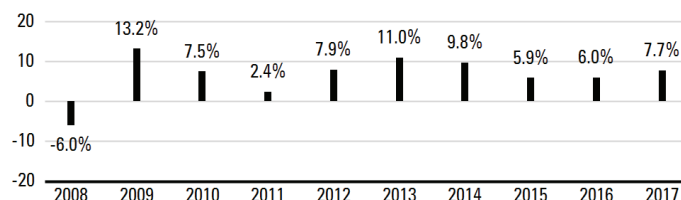
Series F (%)



Series FT5 (%)



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, 2017, 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 indexes are as follows:

Broad-based index 1 – FTSE TMX Canada Universe Bond Index

Broad-based index 2 – S&P/TSX Capped Composite Total Return Index

In January 2018, the S&P/TSX Capped Composite Total Return Index was added as a second broad-based index to more closely reflect the Fund's composition. The existing 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	5.8	4.6	6.1	4.1	—
Benchmark	6.0	5.2	6.7	5.5	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—
Advisor Series	5.8	4.6	6.2	4.1	—
Benchmark	6.0	5.2	6.7	5.5	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—
Series T5	5.8	4.7	6.2	—	6.1
Benchmark	6.0	5.2	6.7	—	6.6
Broad-based index 1	2.5	2.6	3.0	—	3.0
Broad-based index 2	9.1	6.6	8.6	—	8.6
Series F	6.8	5.7	7.2	—	5.6
Benchmark	6.0	5.2	6.7	—	5.7
Broad-based index 1	2.5	2.6	3.0	—	4.6
Broad-based index 2	9.1	6.6	8.6	—	6.1
Series FT5	6.8	—	—	—	6.7
Benchmark	6.0	—	—	—	5.2
Broad-based index 1	2.5	—	—	—	-0.1
Broad-based index 2	9.1	—	—	—	12.2
Series O	7.7	6.5	8.1	—	6.9
Benchmark	6.0	5.2	6.7	—	6.5
Broad-based index 1	2.5	2.6	3.0	—	4.7
Broad-based index 2	9.1	6.6	8.6	—	5.8

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

Series FT5 units have been available for sale to unitholders since July 4, 2016, Series T5 units 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.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Income Funds	57.3
Canadian Equity Funds	16.6
International Equity Funds	12.8
United States Equity Funds	11.0
Cash/Other	2.3

Top 25 Holdings

	% of Net Asset Value
RBC Bond Fund	15.3
Phillips, Hager & North Total Return Bond Fund	8.8
RBC Canadian Short-Term Income Fund	8.0
RBC European Equity Fund	7.7
RBC Global Corporate Bond Fund	7.3
RBC Global Bond Fund	6.6
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	5.2
RBC Canadian Dividend Fund	4.8
Phillips, Hager & North Conservative Equity Income Fund	4.3
RBC Private Canadian Equity Pool	3.8
RBC Global High Yield Bond Fund	3.0
Cash & Cash Equivalents	2.5
Phillips, Hager & North Short Term Bond & Mortgage Fund	2.4
BlueBay Global Investment Grade Corporate Bond Fund (Canada)	2.4
RBC QUBE U.S. Equity Fund	2.3
RBC U.S. Dividend Fund	2.3
RBC Asia Pacific ex-Japan Equity Fund	2.2
BlueBay Global Sovereign Bond Fund (Canada)	1.7
Phillips, Hager & North Canadian Equity Underlying Fund II	1.6
Phillips, Hager & North Canadian Equity Underlying Fund	1.6
RBC Japanese Equity Fund	1.5
BlueBay European High Yield Bond Fund	1.4
RBC Global Equity Fund	1.3
RBC U.S. Equity Fund	1.1
RBC QUBE Low Volatility Canadian Equity Fund	0.5
Top 25 Holdings	99.6

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.



PORTFOLIO SOLUTION

RBC SELECT BALANCED PORTFOLIO

December 31, 2017

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 8, 2018.

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, 19% for Canadian equities, 20% for U.S. equities, 12% for international equities and 4% for emerging markets 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$28 billion as of December 31, 2017, from \$22 billion at the end of 2016. The increase was due to a combination of net inflows and investment returns.

Over the past year, the Fund's Series A units gained 8.7%, matching the benchmark. The broad-based index 1 rose 2.5% and the broad-based index 2 rose 9.1%. 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 economic growth surged to the highest in seven years in 2017 thanks to a confluence of factors. The expansion was highly synchronized, encompassing the bulk of developed and many emerging-market nations. In the U.S., measures of confidence and risk appetite were robust, benefiting from the macroeconomic strength and helping to sustain it. Economic growth in the Eurozone and Japan continued to impress with a persistence that would have been hard to fathom several years ago. Canadian growth was unexpectedly brisk, prompting the Bank of Canada to raise interest rates twice during the year, even as investors worried about Canadians' high household debts and the future of the North American Free Trade Agreement.

The Fund's overweight position in equities and underweight position in fixed income had a positive impact on performance. Bonds issued by national governments ended 2017 with modest returns as inflation remained subdued and most major central banks extended bond-buying programs aimed at holding down interest rates. Yields moved generally lower in the first eight months of the year due to escalating tension between the U.S. and North Korea and continued skepticism about the Trump administration's ability to enact its pro-growth policies. However, government-bond yields reversed higher in September as investors began anticipating efforts by central banks to scale back monetary stimulus and the likelihood of U.S. tax cuts increased. Canadian bonds underperformed U.S. fixed income given the faster-than-expected domestic growth. Returns were bolstered by exposure to the RBC Bond Fund and the RBC Global Corporate Bond Fund.

Stock markets rose in most of the world during 2017, driven by the tailwinds of rising corporate profits and the continued environment of relatively low global interest rates. Among the strongest-performing indexes were Japan, which benefited from the impact of structural reforms, and emerging markets, bolstered by a handful of technology stocks having large market capitalizations. In the U.S., equities were aided by expectations that the Republican-controlled Congress would work with President Trump to pass corporate and personal-income tax cuts, a hope that came to fruition at year end. European markets in local-currency terms and Canadian indexes had more modest gains because their indexes had minimal exposure to the strong returns delivered by the Information Technology sector. Performance benefited from investments in the RBC European Equity Fund and the RBC Emerging Markets Equity Fund.



Recent Developments

The portfolio manager expects bond yields to move higher at a gradual pace, supported by the improving economy and monetary tightening. Meanwhile, earnings have been coming through and analysts are optimistic that the trend can persist. U.S. corporate-tax cuts could provide an additional boost to profits. Against this backdrop, equities continue to offer superior total-return potential compared to fixed income and the portfolio manager has maintained a moderate overweight in stocks and underweight in bonds as a result.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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	
		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, 2017	25.45	0.68	(0.50)	0.61	1.42	2.21	—	(0.19)	(0.25)	—	(0.44)	27.23	
Dec. 31, 2016	24.70	0.71	(0.47)	0.42	0.59	1.25	—	(0.24)	(0.20)	—	(0.44)	25.45	
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	
Advisor Series													
Dec. 31, 2017	25.80	0.69	(0.51)	0.62	1.47	2.27	—	(0.19)	(0.25)	—	(0.44)	27.61	
Dec. 31, 2016	25.03	0.72	(0.48)	0.42	0.56	1.22	—	(0.24)	(0.20)	—	(0.44)	25.80	
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	
Series T5													
Dec. 31, 2017	23.88	0.63	(0.46)	0.56	1.31	2.04	—	(0.20)	(0.22)	(0.77)	(1.19)	24.72	
Dec. 31, 2016	23.97	0.68	(0.45)	0.40	0.60	1.23	—	(0.23)	(0.16)	(0.81)	(1.20)	23.88	
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	
Series F													
Dec. 31, 2017	26.46	0.71	(0.26)	0.63	1.47	2.55	—	(0.25)	(0.26)	—	(0.51)	28.53	
Dec. 31, 2016	25.47	0.72	(0.25)	0.42	0.53	1.42	—	(0.30)	(0.20)	—	(0.50)	26.46	
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	
Series FT5													
Dec. 31, 2017	26.24	0.68	(0.25)	0.61	1.49	2.53	—	(0.46)	(0.39)	(0.46)	(1.31)	27.44	
Dec. 31, 2016 ³	25.76 [†]	0.35	(0.12)	0.20	0.16	0.59	—	(0.19)	(0.31)	(0.14)	(0.64)	26.24	



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, 2017	26.77	0.72	(0.01)	0.65	1.49	2.85	—	(0.33)	(0.26)	—	(0.59)	29.06
Dec. 31, 2016	25.62	0.75	(0.01)	0.44	0.63	1.81	—	(0.38)	(0.20)	—	(0.58)	26.77
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

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 4, 2016.

[†] 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, 2017	27.23	24 759 947	909 287	1.94	1.94	3.34	0.06
Dec. 31, 2016	25.45	21 185 655	832 369	1.94	1.94	5.91	0.10
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
Advisor Series							
Dec. 31, 2017	27.61	127 611	4 623	1.94	1.94	3.34	0.06
Dec. 31, 2016	25.80	110 721	4 292	1.94	1.94	5.91	0.10
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
Series T5							
Dec. 31, 2017	24.72	196 613	7 953	1.93	1.93	3.34	0.06
Dec. 31, 2016	23.88	181 601	7 605	1.93	1.93	5.91	0.10
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
Series F							
Dec. 31, 2017	28.53	2 638 820	92 507	0.97	0.97	3.34	0.06
Dec. 31, 2016	26.46	683 497	25 836	0.98 ⁴	0.98	5.91	0.10
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
Series FT5							
Dec. 31, 2017	27.44	126 654	4 617	0.96	0.96	3.34	0.06
Dec. 31, 2016 ⁵	26.24	33 175	1 264	0.96	0.96	5.91	0.10



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, 2017	29.06	304 017	10 464	0.07	0.07	3.34	0.06
Dec. 31, 2016	26.77	235 251	8 787	0.07	0.07	5.91	0.10
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

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 Effective June 30, 2016, the management fees were changed in respect of Series F units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series F – 0.98%.

⁵ From July 4, 2016.

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 management fee payable in respect of each of Series A, Advisor Series and Series T5 units 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 of these 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 Specified Percentage for Series A, Advisor Series and Series T5 units is 1.85%.

The management fee payable to RBC GAM in respect of Series F and Series FT5 units of the Fund is a fixed fee and the MER of each of these series comprises the management fee, administration fee, taxes, other fund costs and any fees and expenses of the underlying funds.

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	1.67%	60%	40%
Advisor Series	1.67%	60%	40%
Series T5	1.67%	60%	40%
Series F	0.80%	—	100%
Series FT5	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.

* Management fees for Series A, Advisor Series and Series T5 units represent the actual average management fee rate for the period ended December 31, 2017.

[†] Effective June 30, 2016, the management fee for Series F units is a fixed rate of 0.80%, which is an increase from the previous variable rate of 0.73%.

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

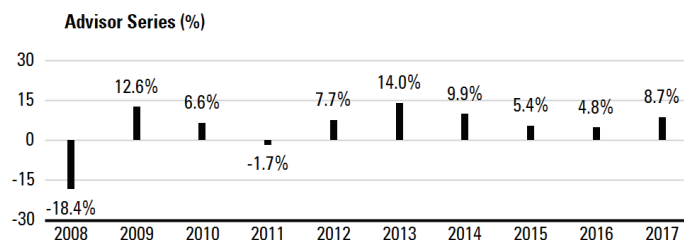
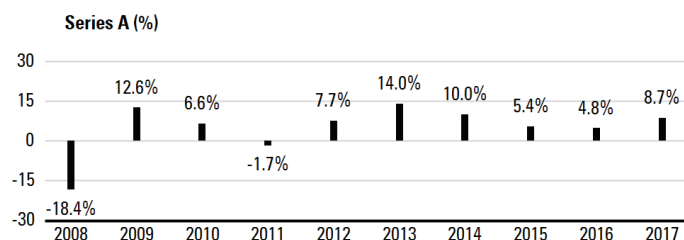


PAST PERFORMANCE

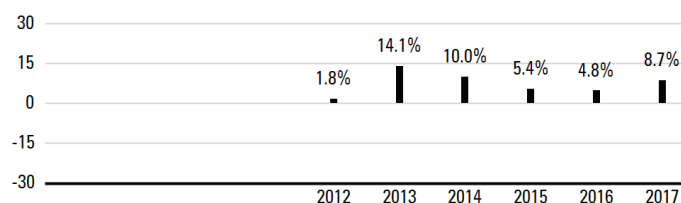
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional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

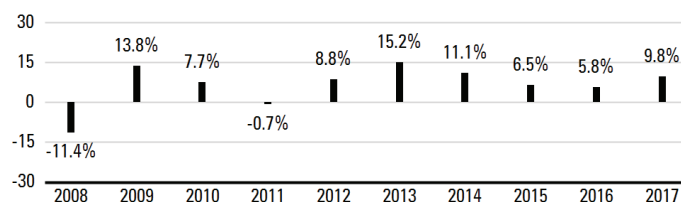
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



Series T5 (%)



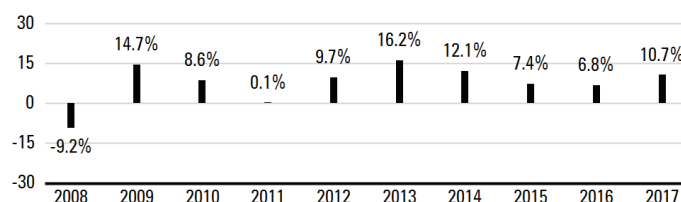
Series F (%)



Series FT5 (%)



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, 2017, 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 indexes are as follows:

Broad-based index 1 – FTSE TMX Canada Universe Bond Index

Broad-based index 2 – S&P/TSX Capped Composite Total Return Index

In January 2018, the S&P/TSX Capped Composite Total Return Index was added as a second broad-based index to more closely reflect the Fund’s composition. The existing 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	8.7	6.3	8.5	4.6	—
Benchmark	8.7	7.1	9.2	6.2	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—
Advisor Series	8.7	6.3	8.5	4.6	—
Benchmark	8.7	7.1	9.2	6.2	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—
Series T5	8.7	6.3	8.5	—	8.5
Benchmark	8.7	7.1	9.2	—	9.0
Broad-based index 1	2.5	2.6	3.0	—	3.0
Broad-based index 2	9.1	6.6	8.6	—	8.6
Series F	9.8	7.4	9.6	—	6.4
Benchmark	8.7	7.1	9.2	—	6.5
Broad-based index 1	2.5	2.6	3.0	—	4.6
Broad-based index 2	9.1	6.6	8.6	—	6.1
Series FT5	9.8	—	—	—	10.8
Benchmark	8.7	—	—	—	8.8
Broad-based index 1	2.5	—	—	—	-0.1
Broad-based index 2	9.1	—	—	—	12.2
Series O	10.7	8.3	10.6	—	8.1
Benchmark	8.7	7.1	9.2	—	7.7
Broad-based index 1	2.5	2.6	3.0	—	4.7
Broad-based index 2	9.1	6.6	8.6	—	5.8

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

Series FT5 units have been available for sale to unitholders since July 4, 2016, Series T5 units 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.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Income Funds	39.1
International Equity Funds	20.9
Canadian Equity Funds	19.6
United States Equity Funds	18.8
Cash/Other	1.6

Top 25 Holdings

	% of Net Asset Value
RBC Bond Fund	18.0
RBC Global Corporate Bond Fund	9.1
RBC European Equity Fund	7.2
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	6.0
RBC Private Canadian Equity Pool	5.3
RBC QUBE U.S. Equity Fund	5.3
RBC Canadian Dividend Fund	5.3
RBC Global Bond Fund	3.9
RBC Emerging Markets Equity Fund	3.4
RBC QUBE Canadian Equity Fund	3.2
Phillips, Hager & North Canadian Equity Underlying Fund	3.1
RBC Global Equity Focus Fund	2.9
RBC Global Dividend Growth Fund	2.8
BlueBay Global Monthly Income Bond Fund	2.7
Phillips, Hager & North Canadian Equity Underlying Fund II	2.6
RBC Asia Pacific ex-Japan Equity Fund	2.3
RBC Private U.S. Large-Cap Core Equity Pool	2.2
RBC U.S. Dividend Fund	2.1
BlueBay Global Investment Grade Corporate Bond Fund (Canada)	1.8
Cash & Cash Equivalents	1.8
BlueBay Global Sovereign Bond Fund (Canada)	1.2
RBC Japanese Equity Fund	1.2
RBC U.S. Mid-Cap Growth Equity Fund	1.1
RBC U.S. Equity Fund	1.1
RBC U.S. Mid-Cap Value Equity Fund	1.0
Top 25 Holdings	96.6

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.



PORTFOLIO SOLUTION

RBC SELECT GROWTH PORTFOLIO

December 31, 2017

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 8, 2018.

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, 23% for Canadian equities, 25% for U.S. equities, 16% for international equities and 6% for emerging markets 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$8.7 billion as of December 31, 2017, from \$7.3 billion at the end of 2016. The increase was due to a combination of investment returns and net inflows.

Over the past year, the Fund's Series A units gained 10.5%, which underperformed the 10.7% rise in the benchmark. The broad-based index 1 rose 2.5% and the broad-based index 2 rose 9.1%. 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 economic growth surged to the highest in seven years in 2017 thanks to a confluence of factors. The expansion was highly synchronized, encompassing the bulk of developed and many emerging-market nations. In the U.S., measures of confidence and risk appetite were robust, benefiting from the macroeconomic strength and helping to sustain it. Economic growth in the Eurozone and Japan continued to impress with a persistence that would have been hard to fathom several years ago. Canadian growth was unexpectedly brisk, prompting the Bank of Canada to raise interest rates twice during the year, even as investors worried about Canadians' high household debts and the future of the North American Free Trade Agreement.

The Fund's overweight position in equities and underweight position in fixed income had a positive impact on performance. Stock markets rose in most of the world during 2017, driven by the tailwinds of rising corporate profits and the continued environment of relatively low global interest rates. Among the strongest-performing indexes were Japan, which benefited from the impact of structural reforms, and emerging markets, bolstered by a handful of technology stocks having large market capitalizations. In the U.S., equities were aided by expectations that the Republican-controlled Congress would work with President Trump to pass corporate and personal-income tax cuts, a hope that came to fruition at year end. European markets in local-currency terms and Canadian indexes had more modest gains because their indexes had minimal exposure to the strong returns delivered by the Information Technology sector. The portfolio's performance benefited from investments in the RBC European Equity Fund and the RBC Emerging Markets Equity Fund.

Bonds issued by national governments ended 2017 with modest returns as inflation remained subdued and most major central banks extended bond-buying programs aimed at holding down interest rates. Yields moved generally lower in the first eight months of the year due to escalating tension between the U.S. and North Korea and continued skepticism about the Trump administration's ability to enact its pro-growth policies. However, government-bond yields reversed higher in September as investors began anticipating efforts by central banks to scale back monetary stimulus and the likelihood of U.S. tax cuts increased. Canadian bonds underperformed U.S. fixed income given the faster-than-expected domestic growth. Returns were bolstered by the RBC Global Corporate Bond Fund and the RBC Bond Fund.



Recent Developments

The portfolio manager expects bond yields to move higher at a gradual pace, supported by the improving economy and monetary tightening. Meanwhile, earnings have been coming through and analysts are optimistic that the trend can persist. U.S. corporate-tax cuts could provide an additional boost to profits. Against this backdrop, equities continue to offer superior total-return potential compared to fixed income and the portfolio manager has maintained a moderate overweight in stocks and underweight in bonds as a result.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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	
		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, 2017	27.15	0.67	(0.57)	0.78	1.96	2.84	—	(0.08)	(0.27)	—	(0.35)	29.64	
Dec. 31, 2016	26.19	0.68	(0.52)	0.48	0.72	1.36	(0.01)	(0.15)	(0.17)	—	(0.33)	27.15	
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	
Advisor Series													
Dec. 31, 2017	27.67	0.69	(0.58)	0.80	2.00	2.91	—	(0.09)	(0.27)	—	(0.36)	30.22	
Dec. 31, 2016	26.69	0.69	(0.53)	0.49	0.63	1.28	(0.01)	(0.15)	(0.17)	—	(0.33)	27.67	
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	
Series T5													
Dec. 31, 2017	25.02	0.61	(0.51)	0.70	1.71	2.51	—	(0.10)	(0.23)	(0.92)	(1.25)	26.33	
Dec. 31, 2016	25.10	0.64	(0.49)	0.45	0.64	1.24	(0.01)	(0.13)	(0.13)	(0.98)	(1.25)	25.02	
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	
Series F													
Dec. 31, 2017	27.08	0.67	(0.28)	0.78	1.95	3.12	—	(0.40)	(0.26)	—	(0.66)	29.55	
Dec. 31, 2016	26.10	0.67	(0.27)	0.47	1.10	1.97	(0.03)	(0.39)	(0.17)	—	(0.59)	27.08	
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	
Series FT5													
Dec. 31, 2017	27.02	0.65	(0.27)	0.75	1.55	2.68	—	(0.40)	(0.29)	(0.66)	(1.35)	28.73	
Dec. 31, 2016 ³	26.11 [†]	0.33	(0.13)	0.23	1.43	1.86	(0.01)	(0.16)	(0.33)	(0.15)	(0.65)	27.02	



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, 2017	28.05	0.70	(0.01)	0.81	2.03	3.53	—	(0.72)	(0.28)	—	(1.00)	30.60
Dec. 31, 2016	27.05	0.71	(0.01)	0.50	0.78	1.98	(0.05)	(0.68)	(0.17)	—	(0.90)	28.05
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

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 4, 2016.

[†] 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, 2017	29.64	7 911 048	266 894	2.04	2.04	2.35	0.08
Dec. 31, 2016	27.15	6 990 245	257 460	2.04	2.04	6.80	0.12
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
Advisor Series							
Dec. 31, 2017	30.22	67 480	2 233	2.04	2.04	2.35	0.08
Dec. 31, 2016	27.67	66 257	2 394	2.05	2.05	6.80	0.12
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
Series T5							
Dec. 31, 2017	26.33	14 262	542	2.05	2.05	2.35	0.08
Dec. 31, 2016	25.02	13 850	554	2.06	2.06	6.80	0.12
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
Series F							
Dec. 31, 2017	29.55	622 441	21 063	1.03	1.03	2.35	0.08
Dec. 31, 2016	27.08	158 037	5 837	1.04 ⁴	1.04	6.80	0.12
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
Series FT5							
Dec. 31, 2017	28.73	5 803	202	1.02	1.02	2.35	0.08
Dec. 31, 2016 ⁵	27.02	530	20	1.02	1.02	6.80	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 O							
Dec. 31, 2017	30.60	98 043	3 204	0.07	0.07	2.35	0.08
Dec. 31, 2016	28.05	76 169	2 716	0.07	0.07	6.80	0.12
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

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 Effective June 30, 2016, the management fees were changed in respect of Series F units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series F – 1.04%.

⁵ From July 4, 2016.

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 management fee payable in respect of each of Series A, Advisor Series and Series T5 units 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 of these 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 Specified Percentage for Series A, Advisor Series and Series T5 units is 1.95%.

The management fee payable to RBC GAM in respect of Series F and Series FT5 units of the Fund is a fixed fee and the MER of each of these series comprises the management fee, administration fee, taxes, other fund costs and any fees and expenses of the underlying funds.

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	1.76%	56%	44%
Advisor Series	1.76%	56%	44%
Series T5	1.76%	56%	44%
Series F	0.85%	—	100%
Series FT5	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.

* Management fees for Series A, Advisor Series and Series T5 units represent the actual average management fee rate for the period ended December 31, 2017.

[†] Effective June 30, 2016, the management fee for Series F units is a fixed rate of 0.85%, which is an increase from the previous variable rate of 0.82%.

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

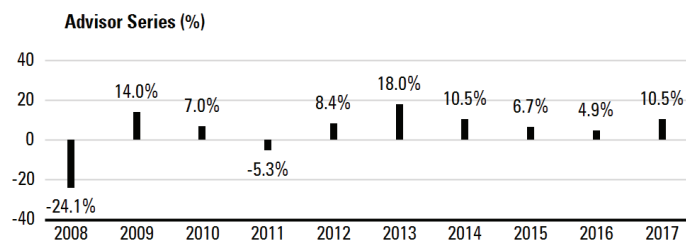
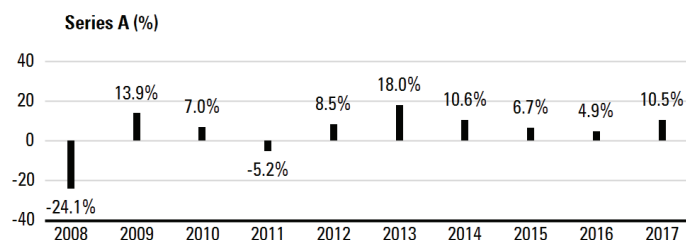


PAST PERFORMANCE

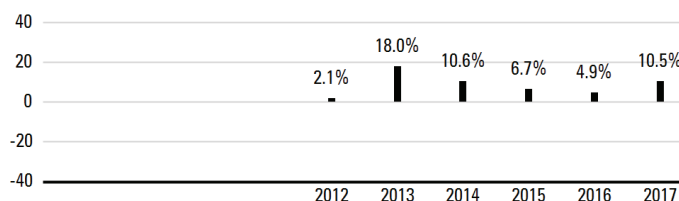
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional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

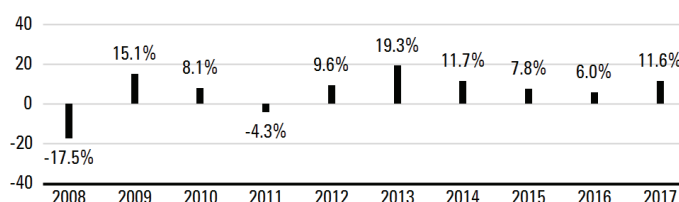
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



Series T5 (%)



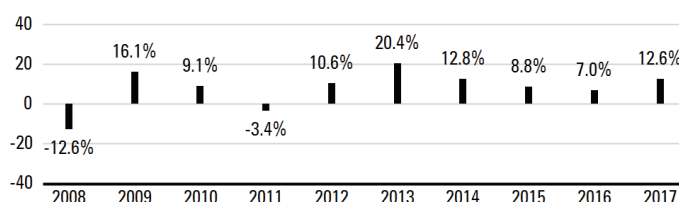
Series F (%)



Series FT5 (%)



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, 2017, 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 indexes are as follows:

Broad-based index 1 – FTSE TMX Canada Universe Bond Index

Broad-based index 2 – S&P/TSX Capped Composite Total Return Index

In January 2018, the FTSE TMX Canada Universe Bond Index was added as a second broad-based index to more closely reflect the Fund’s composition. The existing 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	10.5	7.3	10.1	4.4	—
Benchmark	10.7	8.4	10.9	6.5	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—
Advisor Series	10.5	7.3	10.0	4.4	—
Benchmark	10.7	8.4	10.9	6.5	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—
Series T5	10.5	7.3	10.0	—	9.9
Benchmark	10.7	8.4	10.9	—	10.7
Broad-based index 1	2.5	2.6	3.0	—	3.0
Broad-based index 2	9.1	6.6	8.6	—	8.6
Series F	11.6	8.4	11.2	—	6.3
Benchmark	10.7	8.4	10.9	—	7.0
Broad-based index 1	2.5	2.6	3.0	—	4.6
Broad-based index 2	9.1	6.6	8.6	—	6.1
Series FT5	9.8	—	—	—	10.8
Benchmark	10.7	—	—	—	11.5
Broad-based index 1	2.5	—	—	—	-0.1
Broad-based index 2	9.1	—	—	—	12.2
Series O	12.6	9.5	12.2	—	8.4
Benchmark	10.7	8.4	10.9	—	8.5
Broad-based index 1	2.5	2.6	3.0	—	4.7
Broad-based index 2	9.1	6.6	8.6	—	5.8

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

Series FT5 units have been available for sale to unitholders since July 4, 2016, Series T5 units 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.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
International Equity Funds	28.6
Income Funds	23.8
Canadian Equity Funds	23.7
United States Equity Funds	22.3
Cash/Other	1.6

Top 25 Holdings

	% of Net Asset Value
RBC Bond Fund	9.3
RBC European Equity Fund	8.9
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	7.0
RBC Global Corporate Bond Fund	6.7
RBC Private Canadian Equity Pool	6.3
RBC QUBE U.S. Equity Fund	5.3
Phillips, Hager & North Canadian Equity Underlying Fund	5.0
RBC Emerging Markets Equity Fund	4.4
RBC Global Equity Focus Fund	4.4
RBC Global Dividend Growth Fund	4.4
RBC Canadian Dividend Fund	4.2
Phillips, Hager & North Canadian Growth Fund	4.2
RBC Global Bond Fund	3.4
RBC Private U.S. Large-Cap Core Equity Pool	3.2
RBC U.S. Dividend Fund	3.2
RBC QUBE Canadian Equity Fund	3.1
RBC Asia Pacific ex-Japan Equity Fund	2.6
Cash & Cash Equivalents	1.7
RBC Japanese Equity Fund	1.7
BlueBay Global Monthly Income Bond Fund	1.7
RBC U.S. Equity Fund	1.6
BlueBay Global Sovereign Bond Fund (Canada)	1.2
RBC Emerging Markets Dividend Fund	1.2
RBC U.S. Mid-Cap Growth Equity Fund	1.1
RBC Emerging Markets Small-Cap Equity 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, 2017

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 8, 2018.

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 33% for Canadian equities, 35% for U.S. equities, 23% for international equities and 9% for emerging markets 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. 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$1.9 billion as of December 31, 2017, from \$1.5 billion at the end of 2016. The increase was due to a combination of investment returns and net inflows.

Over the past year, the Fund's Series A units gained 13.0%, which underperformed the 14.3% rise in the benchmark. The broad-based index rose 14.4%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

Global economic growth surged to the highest in seven years in 2017 thanks to a confluence of factors. The expansion was highly synchronized, encompassing the bulk of developed and many emerging-market nations. In the U.S., measures of confidence and risk appetite were robust, benefiting from the macroeconomic strength and helping to sustain it. Economic growth in the Eurozone and Japan continued to impress with a persistence that would have been hard to fathom several years ago. Canadian growth was unexpectedly brisk, prompting the Bank of Canada to raise interest rates twice during the year, even as investors worried about Canadians' high household debts and the future of the North American Free Trade Agreement.

Stock markets rose in most of the world during 2017, driven by the tailwinds of rising corporate profits and the continued environment of relatively low global interest rates. Among the strongest-performing indexes were Japan, which benefited from the impact of structural reforms, and emerging markets, bolstered by a handful of technology stocks having large market capitalizations. In the U.S., equities were aided by expectations that the Republican-controlled Congress would work with President Trump to pass corporate and personal-income tax cuts, a hope that came to fruition at year end. European markets in local-currency terms and Canadian indexes had more modest gains because their indexes had minimal exposure to the strong returns delivered by the Information Technology sector. The portfolio's performance benefited from investments in the RBC European Equity Fund, the RBC Emerging Markets Equity Fund and the Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund.

Recent Developments

Earnings have been coming through and analysts are optimistic that the trend can persist. U.S. corporate-tax cuts could provide an additional boost to profits. Against this backdrop, equities continue to offer modest total-return potential.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	11.11	0.26	(0.25)	0.42	1.02	1.45	—	(0.01)	(0.10)	—	(0.11)	12.45
Dec. 31, 2016	10.56	0.25	(0.22)	0.21	0.43	0.67	—	(0.03)	(0.03)	—	(0.06)	11.11
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
Advisor Series												
Dec. 31, 2017	11.01	0.26	(0.25)	0.42	1.00	1.43	—	(0.01)	(0.10)	—	(0.11)	12.33
Dec. 31, 2016	10.47	0.25	(0.22)	0.21	0.33	0.57	—	(0.03)	(0.03)	—	(0.06)	11.01
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
Series T5												
Dec. 31, 2017	10.18	0.24	(0.22)	0.38	0.82	1.22	—	(0.01)	(0.10)	(0.40)	(0.51)	10.97
Dec. 31, 2016	10.13	0.24	(0.21)	0.19	0.41	0.63	—	(0.02)	(0.02)	(0.46)	(0.50)	10.18
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
Series F												
Dec. 31, 2017	11.85	0.28	(0.13)	0.45	1.10	1.70	—	(0.16)	(0.11)	—	(0.27)	13.27
Dec. 31, 2016	11.27	0.27	(0.12)	0.22	0.69	1.06	(0.02)	(0.14)	(0.03)	—	(0.19)	11.85
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
Series FT5												
Dec. 31, 2017	11.76	0.27	(0.12)	0.43	1.24	1.82	—	(0.15)	(0.17)	(0.27)	(0.59)	12.81
Dec. 31, 2016 ³	11.13 [†]	0.13	(0.06)	0.11	0.33	0.51	(0.01)	(0.05)	(0.05)	(0.17)	(0.28)	11.76



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, 2017	12.29	0.29	—	0.47	1.11	1.87	—	(0.31)	(0.11)	—	(0.42)	13.77
Dec. 31, 2016	11.70	0.28	—	0.23	0.50	1.01	(0.04)	(0.26)	(0.04)	—	(0.34)	12.29
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

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 4, 2016.

[†] 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, 2017	12.45	1 708 200	137 231	2.14	2.14	1.68	0.11
Dec. 31, 2016	11.11	1 412 173	127 087	2.14	2.14	4.70	0.15
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
Advisor Series							
Dec. 31, 2017	12.33	26 411	2 142	2.18	2.18	1.68	0.11
Dec. 31, 2016	11.01	26 892	2 442	2.18	2.18	4.70	0.15
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
Series T5							
Dec. 31, 2017	10.97	3 879	354	2.16	2.16	1.68	0.11
Dec. 31, 2016	10.18	3 527	346	2.17	2.17	4.70	0.15
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
Series F							
Dec. 31, 2017	13.27	115 144	8 675	1.09	1.09	1.68	0.11
Dec. 31, 2016	11.85	32 124	2 710	1.11 ⁴	1.11	4.70	0.15
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
Series FT5							
Dec. 31, 2017	12.81	1 375	107	1.06	1.06	1.68	0.11
Dec. 31, 2016 ⁵	11.76	53	5	1.06	1.06	4.70	0.15



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data (cont.)

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series O							
Dec. 31, 2017	13.77	33 174	2 410	0.08	0.08	1.68	0.11
Dec. 31, 2016	12.29	22 872	1 861	0.08	0.08	4.70	0.15
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

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 Effective June 30, 2016, the management fees were changed in respect of Series F units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series F – 1.11%.

⁵ From July 4, 2016.

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 management fee payable in respect of each of Series A, Advisor Series and Series T5 units 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 of these 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 Specified Percentage for Series A, Advisor Series and Series T5 units is 2.05%.

The management fee payable to RBC GAM in respect of Series F and Series FT5 units of the Fund is a fixed fee and the MER of each of these series comprises the management fee, administration fee, taxes, other fund costs and any fees and expenses of the underlying funds.

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	1.85%	54%	46%
Advisor Series	1.85%	54%	46%
Series T5	1.85%	54%	46%
Series F	0.90%	—	100%
Series FT5	0.90%	—	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 for Series A, Advisor Series and Series T5 units represent the actual average management fee rate for the period ended December 31, 2017.

[†] Effective June 30, 2016, the management fee for Series F units is a fixed rate of 0.90%, which is a decrease from the previous variable rate of 0.91%.

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

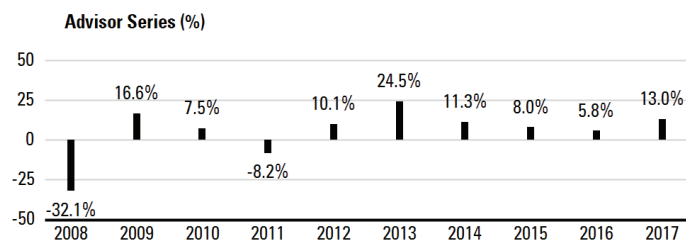
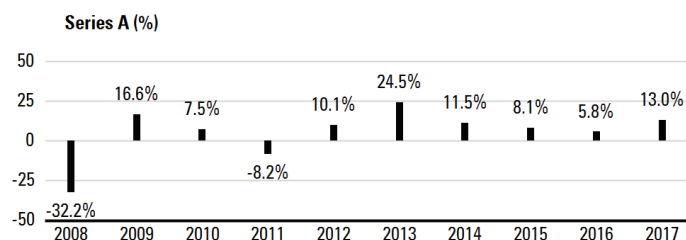


PAST PERFORMANCE

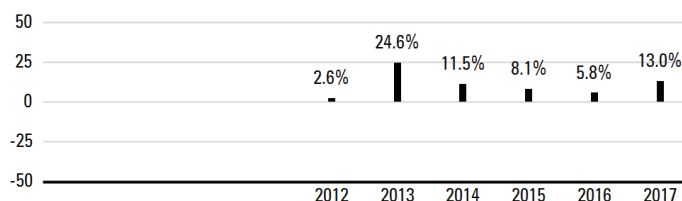
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional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

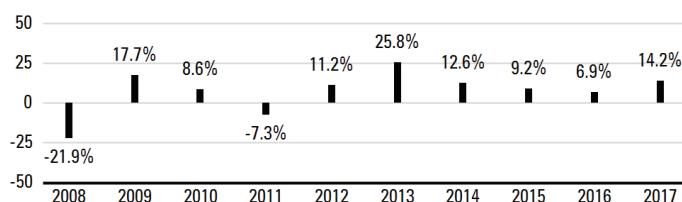
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



Series T5 (%)



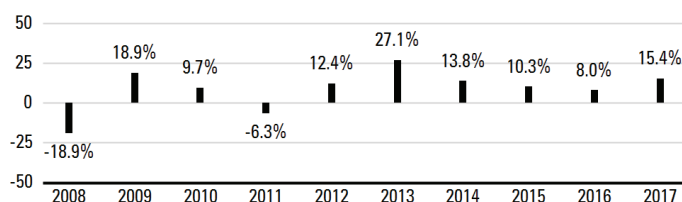
Series F (%)



Series FT5 (%)



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, 2017, 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 new broad-based index is the MSCI World Total Return Net Index (CAD).

The old broad-based index is the S&P/TSX Capped Composite Total Return Index.

The change in broad-based indexes reflects a shift in balanced-fund comparisons.

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A	13.0	8.9	12.4	4.4	—
Benchmark	14.3	10.9	14.1	7.0	—
New broad-based index	14.4	12.2	16.9	7.6	—
Old broad-based index	9.1	6.6	8.6	4.7	—
Advisor Series	13.0	8.9	12.3	4.4	—
Benchmark	14.3	10.9	14.1	7.0	—
New broad-based index	14.4	12.2	16.9	7.6	—
Old broad-based index	9.1	6.6	8.6	4.7	—
Series T5	13.0	8.9	12.4	—	12.3
Benchmark	14.3	10.9	14.1	—	13.9
New broad-based index	14.4	12.2	16.9	—	16.6
Old broad-based index	9.1	6.6	8.6	—	8.6
Series F	14.2	10.1	13.5	—	6.9
Benchmark	14.3	10.9	14.1	—	7.7
New broad-based index	14.4	12.2	16.9	—	8.5
Old broad-based index	9.1	6.6	8.6	—	6.1
Series FT5	14.2	—	—	—	16.5
Benchmark	14.3	—	—	—	16.7
New broad-based index	14.4	—	—	—	17.4
Old broad-based index	9.1	—	—	—	12.2
Series O	15.4	11.2	14.7	—	9.0
Benchmark	14.3	10.9	14.1	—	9.8
New broad-based index	14.4	12.2	16.9	—	10.1
Old broad-based index	9.1	6.6	8.6	—	5.8

The returns of each series may vary because of differences in management fees and expenses. The Benchmark, New broad-based index and Old 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, New broad-based index and Old broad-based index.

Series FT5 units have been available for sale to unitholders since July 4, 2016, Series T5 units 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

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.

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, 2017

Investment Mix

	% of Net Asset Value
International Equity Funds	36.4
Canadian Equity Funds	32.3
United States Equity Funds	30.5
Cash/Other	0.8

Top 25 Holdings*

	% of Net Asset Value
RBC European Equity Fund	12.4
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	9.6
RBC Private Canadian Equity Pool	8.0
RBC QUBE U.S. Equity Fund	8.0
RBC Emerging Markets Equity Fund	6.2
RBC QUBE Canadian Equity Fund	6.0
Phillips, Hager & North Canadian Growth Fund	6.0
Phillips, Hager & North Canadian Equity Underlying Fund	5.0
RBC Canadian Dividend Fund	5.0
RBC Global Dividend Growth Fund	4.7
RBC Global Equity Focus Fund	4.7
RBC Private U.S. Large-Cap Core Equity Pool	4.1
RBC U.S. Dividend Fund	4.0
RBC Asia Pacific ex-Japan Equity Fund	3.1
Phillips, Hager & North Canadian Equity Underlying Fund II	2.3
RBC Japanese Equity Fund	2.1
RBC U.S. Equity Fund	2.0
RBC Emerging Markets Small-Cap Equity Fund	1.6
RBC Emerging Markets Dividend Fund	1.6
RBC U.S. Mid-Cap Value Equity Fund	1.4
RBC U.S. Mid-Cap Growth Equity Fund	1.4
Cash & Cash Equivalents	0.4
The S&P 500 Mini Index Future, March 2018	0.2
The S&P/TSX 60 Index Future, March 2018	0.2
Total	100.0

* The Fund holds fewer than 25 holdings.

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

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



PORTFOLIO SOLUTION

**RBC SELECT CHOICES
CONSERVATIVE PORTFOLIO**

December 31, 2017

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 8, 2018.

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 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund's risk rating changed from low-to-medium to low.

Results of Operations

The Fund's net asset value fell to \$158 million as of December 31, 2017, from \$169 million at the end of 2016. The decrease was due mainly to net redemptions.

Over the past year, the Fund's Series A units gained 4.7%, which underperformed the 6.0% rise in the benchmark. The broad-based index 1 rose 2.5% and the broad-based index 2 rose 9.1%. 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 economic growth surged to the highest in seven years in 2017 thanks to a confluence of factors. The expansion was highly synchronized, encompassing the bulk of developed and many emerging-market nations. In the U.S., measures of confidence and risk appetite were robust, benefiting from the macroeconomic strength and helping to sustain it. Economic growth in the Eurozone and Japan continued to impress with a persistence that would have been hard to fathom several years ago. Canadian growth was unexpectedly brisk, prompting the Bank of Canada to raise interest rates twice during the year, even as investors worried about Canadians' high household debts and the future of the North American Free Trade Agreement.

The Fund's overweight position in equities and underweight position in fixed income had a positive impact on performance. Bonds issued by national governments ended 2017 with modest returns as inflation remained subdued and most major central banks extended bond-buying programs aimed at holding down interest rates. Yields moved generally lower in the first eight months of the year due to escalating tension between the U.S. and North Korea and continued skepticism about the Trump administration's ability to enact its pro-growth policies. However, government-bond yields reversed higher in September as investors began anticipating efforts by central banks to scale back monetary stimulus and the likelihood of U.S. tax cuts increased. Canadian bonds underperformed U.S. fixed income given the faster-than-expected domestic growth. Returns benefited from exposure to the RBC Bond Fund and the Phillips, Hager & North Total Return Bond Fund.

Stock markets rose in most of the world during 2017, driven by the tailwinds of rising corporate profits and the continued environment of relatively low global interest rates. Among the strongest-performing indexes were Japan, which benefited from the impact of structural reforms, and emerging markets, bolstered by a handful of technology stocks having large market capitalizations. In the U.S., equities were aided by expectations that the Republican-controlled Congress would work with President Trump to pass corporate and personal-income tax cuts, a hope that came to fruition at year end. European markets in local-currency terms and Canadian indexes had more modest gains because their indexes had minimal exposure to the strong returns delivered by the Information Technology sector. The Fund's performance was bolstered by investments in the Renaissance International Equity Fund and the RBC O'Shaughnessy U.S. Value Fund.



Recent Developments

The portfolio manager expects bond yields to move higher at a gradual pace, supported by the improving economy and monetary tightening. Meanwhile, earnings have been coming through and analysts are optimistic that the trend can persist. U.S. corporate-tax cuts could provide an additional boost to profits. Against this backdrop, equities continue to offer superior total-return potential compared to fixed income and the portfolio manager has maintained a moderate overweight in stocks and underweight in bonds as a result.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	12.62	0.30	(0.25)	0.57	(0.02)	0.60	—	(0.04)	(0.34)	—	(0.38)	12.84
Dec. 31, 2016	12.37	0.31	(0.24)	0.38	0.04	0.49	(0.02)	(0.06)	(0.16)	—	(0.24)	12.62
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
Advisor Series												
Dec. 31, 2017	12.67	0.30	(0.25)	0.57	(0.05)	0.57	—	(0.04)	(0.34)	—	(0.38)	12.89
Dec. 31, 2016	12.41	0.31	(0.25)	0.38	0.04	0.48	(0.02)	(0.06)	(0.16)	—	(0.24)	12.67
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
Series F												
Dec. 31, 2017	10.01	0.24	(0.12)	0.46	(0.01)	0.57	—	(0.05)	(0.28)	—	(0.33)	10.24
Dec. 31, 2016 ³	10.00 [†]	0.13	(0.06)	0.16	(0.12)	0.11	(0.02)	(0.06)	(0.16)	—	(0.24)	10.01

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 4, 2016.

[†] 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, 2017	12.84	147 230	11 469	1.95	1.95	1.82	0.01
Dec. 31, 2016	12.62	163 458	12 950	1.96	1.96	7.57	0.02
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
Advisor Series							
Dec. 31, 2017	12.89	1 636	127	1.96	1.96	1.82	0.01
Dec. 31, 2016	12.67	1 745	138	1.98	1.98	7.57	0.02
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
Series F							
Dec. 31, 2017	10.24	8 749	855	1.16	1.16	1.82	0.01
Dec. 31, 2016 ⁴	10.01	3 448	345	1.14	1.14	7.57	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.

⁴ From July 4, 2016.

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 management fee payable in respect of each of Series A and Advisor Series units 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 of these 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 Specified Percentage for Series A and Advisor Series units is 1.85%.

The management fee payable to RBC GAM in respect of Series F units of the Fund is a fixed fee and the MER of Series F units comprises the management fee, administration fee, taxes, other fund costs and any fees and expenses of the underlying funds.

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%
Series F	0.95%	—	100%

* Management fees for Series A and Advisor Series units represent the actual average management fee rate for the period ended December 31, 2017.

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

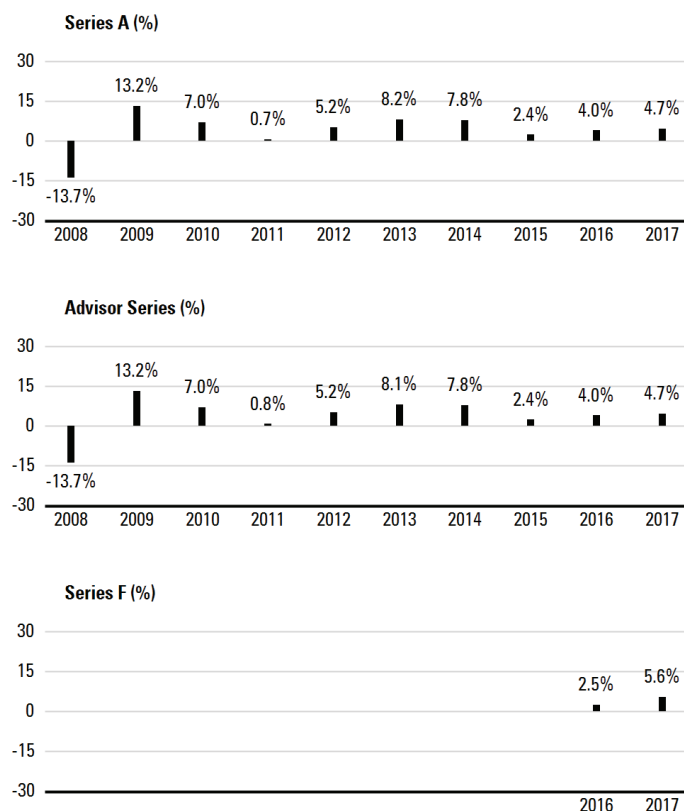


PAST PERFORMANCE

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, 2017 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 indexes are as follows:

Broad-based index 1 – FTSE TMX Canada Universe Bond Index

Broad-based index 2 – S&P/TSX Capped Composite Total Return Index

In January 2018, the S&P/TSX Capped Composite Total Return Index was added as a second broad-based index to more closely reflect the Fund's composition. The existing 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	4.7	3.7	5.4	3.7	—
Benchmark	6.0	5.2	6.7	5.5	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—
Advisor Series	4.7	3.7	5.4	3.7	—
Benchmark	6.0	5.2	6.7	5.5	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—
Series F	5.6	—	—	—	5.4
Benchmark	6.0	—	—	—	5.2
Broad-based index 1	2.5	—	—	—	-0.1
Broad-based index 2	9.1	—	—	—	12.2

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

Series F units have been available for sale to unitholders since July 4, 2016.

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.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Income Funds	58.3
Canadian Equity Funds	15.6
International Equity Funds	11.5
United States Equity Funds	10.9
Cash/Other	3.7

Top 25 Holdings*

	% of Net Asset Value
Phillips, Hager & North Total Return Bond Fund	15.7
RBC Bond Fund	15.7
Phillips, Hager & North Short Term Bond & Mortgage Fund	13.4
TD Canadian Bond Fund	13.4
Renaissance International Equity Fund	5.7
RBC Canadian Equity Fund	5.2
Franklin Bissett Canadian Equity Fund	5.2
RBC Canadian Dividend Fund	5.2
Invesco International Growth Fund	3.7
RBC O'Shaughnessy U.S. Value Fund	3.7
CI American Value Fund	3.6
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	3.6
Cash & Cash Equivalents	3.3
Invesco International Growth Class	2.0
RBC Canadian Money Market Fund	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 SELECT CHOICES
BALANCED PORTFOLIO**

December 31, 2017

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 8, 2018.

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, 19% for Canadian equities, 20% for U.S. equities, 12% for international equities and 4% for emerging markets 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$322 million as of December 31, 2017, from \$319 million at the end of 2016. The increase was due to investment returns, mostly offset by net redemptions.

Over the past year, the Fund's Series A units gained 7.8%, which underperformed the 8.7% rise in the benchmark. The broad-based index 1 rose 2.5% and the broad-based index 2 rose 9.1%. 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 economic growth surged to the highest in seven years in 2017 thanks to a confluence of factors. The expansion was highly synchronized, encompassing the bulk of developed and many emerging-market nations. In the U.S., measures of confidence and risk appetite were robust, benefiting from the macroeconomic strength and helping to sustain it. Economic growth in the Eurozone and Japan continued to impress with a persistence that would have been hard to fathom several years ago. Canadian growth was unexpectedly brisk, prompting the Bank of Canada to raise interest rates twice during the year, even as investors worried about Canadians' high household debts and the future of the North American Free Trade Agreement.

The Fund's overweight position in equities and underweight position in fixed income had a positive impact on performance. Bonds issued by national governments ended 2017 with modest returns as inflation remained subdued and most major central banks extended bond-buying programs aimed at holding down interest rates. Yields moved generally lower in the first eight months of the year due to escalating tension between the U.S. and North Korea and continued skepticism about the Trump administration's ability to enact its pro-growth policies. However, government-bond yields reversed higher in September as investors began anticipating efforts by central banks to scale back monetary stimulus and the likelihood of U.S. tax cuts increased. Canadian bonds underperformed U.S. fixed income given the faster-than-expected domestic growth. Returns benefited from exposure to the RBC Bond Fund and the Phillips, Hager & North Total Return Bond Fund.

Stock markets rose in most of the world during 2017, driven by the tailwinds of rising corporate profits and the continued environment of relatively low global interest rates. Among the strongest-performing indexes were Japan, which benefited from the impact of structural reforms, and emerging markets, bolstered by a handful of technology stocks having large market capitalizations. In the U.S., equities were aided by expectations that the Republican-controlled Congress would work with President Trump to pass corporate and personal-income tax cuts, a hope that came to fruition at year end. European markets in local-currency terms and Canadian indexes had more modest gains because their indexes had minimal exposure to the strong returns delivered by the Information Technology sector. The portfolio's performance was bolstered by investments in the RBC O'Shaughnessy U.S. Value Fund and the Renaissance International Equity Fund.



Recent Developments

The portfolio manager expects bond yields to move higher at a gradual pace, supported by the improving economy and monetary tightening. Meanwhile, earnings have been coming through and analysts are optimistic that the trend can persist. U.S. corporate-tax cuts could provide an additional boost to profits. Against this backdrop, equities continue to offer superior total-return potential compared to fixed income and the portfolio manager has maintained a moderate overweight in stocks and underweight in bonds as a result.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	13.79	0.31	(0.30)	0.77	0.30	1.08	—	—	(0.40)	—	(0.40)	14.47
Dec. 31, 2016	13.11	0.30	(0.28)	0.49	0.23	0.74	(0.02)	(0.01)	(0.06)	—	(0.09)	13.79
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
Advisor Series												
Dec. 31, 2017	13.78	0.31	(0.30)	0.77	0.29	1.07	—	—	(0.40)	—	(0.40)	14.46
Dec. 31, 2016	13.10	0.30	(0.28)	0.49	0.26	0.77	(0.02)	(0.01)	(0.06)	—	(0.09)	13.78
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
Series F												
Dec. 31, 2017	10.42	0.24	(0.12)	0.59	0.21	0.92	—	—	(0.30)	—	(0.30)	11.04
Dec. 31, 2016 ³	10.00 [†]	0.12	(0.06)	0.19	0.06	0.31	(0.02)	(0.02)	(0.06)	—	(0.10)	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 July 4, 2016.

[†] 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, 2017	14.47	302 756	20 919	2.16	2.16	2.93	0.02
Dec. 31, 2016	13.79	311 622	22 597	2.16	2.16	7.06	0.04
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
Advisor Series							
Dec. 31, 2017	14.46	1 816	126	2.12	2.12	2.93	0.02
Dec. 31, 2016	13.78	1 923	140	2.14	2.14	7.06	0.04
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
Series F							
Dec. 31, 2017	11.04	17 640	1 597	1.17	1.17	2.93	0.02
Dec. 31, 2016 ⁴	10.42	4 939	474	1.18	1.18	7.06	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 July 4, 2016.

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 management fee payable in respect of each of Series A and Advisor Series units 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 of these 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 Specified Percentage for Series A and Advisor Series units is 2.05%.

The management fee payable to RBC GAM in respect of Series F units of the Fund is a fixed fee and the MER of Series F units comprises the management fee, administration fee, taxes, other fund costs and any fees and expenses of the underlying funds.

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	1.87%	53%	47%
Advisor Series	1.87%	53%	47%
Series F	1.00%	—	100%

* Management fees for Series A and Advisor Series units represent the actual average management fee rate for the period ended December 31, 2017.

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

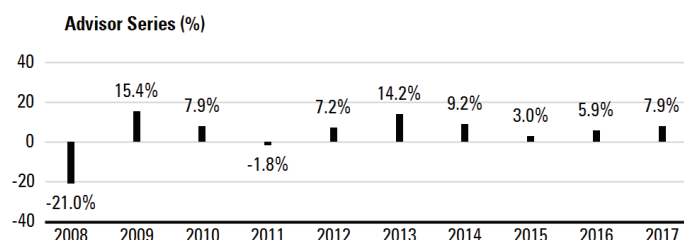
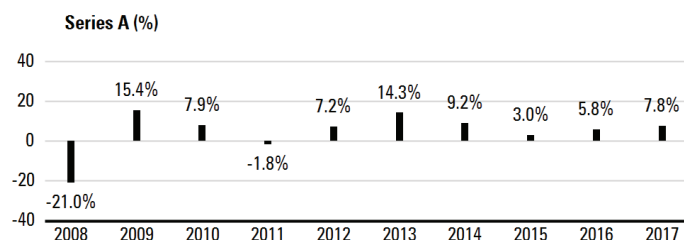


PAST PERFORMANCE

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, 2017, 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 indexes are as follows:

Broad-based index 1 – FTSE TMX Canada Universe Bond Index

Broad-based index 2 – S&P/TSX Capped Composite Total Return Index

In January 2018, the S&P/TSX Capped Composite Total Return Index was added as a second broad-based index to more closely reflect the Fund's composition. The existing 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	7.8	5.5	8.0	4.3	—
Benchmark	8.7	7.1	9.2	6.2	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—
Advisor Series	7.9	5.6	8.0	4.3	—
Benchmark	8.7	7.1	9.2	6.2	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—
Series F	8.9	—	—	—	9.5
Benchmark	8.7	—	—	—	8.8
Broad-based index 1	2.5	—	—	—	-0.1
Broad-based index 2	9.1	—	—	—	12.2

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

Series F units have been available for sale to unitholders since July 4, 2016.

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 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.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Income Funds	39.4
United States Equity Funds	20.6
Canadian Equity Funds	19.8
International Equity Funds	17.8
Cash/Other	2.4

Top 25 Holdings*

	% of Net Asset Value
RBC Bond Fund	12.8
Phillips, Hager & North Total Return Bond Fund	12.6
Phillips, Hager & North Short Term Bond & Mortgage Fund	9.0
RBC O'Shaughnessy U.S. Value Fund	6.9
CI American Value Fund	6.8
Renaissance International Equity Fund	6.7
RBC Canadian Equity Fund	6.5
RBC Canadian Dividend Fund	5.4
Franklin Bissett Canadian Equity Fund	4.6
RBC Emerging Markets Equity Fund	4.4
Phillips, Hager & North High Yield Bond Fund	4.3
TD U.S. Mid-Cap Growth Fund	3.4
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	3.4
Invesco International Growth Class	3.4
Invesco International Growth Fund	3.3
IA Clarington Canadian Small Cap Fund	3.2
Cash & Cash Equivalents	2.8
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
GROWTH PORTFOLIO**

December 31, 2017

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 8, 2018.

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 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, 23% for Canadian equities, 25% for U.S. equities, 16% for international equities and 6% for emerging markets 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$278 million as of December 31, 2017, from \$259 million at the end of 2016. The increase was due mainly to investment returns.

Over the past year, the Fund's Series A units gained 10.2%, which underperformed the 10.7% rise in the benchmark. The broad-based index 1 rose 2.5% and the broad-based index 2 rose 9.1%. 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 economic growth surged to the highest in seven years in 2017 thanks to a confluence of factors. The expansion was highly synchronized, encompassing the bulk of developed and many emerging-market nations. In the U.S., measures of confidence and risk appetite were robust, benefiting from the macroeconomic strength and helping to sustain it. Economic growth in the Eurozone and Japan continued to impress with a persistence that would have been hard to fathom several years ago. Canadian growth was unexpectedly brisk, prompting the Bank of Canada to raise interest rates twice during the year, even as investors worried about Canadians' high household debts and the future of the North American Free Trade Agreement.

The Fund's overweight position in equities and underweight position in fixed income had a positive impact on performance. Stock markets rose in most of the world during 2017, driven by the tailwinds of rising corporate profits and the continued environment of relatively low global interest rates. Among the strongest-performing indexes were Japan, which benefited from the impact of structural reforms, and emerging markets, bolstered by a handful of technology stocks having large market capitalizations. In the U.S., equities were aided by expectations that the Republican-controlled Congress would work with President Trump to pass corporate and personal-income tax cuts, a hope that came to fruition at year end. European markets in local-currency terms and Canadian indexes had more modest gains because their indexes had minimal exposure to the strong returns delivered by the Information Technology sector. The portfolio's performance was bolstered by investments in the RBC Emerging Markets Equity Fund and the TD U.S. Mid-Cap Growth Fund.

Bonds issued by national governments ended 2017 with modest returns as inflation remained subdued and most major central banks extended bond-buying programs aimed at holding down interest rates. Yields moved generally lower in the first eight months of the year due to escalating tension between the U.S. and North Korea and continued skepticism about the Trump administration's ability to enact its pro-growth policies. However, government-bond yields reversed higher in September as investors began anticipating efforts by central banks to scale back monetary stimulus and the likelihood of U.S. tax cuts increased. Canadian bonds underperformed U.S. fixed income given the faster-than-expected domestic growth. Returns benefited from exposure to the RBC Bond Fund and the Phillips, Hager & North High Yield Bond Fund.



Recent Developments

The portfolio manager expects bond yields to move higher at a gradual pace, supported by the improving economy and monetary tightening. Meanwhile, earnings have been coming through and analysts are optimistic that the trend can persist. U.S. corporate-tax cuts could provide an additional boost to profits. Against this backdrop, equities continue to offer superior total-return potential compared to fixed income and the portfolio manager has maintained a moderate overweight in stocks and underweight in bonds as a result.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	14.47	0.31	(0.35)	0.84	0.67	1.47	—	—	(0.34)	—	(0.34)	15.60
Dec. 31, 2016	13.70	0.28	(0.32)	0.49	0.30	0.75	—	—	—	—	—	14.47
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
Advisor Series												
Dec. 31, 2017	14.45	0.31	(0.35)	0.84	0.68	1.48	—	—	(0.34)	—	(0.34)	15.58
Dec. 31, 2016	13.68	0.28	(0.32)	0.49	0.29	0.74	—	—	—	—	—	14.45
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
Series F												
Dec. 31, 2017	10.63	0.23	(0.14)	0.62	0.48	1.19	—	—	(0.26)	—	(0.26)	11.58
Dec. 31, 2016 ³	10.00 [†]	0.10	(0.06)	0.18	0.19	0.41	—	—	—	—	—	10.63

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.

³ From July 4, 2016.

[†] 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, 2017	15.60	261 082	16 735	2.36	2.36	3.59	0.02
Dec. 31, 2016	14.47	254 121	17 562	2.36	2.36	6.96	0.06
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
Advisor Series							
Dec. 31, 2017	15.58	675	43	2.34	2.34	3.59	0.02
Dec. 31, 2016	14.45	688	48	2.34	2.34	6.96	0.06
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
Series F							
Dec. 31, 2017	11.58	15 973	1 379	1.25	1.25	3.59	0.02
Dec. 31, 2016 ⁴	10.63	3 979	374	1.25	1.25	6.96	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 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 4, 2016.

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 management fee payable in respect of each of Series A and Advisor Series units 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 of these 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 Specified Percentage for Series A and Advisor Series units is 2.25%.

The management fee payable to RBC GAM in respect of Series F units of the Fund is a fixed fee and the MER of Series F units comprises the management fee, administration fee, taxes, other fund costs and any fees and expenses of the underlying funds.

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	2.06%	48%	52%
Advisor Series	2.06%	48%	52%
Series F	1.05%	—	100%

* Management fees for Series A and Advisor Series units represent the actual average management fee rate for the period ended December 31, 2017.

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

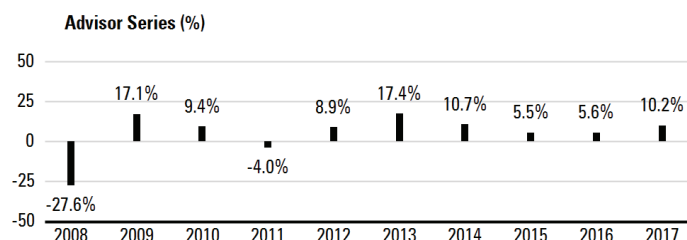
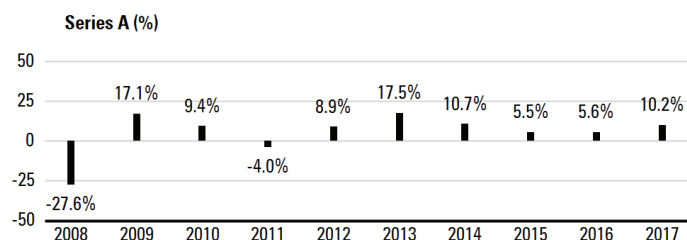


PAST PERFORMANCE

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, 2017, 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 indexes are as follows:

- Broad-based index 1 – FTSE TMX Canada Universe Bond Index
- Broad-based index 2 – S&P/TSX Capped Composite Total Return Index

In January 2018, the FTSE TMX Canada Universe Bond Index was added as a second broad-based index to more closely reflect the Fund's composition. The existing 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	10.2	7.1	9.8	4.5	—
Benchmark	10.7	8.4	10.9	6.5	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—
Advisor Series	10.2	7.1	9.8	4.5	—
Benchmark	10.7	8.4	10.9	6.5	—
Broad-based index 1	2.5	2.6	3.0	4.7	—
Broad-based index 2	9.1	6.6	8.6	4.7	—
Series F	11.4	—	—	—	12.0
Benchmark	10.7	—	—	—	11.5
Broad-based index 1	2.5	—	—	—	-0.1
Broad-based index 2	9.1	—	—	—	12.2

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

Series F units have been available for sale to unitholders since July 4, 2016.

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 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.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
United States Equity Funds	25.7
Income Funds	24.4
Canadian Equity Funds	23.7
International Equity Funds	23.6
Cash/Other	2.6

Top 25 Holdings*

	% of Net Asset Value
RBC Bond Fund	14.4
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	9.1
RBC Canadian Equity Fund	8.8
Fidelity Canadian Disciplined Equity Fund	8.2
TD U.S. Mid-Cap Growth Fund	7.1
RBC Emerging Markets Equity Fund	6.4
RBC O'Shaughnessy U.S. Value Fund	4.7
Phillips, Hager & North High Yield Bond Fund	4.7
Phillips, Hager & North Total Return Bond Fund	4.7
CI American Value Fund	4.6
Invesco European Growth Class	4.3
Invesco International Growth Class	4.1
Phillips, Hager & North Canadian Growth Fund	3.6
Renaissance International Equity Fund	3.2
TD Asian Growth Fund	3.2
IA Clarington Canadian Small Cap Fund	3.1
Cash & Cash Equivalents	2.9
Invesco International Growth Fund	2.4
RBC Canadian Money Market Fund	0.5
Total	100.0

* The Fund holds fewer than 25 holdings.

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

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



PORTFOLIO SOLUTION

**RBC SELECT CHOICES
AGGRESSIVE GROWTH PORTFOLIO**

December 31, 2017

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 8, 2018.

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 33% for Canadian equities, 35% for U.S. equities, 23% for international equities and 9% for emerging markets 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. 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$210 million as of December 31, 2017, from \$190 million at the end of 2016. The increase was due mainly to investment returns.

Over the past year, the Fund's Series A units gained 13.4%, which underperformed the 14.3% rise in the benchmark. The broad-based index rose 14.4%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

Global economic growth surged to the highest in seven years in 2017 thanks to a confluence of factors. The expansion was highly synchronized, encompassing the bulk of developed and many emerging-market nations. In the U.S., measures of confidence and risk appetite were robust, benefiting from the macroeconomic strength and helping to sustain it. Economic growth in the Eurozone and Japan continued to impress with a persistence that would have been hard to fathom several years ago. Canadian growth was unexpectedly brisk, prompting the Bank of Canada to raise interest rates twice during the year, even as investors worried about Canadians' high household debts and the future of the North American Free Trade Agreement.

Stock markets rose in most of the world during 2017, driven by the tailwinds of rising corporate profits and the continued environment of relatively low global interest rates. Among the strongest-performing indexes were Japan, which benefited from the impact of structural reforms, and emerging markets, bolstered by a handful of technology stocks having large market capitalizations. In the U.S., equities were aided by expectations that the Republican-controlled Congress would work with President Trump to pass corporate and personal-income tax cuts, a hope that came to fruition at year end. European markets in local-currency terms and Canadian indexes had more modest gains because their indexes had minimal exposure to the strong returns delivered by the Information Technology sector.

The portfolio's returns were bolstered by investments in the RBC Emerging Markets Equity Fund, the RBC O'Shaughnessy U.S. Value Fund and the AGF American Growth Class.

Recent Developments

Earnings have been coming through and analysts are optimistic that the trend can persist. U.S. corporate-tax cuts could provide an additional boost to profits. Against this backdrop, equities continue to offer modest total-return potential.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	13.56	0.19	(0.37)	0.87	1.14	1.83	—	—	—	—	—	15.38
Dec. 31, 2016	12.85	0.17	(0.32)	0.58	0.24	0.67	—	—	—	—	—	13.56
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
Advisor Series												
Dec. 31, 2017	13.68	0.20	(0.36)	0.88	1.16	1.88	—	—	—	—	—	15.53
Dec. 31, 2016	12.96	0.17	(0.32)	0.59	0.29	0.73	—	—	—	—	—	13.68
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
Series F												
Dec. 31, 2017	10.83	0.16	(0.15)	0.70	0.84	1.55	—	—	—	—	—	12.44
Dec. 31, 2016 ³	10.00 [†]	0.07	(0.07)	0.24	0.32	0.56	—	—	—	—	—	10.83

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.

³ From July 4, 2016.

[†] 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, 2017	15.38	197 544	12 847	2.56	2.56	4.67	0.03
Dec. 31, 2016	13.56	186 651	13 770	2.56	2.56	5.03	0.09
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
Advisor Series							
Dec. 31, 2017	15.53	1 109	71	2.51	2.51	4.67	0.03
Dec. 31, 2016	13.68	1 040	76	2.49	2.49	5.03	0.09
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
Series F							
Dec. 31, 2017	12.44	10 842	872	1.32	1.32	4.67	0.03
Dec. 31, 2016 ⁴	10.83	2 642	244	1.32	1.32	5.03	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 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 4, 2016.

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 management fee payable in respect of each of Series A and Advisor Series units 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 of these 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 Specified Percentage for Series A and Advisor Series units is 2.45%.

The management fee payable to RBC GAM in respect of Series F units of the Fund is a fixed fee and the MER of Series F units comprises the management fee, administration fee, taxes, other fund costs and any fees and expenses of the underlying funds.

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	2.25%	44%	56%
Advisor Series	2.25%	44%	56%
Series F	1.10%	—	100%

* Management fees for Series A and Advisor Series units represent the actual average management fee rate for the period ended December 31, 2017.

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

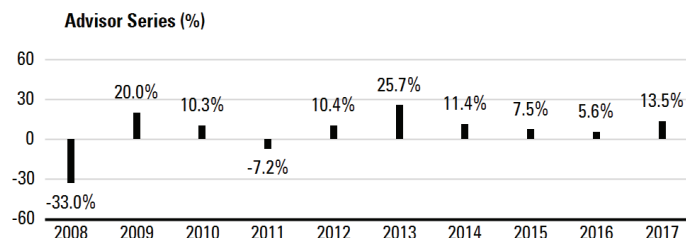
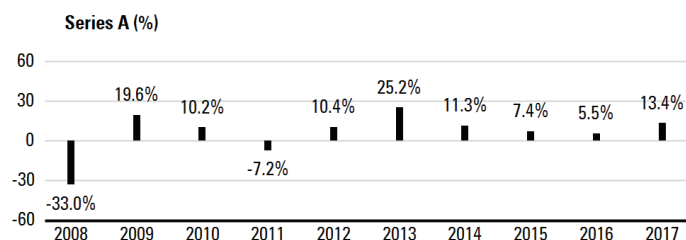


PAST PERFORMANCE

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, 2017, 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 new broad-based index is the MSCI World Total Return Net Index (CAD).

The old broad-based index is the S&P/TSX Capped Composite Total Return Index.

The change in broad-based indexes reflects a shift in balanced-fund comparisons.

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A	13.4	8.7	12.4	4.9	—
Benchmark	14.3	10.9	14.1	7.0	—
New broad-based index	14.4	12.2	16.9	7.6	—
Old broad-based index	9.1	6.6	8.6	4.7	—
Advisor Series	13.5	8.8	12.5	5.1	—
Benchmark	14.3	10.9	14.1	7.0	—
New broad-based index	14.4	12.2	16.9	7.6	—
Old broad-based index	9.1	6.6	8.6	4.7	—
Series F	14.9	—	—	—	15.8
Benchmark	14.3	—	—	—	16.7
New broad-based index	14.4	—	—	—	17.4
Old broad-based index	9.1	—	—	—	12.2

The returns of each series may vary because of differences in management fees and expenses. The Benchmark, New broad-based index and Old 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, New broad-based index and Old broad-based index.

Series F units have been available for sale to unitholders since July 4, 2016.

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



PAST PERFORMANCE (cont.)

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.

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, 2017

Investment Mix

	% of Net Asset Value
United States Equity Funds	35.0
Canadian Equity Funds	32.5
International Equity Funds	31.7
Cash/Other	0.8

Top 25 Holdings*

	% of Net Asset Value
RBC Emerging Markets Equity Fund	9.4
RBC Canadian Equity Fund	8.4
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	7.9
AGF American Growth Class	7.9
Fidelity Canadian Disciplined Equity Fund	7.4
Synergy Canadian Corporate Class	7.3
TD U.S. Mid-Cap Growth Fund	6.9
RBC O'Shaughnessy U.S. Value Fund	6.2
CI American Value Fund	6.0
Invesco European Growth Class	5.9
Renaissance International Equity Fund	5.5
Phillips, Hager & North Canadian Growth Fund	5.4
Invesco International Growth Class	5.2
IA Clarington Canadian Small Cap Fund	4.0
TD Asian Growth Fund	3.1
Invesco International Growth Fund	2.5
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.



PORTFOLIO SOLUTION

RBC TARGET 2020 EDUCATION FUND

December 31, 2017

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 8, 2018.

A Note on Forward-looking Statements

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

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

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MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund is an asset allocation fund specifically designed to meet the changing needs of investors who are saving money for the purpose of funding their child's post-secondary education that commences around 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. 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$888 million as of December 31, 2017, from \$861 million at the end of 2016. The increase was due to a combination of investment returns and net inflows.

Over the past year, the Fund's Series A units gained 1.9%. The fixed-income benchmark rose 2.5% and the equity benchmark rose 9.1%. 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 economic growth surged to the highest in seven years in 2017 thanks to a confluence of factors. The expansion was highly synchronized, encompassing the bulk of developed and many emerging-market nations. In the U.S., measures of confidence and risk appetite were robust, benefiting from the macroeconomic strength and helping to sustain it. Economic growth in the Eurozone and Japan continued to impress with a persistence that would have been hard to fathom several years ago. Canadian growth was unexpectedly brisk, prompting the Bank of Canada to raise interest rates twice during the year, even as investors worried about Canadians' high household debts and the future of the North American Free Trade Agreement.

Bonds issued by national governments ended 2017 with modest returns as inflation remained subdued and most major central banks extended bond-buying programs aimed at holding down interest rates. Yields moved generally lower in the first eight months of the year due to escalating tension between the U.S. and North Korea and continued skepticism about the Trump administration's ability to enact its pro-growth policies. However, government-bond yields reversed higher in September as investors began anticipating efforts by central banks to scale back monetary stimulus and the likelihood of U.S. tax cuts increased. Canadian bonds underperformed U.S. fixed income given the faster-than-expected domestic growth. Returns benefited from exposure to the RBC Bond Fund and the RBC Global Bond Fund.

Stock markets rose in most of the world during 2017, driven by the tailwinds of rising corporate profits and the continued environment of relatively low global interest rates. Among the strongest-performing indexes were Japan, which benefited from the impact of structural reforms, and emerging markets, bolstered by a handful of technology stocks having large market capitalizations. In the U.S., equities were aided by expectations that the Republican-controlled Congress would work with President Trump to pass corporate and personal-income tax cuts, a hope that came to fruition at year end. European markets in local-currency terms and Canadian indexes had more modest gains because their indexes had minimal exposure to the strong returns delivered by the Information Technology sector. The Fund's performance was bolstered by investments in the RBC European Equity Fund and the RBC O'Shaughnessy U.S. Value Fund.



Recent Developments

The portfolio manager expects bond yields to move higher at a gradual pace, supported by the improving economy and monetary tightening. Meanwhile, earnings have been coming through and analysts are optimistic that the trend can persist. U.S. corporate-tax cuts could provide an additional boost to profits. Against this backdrop, equities continue to offer modest total-return potential.

Effective January 1, 2018, the specified percentages will be reduced as follows: from 1.55% to 1.00% for Series A units; and from 0.90% to 0.80% for Series D units.

Effective January 1, 2018, the management fees will be reduced as follows: from 0.70% to 0.65% for Series F 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.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	12.06	0.27	(0.19)	0.34	(0.19)	0.23	(0.04)	(0.03)	(0.30)	—	(0.37)	11.93
Dec. 31, 2016	12.09	0.33	(0.20)	0.19	(0.04)	0.28	(0.08)	(0.05)	(0.18)	—	(0.31)	12.06
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
Series D												
Dec. 31, 2017	12.07	0.27	(0.11)	0.34	(0.19)	0.31	(0.08)	(0.08)	(0.30)	—	(0.46)	11.93
Dec. 31, 2016	12.10	0.33	(0.11)	0.19	(0.06)	0.35	(0.14)	(0.08)	(0.18)	—	(0.40)	12.07
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
Series F												
Dec. 31, 2017	9.69	0.22	(0.08)	0.27	(0.17)	0.24	(0.07)	(0.07)	(0.24)	—	(0.38)	9.58
Dec. 31, 2016 ³	10.00 [†]	0.13	(0.04)	0.08	(0.28)	(0.11)	(0.13)	(0.07)	(0.15)	—	(0.35)	9.69

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 4, 2016.

[†] 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, 2017	11.93	875 704	73 402	1.62	1.62	30.11	0.01
Dec. 31, 2016	12.06	854 453	70 847	1.62	1.62	8.44	0.02
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
Series D							
Dec. 31, 2017	11.93	4 976	417	0.94	0.94	30.11	0.01
Dec. 31, 2016	12.07	4 369	362	0.94	0.94	8.44	0.02
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
Series F							
Dec. 31, 2017	9.58	7 088	740	0.86	0.86	30.11	0.01
Dec. 31, 2016 ⁴	9.69	1 982	205	0.86	0.86	8.44	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 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 4, 2016.

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 management fee payable in respect of each of Series A and Series D units 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 of these 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 Specified Percentage for Series A units is 1.55% and Series D units is 0.90%.

The management fee payable to RBC GAM in respect of Series F units of the Fund is a fixed fee and the MER of Series F units comprises the management fee, administration fee, taxes, other fund costs and any fees and expenses of the underlying funds.

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%
Series F	0.70%	—	100%

* Management fees for Series A and Series D units represent the actual average management fee rate for the period ended December 31, 2017.

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

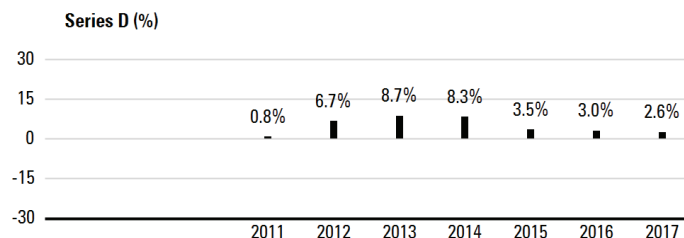
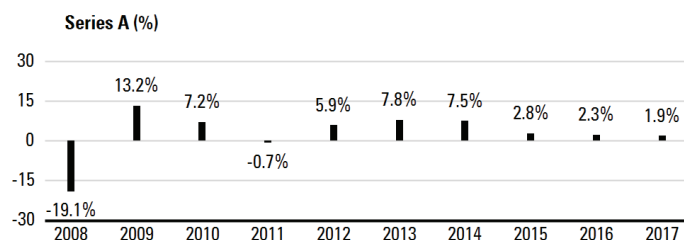


PAST PERFORMANCE

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, 2017, compared with the following benchmarks:

Benchmark 1 – FTSE TMX Canada Universe Bond Index

Benchmark 2 – S&P/TSX Capped Composite Total Return Index

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A	1.9	2.4	4.4	2.5	—
Benchmark 1	2.5	2.6	3.0	4.7	—
Benchmark 2	9.1	6.6	8.6	4.7	—
Series D	2.6	3.1	5.2	—	5.4
Benchmark 1	2.5	2.6	3.0	—	3.3
Benchmark 2	9.1	6.6	8.6	—	8.0
Series F	2.7	—	—	—	2.1
Benchmark 1	2.5	—	—	—	-0.1
Benchmark 2	9.1	—	—	—	12.2

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.

Series F units have been available for sale to unitholders since July 4, 2016, and Series D units 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.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Income Funds	85.3
United States Equity Funds	5.2
Canadian Equity Funds	5.2
International Equity Funds	3.9
Cash/Other	0.4

Top 25 Holdings*

	% of Net Asset Value
RBC Canadian Short-Term Income Fund	35.8
RBC Global Bond Fund	15.0
RBC Bond Fund	14.2
RBC Canadian Money Market Fund	12.2
Phillips, Hager & North Short Term Bond & Mortgage Fund	5.0
Phillips, Hager & North Total Return Bond Fund	3.0
RBC Canadian Equity Fund	2.5
RBC European Equity Fund	2.0
RBC O'Shaughnessy U.S. Value Fund	1.4
RBC Canadian Dividend Fund	1.3
RBC QUBE Low Volatility Canadian Equity Fund	1.3
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	1.0
RBC Private U.S. Large-Cap Core Equity Pool	1.0
RBC U.S. Equity Fund	1.0
RBC Emerging Markets Equity Fund	0.9
RBC U.S. Mid-Cap Growth Equity Fund	0.8
RBC Asia Pacific ex-Japan Equity Fund	0.6
Cash & Cash Equivalents	0.6
RBC Japanese Equity Fund	0.4
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, 2017

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 8, 2018.

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 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. 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$1.2 billion as of December 31, 2017, from \$1.0 billion at the end of 2016. The increase was due to a combination of net inflows and investment returns.

Over the past year, the Fund's Series A units gained 6.3%. The fixed-income benchmark rose 2.5% and the equity benchmark rose 9.1%. 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 economic growth surged to the highest in seven years in 2017 thanks to a confluence of factors. The expansion was highly synchronized, encompassing the bulk of developed and many emerging-market nations. In the U.S., measures of confidence and risk appetite were robust, benefiting from the macroeconomic strength and helping to sustain it. Economic growth in the Eurozone and Japan continued to impress with a persistence that would have been hard to fathom several years ago. Canadian growth was unexpectedly brisk, prompting the Bank of Canada to raise interest rates twice during the year, even as investors worried about Canadians' high household debts and the future of the North American Free Trade Agreement.

Bonds issued by national governments ended 2017 with modest returns as inflation remained subdued and most major central banks extended bond-buying programs aimed at holding down interest rates. Yields moved generally lower in the first eight months of the year due to escalating tension between the U.S. and North Korea and continued skepticism about the Trump administration's ability to enact its pro-growth policies. However, government-bond yields reversed higher in September as investors began anticipating efforts by central banks to scale back monetary stimulus and the likelihood of U.S. tax cuts increased. Canadian bonds underperformed U.S. fixed income given the faster-than-expected domestic growth. Returns benefited from exposure to the RBC Bond Fund and the Phillips, Hager & North Total Return Bond Fund.

Stock markets rose in most of the world during 2017, driven by the tailwinds of rising corporate profits and the continued environment of relatively low global interest rates. Among the strongest-performing indexes were Japan, which benefited from the impact of structural reforms, and emerging markets, bolstered by a handful of technology stocks having large market capitalizations. In the U.S., equities were aided by expectations that the Republican-controlled Congress would work with President Trump to pass corporate and personal-income tax cuts, a hope that came to fruition at year end. European markets in local-currency terms and Canadian indexes had more modest gains because their indexes had minimal exposure to the strong returns delivered by the Information Technology sector. The Fund's performance was bolstered by investments in the RBC European Equity Fund and the RBC O'Shaughnessy U.S. Value Fund.



Recent Developments

The portfolio manager expects bond yields to move higher at a gradual pace, supported by the improving economy and monetary tightening. Meanwhile, earnings have been coming through and analysts are optimistic that the trend can persist. U.S. corporate-tax cuts could provide an additional boost to profits. Against this backdrop, equities continue to offer modest total-return potential.

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. 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	10.35	0.28	(0.19)	0.33	0.23	0.65	—	(0.09)	(0.27)	—	(0.36)	10.64
Dec. 31, 2016	10.15	0.29	(0.19)	0.15	0.21	0.46	(0.01)	(0.10)	(0.14)	—	(0.25)	10.35
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
Series D												
Dec. 31, 2017	10.33	0.28	(0.11)	0.33	0.23	0.73	(0.01)	(0.17)	(0.27)	—	(0.45)	10.62
Dec. 31, 2016	10.13	0.29	(0.11)	0.15	0.24	0.57	(0.01)	(0.18)	(0.15)	—	(0.34)	10.33
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
Series F												
Dec. 31, 2017	9.98	0.27	(0.10)	0.32	0.21	0.70	(0.01)	(0.17)	(0.27)	—	(0.45)	10.26
Dec. 31, 2016 ³	10.00 [†]	0.13	(0.05)	0.07	(0.02)	0.13	(0.01)	(0.18)	(0.14)	—	(0.33)	9.98

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 4, 2016.

[†] 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, 2017	10.64	1 181 530	111 024	1.83	1.83	8.90	0.04
Dec. 31, 2016	10.35	992 711	95 923	1.83	1.83	8.99	0.05
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
Series D							
Dec. 31, 2017	10.62	9 397	885	1.05	1.05	8.90	0.04
Dec. 31, 2016	10.33	7 161	693	1.05	1.05	8.99	0.05
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
Series F							
Dec. 31, 2017	10.26	12 709	1 239	0.95	0.95	8.90	0.04
Dec. 31, 2016 ⁴	9.98	3 129	313	0.96	0.96	8.99	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 July 4, 2016.

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 management fee payable in respect of each of Series A and Series D units 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 of these 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 Specified Percentage for Series A units is 1.75% and Series D units is 1.00%.

The management fee payable to RBC GAM in respect of Series F units of the Fund is a fixed fee and the MER of Series F units comprises the management fee, administration fee, taxes, other fund costs and any fees and expenses of the underlying funds.

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%
Series F	0.80%	—	100%

* Management fees for Series A and Series D units represent the actual average management fee rate for the period ended December 31, 2017.

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

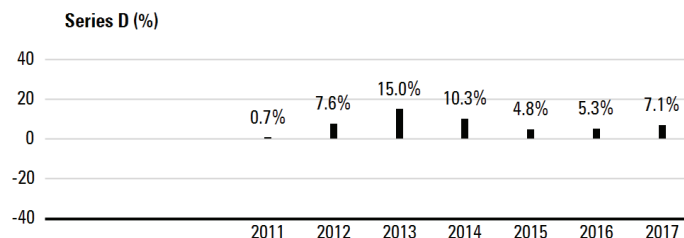
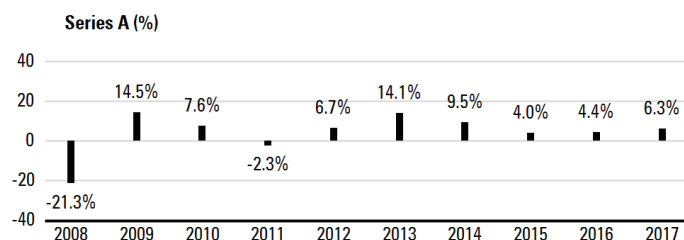


PAST PERFORMANCE

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, 2017, 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	6.3	4.9	7.6	3.8	—
Benchmark 1	2.5	2.6	3.0	4.7	—
Benchmark 2	9.1	6.6	8.6	4.7	—
Series D	7.1	5.7	8.4	—	8.2
Benchmark 1	2.5	2.6	3.0	—	3.3
Benchmark 2	9.1	6.6	8.6	—	8.0
Series F	7.2	—	—	—	7.0
Benchmark 1	2.5	—	—	—	-0.1
Benchmark 2	9.1	—	—	—	12.2

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.

Series F units have been available for sale to unitholders since July 4, 2016, and Series D units 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.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Income Funds	57.8
United States Equity Funds	15.3
Canadian Equity Funds	15.0
International Equity Funds	11.5
Cash/Other	0.4

Top 25 Holdings*

	% of Net Asset Value
RBC Bond Fund	33.3
Phillips, Hager & North Total Return Bond Fund	9.9
RBC Canadian Short-Term Income Fund	8.6
RBC Canadian Equity Fund	7.5
RBC European Equity Fund	6.0
RBC O'Shaughnessy U.S. Value Fund	3.8
RBC Canadian Dividend Fund	3.8
RBC QUBE Low Volatility Canadian Equity Fund	3.7
RBC Private U.S. Large-Cap Core Equity Pool	3.1
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	3.1
RBC U.S. Equity Fund	3.0
RBC Global Bond Fund	3.0
RBC High Yield Bond Fund	2.9
RBC Emerging Markets Equity Fund	2.4
RBC U.S. Mid-Cap Growth Equity Fund	2.3
RBC Asia Pacific ex-Japan Equity Fund	1.8
RBC Japanese Equity Fund	1.3
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 2030 EDUCATION FUND

December 31, 2017

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 8, 2018.

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. 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$655 million as of December 31, 2017, from \$429 million at the end of 2016. The increase was due mostly to net inflows.

Over the past year, the Fund's Series A units gained 9.3%. The fixed-income benchmark rose 2.5% and the equity benchmark rose 9.1%. 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 economic growth surged to the highest in seven years in 2017 thanks to a confluence of factors. The expansion was highly synchronized, encompassing the bulk of developed and many emerging-market nations. In the U.S., measures of confidence and risk appetite were robust, benefiting from the macroeconomic strength and helping to sustain it. Economic growth in the Eurozone and Japan continued to impress with a persistence that would have been hard to fathom several years ago. Canadian growth was unexpectedly brisk, prompting the Bank of Canada to raise interest rates twice during the year, even as investors worried about Canadians' high household debts and the future of the North American Free Trade Agreement.

Bonds issued by national governments ended 2017 with modest returns as inflation remained subdued and most major central banks extended bond-buying programs aimed at holding down interest rates. Yields moved generally lower in the first eight months of the year due to escalating tension between the U.S. and North Korea and continued skepticism about the Trump administration's ability to enact its pro-growth policies. However, government-bond yields reversed higher in September as investors began anticipating efforts by central banks to scale back monetary stimulus and the likelihood of U.S. tax cuts increased. Canadian bonds underperformed U.S. fixed income given the faster-than-expected domestic growth. Returns benefited from exposure to the RBC Bond Fund and the RBC High Yield Bond Fund.

Stock markets rose in most of the world during 2017, driven by the tailwinds of rising corporate profits and the continued environment of relatively low global interest rates. Among the strongest-performing indexes were Japan, which benefited from the impact of structural reforms, and emerging markets, bolstered by a handful of technology stocks having large market capitalizations. In the U.S., equities were aided by expectations that the Republican-controlled Congress would work with President Trump to pass corporate and personal-income tax cuts, a hope that came to fruition at year end. European markets in local-currency terms and Canadian indexes had more modest gains because their indexes had minimal exposure to the strong returns delivered by the Information Technology sector. The Fund's performance was bolstered by investments in the RBC European Equity Fund and the RBC Canadian Equity Fund.



Recent Developments

The portfolio manager expects bond yields to move higher at a gradual pace, supported by the improving economy and monetary tightening. Meanwhile, earnings have been coming through and analysts are optimistic that the trend can persist. U.S. corporate-tax cuts could provide an additional boost to profits. Against this backdrop, equities continue to offer modest total-return potential.

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.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	12.57	0.36	(0.25)	0.43	0.62	1.16	—	(0.11)	(0.33)	—	(0.44)	13.30
Dec. 31, 2016	12.06	0.37	(0.23)	0.12	0.55	0.81	(0.01)	(0.11)	(0.11)	—	(0.23)	12.57
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
Series D												
Dec. 31, 2017	12.64	0.37	(0.15)	0.43	0.60	1.25	—	(0.21)	(0.34)	—	(0.55)	13.38
Dec. 31, 2016	12.13	0.37	(0.14)	0.12	0.57	0.92	(0.01)	(0.21)	(0.11)	—	(0.33)	12.64
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
Series F												
Dec. 31, 2017	10.23	0.29	(0.11)	0.34	0.60	1.12	—	(0.19)	(0.27)	—	(0.46)	10.82
Dec. 31, 2016 ³	10.00 [†]	0.13	(0.05)	0.04	0.18	0.30	(0.01)	(0.19)	(0.09)	—	(0.29)	10.23

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

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

³ From July 4, 2016.

[†] 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, 2017	13.30	641 165	48 205	1.94	1.94	5.08	0.06
Dec. 31, 2016	12.57	422 147	33 587	1.93	1.93	5.53	0.08
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
Series D							
Dec. 31, 2017	13.38	8 952	669	1.16	1.16	5.08	0.06
Dec. 31, 2016	12.64	5 488	434	1.16	1.16	5.53	0.08
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
Series F							
Dec. 31, 2017	10.82	4 869	450	1.02	1.02	5.08	0.06
Dec. 31, 2016 ⁴	10.23	871	85	1.04	1.04	5.53	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. 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 4, 2016.

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 management fee payable in respect of each of Series A and Series D units 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 of these 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 Specified Percentage for Series A units is 1.85% and Series D units is 1.10%.

The management fee payable to RBC GAM in respect of Series F units of the Fund is a fixed fee and the MER of Series F units comprises the management fee, administration fee, taxes, other fund costs and any fees and expenses of the underlying funds.

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	1.67%	56%	44%
Series D	0.96%	23%	77%
Series F	0.85%	—	100%

* Management fees for Series A and Series D units represent the actual average management fee rate for the period ended December 31, 2017.

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

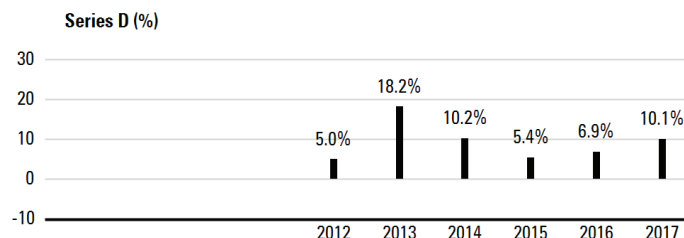
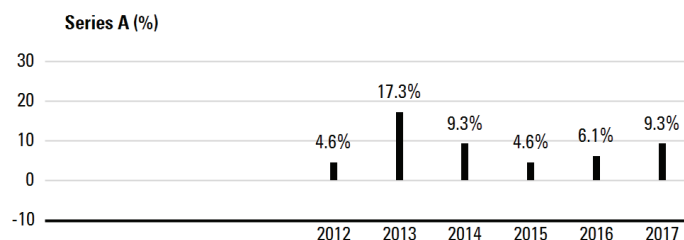


PAST PERFORMANCE

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, 2017, 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	9.3	6.6	9.2	—	9.3
Benchmark 1	2.5	2.6	3.0	—	2.9
Benchmark 2	9.1	6.6	8.6	—	9.5
Series D	10.1	7.5	10.1	—	10.1
Benchmark 1	2.5	2.6	3.0	—	2.9
Benchmark 2	9.1	6.6	8.6	—	9.5
Series F	10.3	—	—	—	10.5
Benchmark 1	2.5	—	—	—	-0.1
Benchmark 2	9.1	—	—	—	12.2

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.

Series F units have been available for sale to unitholders since July 4, 2016, and Series A and Series D units 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.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Income Funds	35.8
Canadian Equity Funds	22.9
United States Equity Funds	22.8
International Equity Funds	18.0
Cash/Other	0.5

Top 25 Holdings*

	% of Net Asset Value
RBC Bond Fund	20.0
RBC Canadian Equity Fund	11.1
RBC High Yield Bond Fund	10.7
RBC European Equity Fund	9.2
RBC Private U.S. Large-Cap Core Equity Pool	5.1
RBC U.S. Equity Fund	5.1
Phillips, Hager & North Total Return Bond Fund	5.0
RBC Canadian Dividend Fund	5.0
RBC U.S. Mid-Cap Growth Equity Fund	4.3
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	4.2
RBC O'Shaughnessy U.S. Value Fund	4.1
RBC QUBE Low Volatility Canadian Equity Fund	3.8
RBC Emerging Markets Equity Fund	3.6
RBC Asia Pacific ex-Japan Equity Fund	3.1
Phillips, Hager & North Canadian Growth Fund	3.0
RBC Japanese Equity Fund	2.1
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 2035 EDUCATION FUND

December 31, 2017

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 8, 2018.

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 2035. 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 2035 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 2035, any investments in stock and fixed-income funds will be shifted to money-market 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 was launched on August 28, 2017, and its net asset value was \$12 million as of December 31, 2017. Performance data is not available for funds that are less than one year old.

Recent Developments

The portfolio manager expects bond yields to move higher at a gradual pace, supported by the improving economy and monetary tightening. Meanwhile, earnings have been coming through and analysts are optimistic that the trend can persist. U.S. corporate-tax cuts could provide an additional boost to profits. Against this backdrop, equities continue to offer modest total-return potential.

Effective January 1, 2025, the specified percentage will decline to 1.55% for Series A units and 1.05% for Series D units.

Effective January 1, 2030, the specified percentage will decline to 1.45% for Series A units and 0.95% for Series D units.

Effective January 1, 2033, the specified percentage will decline to 0.90% 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. 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017³	10.00[†]	0.30	(0.08)	0.59	(0.34)	0.47	(0.01)	(0.11)	(0.29)	—	(0.41)	10.22
Series D												
Dec. 31, 2017³	10.00[†]	0.41	(0.05)	0.81	(0.65)	0.52	(0.01)	(0.21)	(0.30)	—	(0.52)	10.14
Series F												
Dec. 31, 2017³	10.00[†]	0.56	(0.04)	1.10	(1.02)	0.60	(0.01)	(0.24)	(0.30)	—	(0.55)	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 August 28, 2017.

[†] 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, 2017⁴	10.22	11 570	1 132	2.19	2.22	n/a	0.07
Series D							
Dec. 31, 2017⁴	10.14	332	33	1.37	1.40	n/a	0.07
Series F							
Dec. 31, 2017⁴	10.12	307	30	1.06	1.09	n/a	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 August 28, 2017.



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%
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

Investment performance in respect of a fund that has been available for less than one year is not provided. Series A, Series D and Series F units of this Fund were launched on August 28, 2017.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Canadian Equity Funds	25.9
United States Equity Funds	25.8
Income Funds	24.2
International Equity Funds	20.8
Cash/Other	3.3

Top 25 Holdings*

	% of Net Asset Value
RBC High Yield Bond Fund	14.5
RBC Canadian Equity Fund	12.4
RBC European Equity Fund	10.4
RBC Bond Fund	9.7
RBC Private U.S. Large-Cap Core Equity Pool	5.7
RBC U.S. Equity Fund	5.7
RBC Canadian Dividend Fund	5.2
RBC U.S. Mid-Cap Growth Equity Fund	5.2
Phillips, Hager & North Canadian Growth Fund	5.2
RBC O'Shaughnessy U.S. Value Fund	5.2
RBC Emerging Markets Equity Fund	4.2
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	4.0
RBC Asia Pacific ex-Japan Equity Fund	3.7
Cash & Cash Equivalents	3.3
RBC QUBE Low Volatility Canadian Equity Fund	3.1
RBC Japanese Equity Fund	2.5
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.



CANADIAN EQUITY FUND

RBC CANADIAN DIVIDEND FUND

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$18.8 billion as of December 31, 2017, from \$17.5 billion at the end of 2016. The increase was due to investment returns, partially offset by net redemptions.

Over the past year, the Fund's Series A units gained 7.6%, which underperformed the 9.1% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

The Canadian stock market lagged most other major equity markets during 2017. The index was held back by the Energy sector, appreciation in the Canadian dollar and concern that the economy lacks a growth driver to offset the slowing housing market. Furthermore, market sentiment continued to be hurt by ongoing uncertainty regarding the North American Free Trade Agreement.

The Bank of Canada (the "BOC") surprised markets this year by shifting to a hawkish stance, hiking rates twice on the back of strong economic growth. However, the Canadian economy is not without risks. In addition to housing concerns, items that may impact Canada's competitiveness include U.S. protectionism, increasing taxes, tougher labour laws, stricter environmental standards, rising electricity costs and persistently low oil prices.

During the year, the Fund's relative performance was boosted by the Financials and Utilities sectors, while Industrials had a negative impact.

The Fund benefited from strong security selection and an overweight allocation to the Financials sector, with bank stocks producing strong returns during the latter part of the year. Bank shares are now trading slightly above their historical average, boosted in part by the BOC's more hawkish rate outlook.

In the Utilities sector, the portfolio manager produced positive relative returns, due to strong security selection and an overweight allocation. In particular, the Fund's overweight position in Brookfield Infrastructure Partners boosted returns as the stock benefited from a strong organic growth profile.

Conversely, the Fund's underweight allocation and security selection in the Industrials sector was the largest detractor from returns. The Fund's lack of exposure to Waste Connections had a negative impact on relative returns.

Recent Developments

Global stock markets continue to be supported by the synchronized global expansion and better-than-expected corporate profit growth around the world, but the recent rally has pushed equities closer to fair value. It may be prudent to lower total-return expectations and consider the potential for higher volatility in the months ahead. Without support from rising valuations, further gains in stocks will likely be paced by corporate profit growth.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$1,006,000 (2016 – \$418,000) or 22% (2016 – 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, 2017	68.49	2.11	(1.23)	1.88	2.35	5.11	—	(0.71)	—	—	(0.71)	72.96
Dec. 31, 2016	58.12	2.09	(1.10)	2.03	8.06	11.08	—	(0.86)	—	—	(0.86)	68.49
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
Advisor Series												
Dec. 31, 2017	68.91	2.13	(1.24)	1.89	2.39	5.17	—	(0.71)	—	—	(0.71)	73.41
Dec. 31, 2016	58.47	2.11	(1.10)	2.04	8.24	11.29	—	(0.86)	—	—	(0.86)	68.91
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
Advisor T5 Series												
Dec. 31, 2017	63.53	2.13	(1.24)	1.89	2.02	4.80	—	(0.61)	—	(2.56)	(3.17)	65.01
Dec. 31, 2016	55.78	2.11	(1.10)	2.04	8.37	11.42	—	(0.92)	—	(1.87)	(2.79)	63.53
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, 2017	59.23	1.79	(1.06)	1.60	2.15	4.48	—	(0.60)	—	(2.36)	(2.96)	60.61
Dec. 31, 2016	52.00	1.84	(0.98)	1.78	7.31	9.95	—	(0.88)	—	(1.72)	(2.60)	59.23
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
Series T8												
Dec. 31, 2017	10.73	0.32	(0.19)	0.29	0.36	0.78	—	(0.11)	—	(0.75)	(0.86)	10.65
Dec. 31, 2016	9.70	0.34	(0.18)	0.33	1.28	1.77	—	(0.16)	—	(0.61)	(0.77)	10.73
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
Series D												
Dec. 31, 2017	68.55	2.12	(0.73)	1.89	2.40	5.68	—	(1.17)	—	—	(1.17)	73.06
Dec. 31, 2016	58.20	2.10	(0.70)	2.03	8.23	11.66	—	(1.29)	—	—	(1.29)	68.55
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



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, 2017	70.54	2.18	(0.56)	1.94	2.89	6.45	—	(1.41)	—	—	(1.41)	75.17
Dec. 31, 2016	59.89	2.18	(0.54)	2.11	9.27	13.02	—	(1.52)	—	—	(1.52)	70.54
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
Series FT5												
Dec. 31, 2017	66.25	2.00	(0.52)	1.79	3.11	6.38	—	(1.19)	—	(2.12)	(3.31)	68.50
Dec. 31, 2016	57.63	2.07	(0.52)	2.00	8.99	12.54	—	(1.43)	—	(1.45)	(2.88)	66.25
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 FT8												
Dec. 31, 2017	10.75	0.32	(0.09)	0.29	0.42	0.94	—	(0.21)	—	(0.65)	(0.86)	10.78
Dec. 31, 2016 ⁴	10.06 [†]	0.17	(0.04)	0.17	0.80	1.10	—	(0.11)	—	(0.31)	(0.42)	10.75
Series I												
Dec. 31, 2017	69.27	2.14	(0.36)	1.91	2.35	6.04	—	(1.58)	—	—	(1.58)	73.82
Dec. 31, 2016	58.80	2.08	(0.31)	2.01	8.29	12.07	—	(1.69)	—	—	(1.69)	69.27
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
Series O												
Dec. 31, 2017	69.84	2.16	(0.02)	1.92	2.48	6.54	—	(1.95)	—	—	(1.95)	74.41
Dec. 31, 2016	59.33	2.14	(0.01)	2.07	8.36	12.56	—	(2.08)	—	—	(2.08)	69.84
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

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 4, 2016.

[†] 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, 2017	72.96	10 700 074	146 666	1.76	1.76	14.26	0.03
Dec. 31, 2016	68.49	10 743 946	156 870	1.76	1.76	13.16	0.03
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



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
Advisor Series							
Dec. 31, 2017	73.41	195 933	2 669	1.76	1.76	14.26	0.03
Dec. 31, 2016	68.91	185 720	2 695	1.76	1.76	13.16	0.03
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
Advisor T5 Series							
Dec. 31, 2017	65.01	2 646	41	1.79	1.79	14.26	0.03
Dec. 31, 2016	63.53	2 252	35	1.79	1.79	13.16	0.03
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
Series T5							
Dec. 31, 2017	60.61	14 650	242	1.78	1.78	14.26	0.03
Dec. 31, 2016	59.23	10 695	181	1.78	1.78	13.16	0.03
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
Series T8							
Dec. 31, 2017	10.65	114 561	10 760	1.78	1.78	14.26	0.03
Dec. 31, 2016	10.73	104 268	9 714	1.79	1.79	13.16	0.03
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
Series D							
Dec. 31, 2017	73.06	707 172	9 680	1.05	1.05	14.26	0.03
Dec. 31, 2016	68.55	633 384	9 240	1.12 ⁵	1.12	13.16	0.03
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
Series F							
Dec. 31, 2017	75.17	1 235 540	16 438	0.77	0.77	14.26	0.03
Dec. 31, 2016	70.54	591 601	8 387	0.83 ⁵	0.83	13.16	0.03
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
Series FT5							
Dec. 31, 2017	68.50	9 749	142	0.78	0.78	14.26	0.03
Dec. 31, 2016	66.25	1 970	30	0.84 ⁵	0.84	13.16	0.03
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 FT8							
Dec. 31, 2017	10.78	10 143	941	0.78	0.78	14.26	0.03
Dec. 31, 2016 ⁶	10.75	6 268	583	0.84	0.84	13.16	0.03
Series I							
Dec. 31, 2017	73.82	32 709	443	0.50	0.50	14.26	0.03
Dec. 31, 2016	69.27	36 235	523	0.51	0.51	13.16	0.03
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



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, 2017	74.41	5 805 031	78 018	0.02	0.02	14.26	0.03
Dec. 31, 2016	69.84	5 210 089	74 600	0.02	0.02	13.16	0.03
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

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 Effective June 30, 2016, the management fees were changed in respect of Series D, Series F and Series FT5 units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series D – 1.05%, Series F – 0.77% and Series FT5 – 0.79%.

⁶ From July 4, 2016.

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	0.85%	25%	75%
Series F	0.60%	—	100%
Series FT5	0.60%	—	100%
Series FT8	0.60%	—	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.

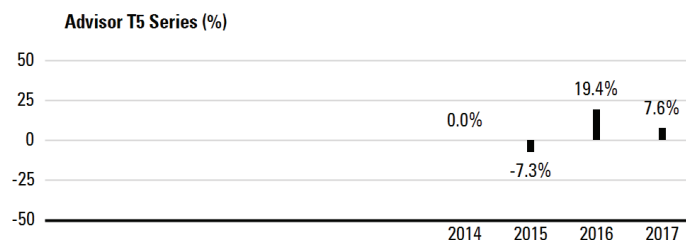
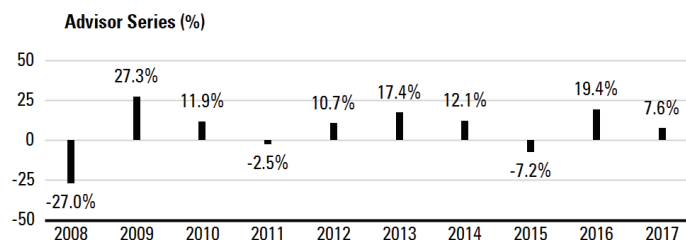
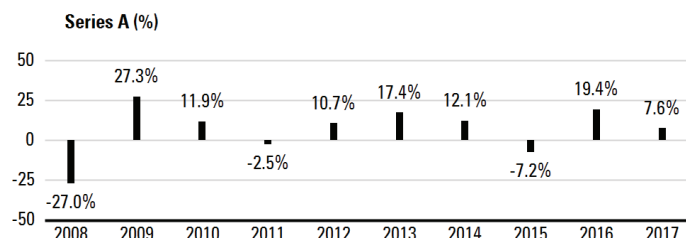


PAST PERFORMANCE

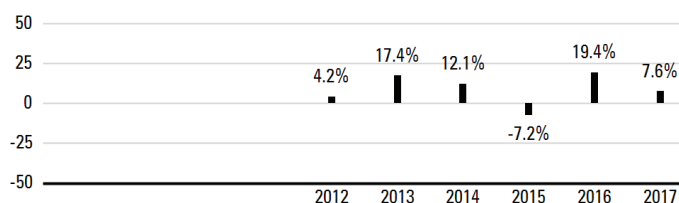
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional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

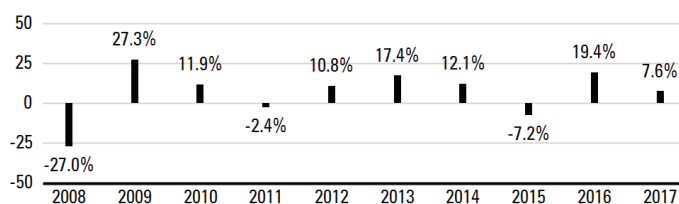
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



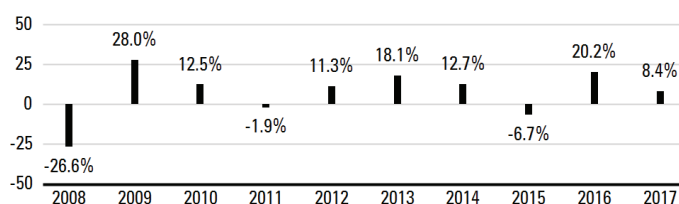
Series T5 (%)



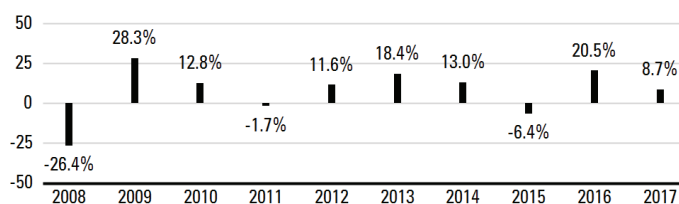
Series T8 (%)



Series D (%)



Series F (%)

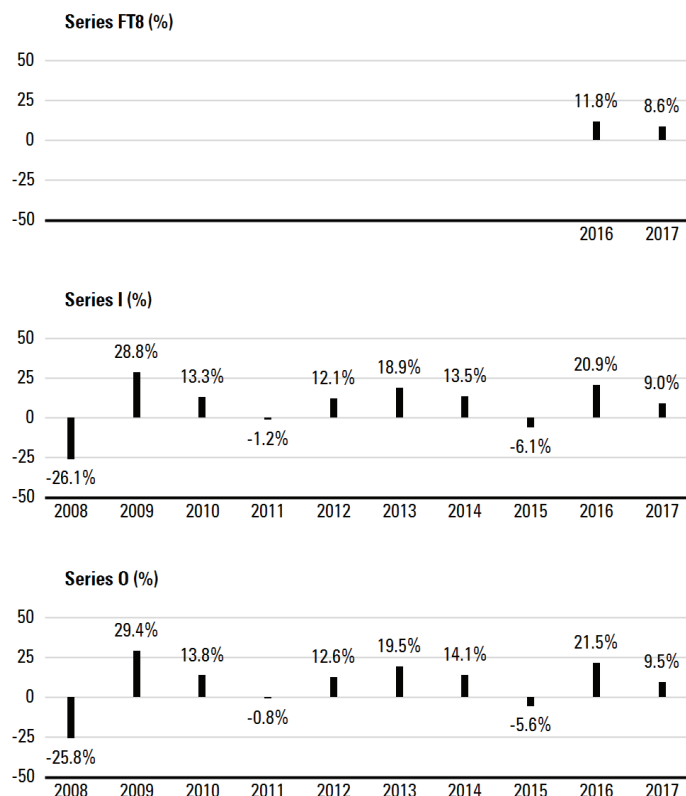


Series FT5 (%)





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, 2017, 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	7.6	6.0	9.4	5.8	—
Benchmark	9.1	6.6	8.6	4.7	—
Advisor Series	7.6	6.0	9.4	5.8	—
Benchmark	9.1	6.6	8.6	4.7	—
Advisor T5 Series	7.6	6.0	—	—	5.3
Benchmark	9.1	6.6	—	—	4.9
Series T5	7.6	6.0	9.4	—	9.8
Benchmark	9.1	6.6	8.6	—	8.6
Series T8	7.6	6.0	9.4	5.8	—
Benchmark	9.1	6.6	8.6	4.7	—
Series D	8.4	6.7	10.1	6.4	—
Benchmark	9.1	6.6	8.6	4.7	—
Series F	8.7	7.0	10.4	6.7	—
Benchmark	9.1	6.6	8.6	4.7	—
Series FT5	8.7	7.0	—	—	6.3
Benchmark	9.1	6.6	—	—	4.9
Series FT8	8.6	—	—	—	13.9
Benchmark	9.1	—	—	—	12.2
Series I	9.0	7.4	10.8	7.1	—
Benchmark	9.1	6.6	8.6	4.7	—
Series O	9.5	7.9	11.3	7.7	—
Benchmark	9.1	6.6	8.6	4.7	—

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

Series FT8 units have been available for sale to unitholders since July 4, 2016, Advisor T5 Series and Series FT5 units since August 11, 2014, and Series T5 units since September 24, 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, 2017

Investment Mix

	% of Net Asset Value
Financials	43.7
Energy	20.1
Industrials	8.3
Utilities	4.7
Telecommunication Services	4.3
Consumer Staples	4.0
Consumer Discretionary	3.3
Materials	3.3
Real Estate	2.8
Health Care	0.7
Bonds	0.4
Information Technology	0.2
Cash/Other	4.2

Top 25 Holdings

	% of Net Asset Value
Royal Bank of Canada	8.2
Toronto-Dominion Bank	7.2
Bank of Nova Scotia	6.1
Canadian National Railway Co.	4.8
Brookfield Asset Management Inc., Class A	4.2
Cash & Cash Equivalents	4.0
Bank of Montreal	3.8
Canadian Imperial Bank of Commerce	3.2
Enbridge Inc.	3.1
TransCanada Corp.	2.9
Manulife Financial Corporation	2.8
Canadian Natural Resources Ltd.	2.7
Suncor Energy Inc.	2.5
Canadian Pacific Railway Ltd.	2.0
TELUS Corp.	1.8
Loblaw Companies Ltd.	1.7
Sun Life Financial Inc.	1.7
PrairieSky Royalty Ltd.	1.5
Power Corporation of Canada	1.5
Enbridge Inc., Restricted April 7, 2018	1.4
BCE Inc.	1.3
Imperial Oil Ltd.	1.3
Thomson Corp.	1.3
Pembina Pipeline Corp.	1.2
Rogers Communications Inc., Class B	1.2
Top 25 Holdings	73.4

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.



CANADIAN EQUITY FUND

RBC CANADIAN EQUITY FUND

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value was \$2.5 billion as of December 31, 2017, unchanged from the end of 2016.

Over the past year, the Fund's Series A units gained 6.7%, which underperformed the 9.1% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

The Canadian stock market lagged most other major equity markets during 2017. The index was held back by the Energy sector, appreciation in the Canadian dollar and concern that the economy lacks a growth driver to offset the slowing housing market. Furthermore, market sentiment continues to be hurt by ongoing uncertainty regarding the North American Free Trade Agreement.

The Bank of Canada surprised markets this year by shifting to a hawkish stance, hiking rates twice on the back of strong economic growth. However, the Canadian economy is not without risks. In addition to housing concerns, items that may impact Canada's competitiveness include U.S. protectionism, increasing taxes, tougher labour laws, stricter environmental standards, rising electricity costs and persistently low oil prices.

During the year, the Fund's relative performance was boosted by the Utilities and Information Technology sectors, while Consumer Discretionary had a negative impact.

In the Utilities sector, security selection and an overweight allocation to the sector aided returns. In particular, an overweight position in Brookfield Infrastructure Partners helped performance as the stock had a strong year supported by acquisitions and growth projects.

Security selection in the Information Technology sector contributed to relative returns in 2017, with the Fund's position in Shopify being one of the primary contributors in the sector.

The Consumer Discretionary sector rose overall in 2017. However, traditional retailers have been under pressure as consumers shift towards purchasing items online and for experiences rather than material goods. The Fund's exposure to Aritzia weighed on relative returns.

Recent Developments

Global stock markets continue to be supported by the synchronized global expansion and better-than-expected corporate profit growth around the world, but the recent rally has pushed equities closer to fair value. It may be prudent to lower total-return expectations and consider the potential for higher volatility in the months ahead. Without support from rising valuations, further gains in stocks will likely be paced by corporate profit growth.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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 and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$233,000 (2016 – \$135,000) or 11% (2016 – 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		
Series A												
Dec. 31, 2017	24.78	0.66	(0.48)	2.08	(0.65)	1.61	—	(0.09)	(1.86)	—	(1.95)	24.48
Dec. 31, 2016	20.82	0.65	(0.44)	1.01	2.83	4.05	—	(0.15)	—	—	(0.15)	24.78
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
Advisor Series												
Dec. 31, 2017	24.92	0.67	(0.47)	2.10	(0.68)	1.62	—	(0.09)	(1.86)	—	(1.95)	24.63
Dec. 31, 2016	20.93	0.66	(0.44)	1.02	2.91	4.15	—	(0.15)	—	—	(0.15)	24.92
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
Series T5												
Dec. 31, 2017 ³	24.97 [†]	0.55	(0.38)	1.74	0.04	1.95	(0.02)	(0.08)	(2.06)	—	(2.16)	24.24
Series D												
Dec. 31, 2017	25.40	0.68	(0.27)	2.14	(0.65)	1.90	—	(0.32)	(1.91)	—	(2.23)	25.09
Dec. 31, 2016	21.35	0.67	(0.26)	1.04	2.93	4.38	—	(0.36)	—	—	(0.36)	25.40
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
Series F												
Dec. 31, 2017	27.57	0.75	(0.22)	2.34	(0.47)	2.40	—	(0.43)	(2.08)	—	(2.51)	27.22
Dec. 31, 2016	23.17	0.74	(0.21)	1.14	3.45	5.12	—	(0.47)	—	—	(0.47)	27.57
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
Series FT5												
Dec. 31, 2017 ³	27.83 [†]	0.62	(0.17)	1.95	1.61	4.01	(0.02)	(0.30)	(2.34)	—	(2.66)	27.03
Series I												
Dec. 31, 2017	27.70	0.75	(0.07)	2.35	(0.70)	2.33	—	(0.60)	(2.10)	—	(2.70)	27.32
Dec. 31, 2016	23.26	0.74	(0.06)	1.14	3.24	5.06	—	(0.62)	—	—	(0.62)	27.70
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



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, 2017	22.90	0.62	(0.01)	1.94	(0.52)	2.03	—	(0.57)	(1.75)	—	(2.32)	22.56
Dec. 31, 2016	19.24	0.61	—	0.94	2.69	4.24	—	(0.58)	—	—	(0.58)	22.90
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

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 15, 2017.

[†] 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, 2017	24.48	1 741 919	71 173	1.89	1.89	40.35	0.10
Dec. 31, 2016	24.78	1 865 207	75 277	1.97 ⁴	1.97	23.57	0.07
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
Advisor Series							
Dec. 31, 2017	24.63	15 671	636	1.87	1.87	40.35	0.10
Dec. 31, 2016	24.92	15 951	640	1.95 ⁴	1.95	23.57	0.07
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
Series T5							
Dec. 31, 2017⁵	24.24	22	1	1.79	1.79	40.35	0.10
Series D							
Dec. 31, 2017	25.09	126 564	5 045	1.05	1.05	40.35	0.10
Dec. 31, 2016	25.40	124 611	4 905	1.13 ⁴	1.13	23.57	0.07
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
Series F							
Dec. 31, 2017	27.22	116 721	4 289	0.77	0.77	40.35	0.10
Dec. 31, 2016	27.57	54 289	1 969	0.83 ⁴	0.83	23.57	0.07
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
Series FT5							
Dec. 31, 2017⁵	27.03	20	1	0.74	0.74	40.35	0.10



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, 2017	27.32	188 503	6 899	0.25	0.25	40.35	0.10
Dec. 31, 2016	27.70	173 538	6 266	0.25	0.25	23.57	0.07
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
Series O							
Dec. 31, 2017	22.56	303 603	13 458	0.02	0.02	40.35	0.10
Dec. 31, 2016	22.90	284 049	12 403	0.02	0.02	23.57	0.07
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

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 Effective June 30, 2016, the management fees were changed in respect of Series A, Advisor Series, Series D and Series F units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 1.89%, Advisor Series – 1.87%, Series D – 1.05% and Series F – 0.77%.

⁵ From February 15, 2017.

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	1.60%	66%	34%
Advisor Series	1.60%	66%	34%
Series T5	1.60%	63%	37%
Series D	0.85%	25%	75%
Series F	0.60%	—	100%
Series FT5	0.60%	—	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.

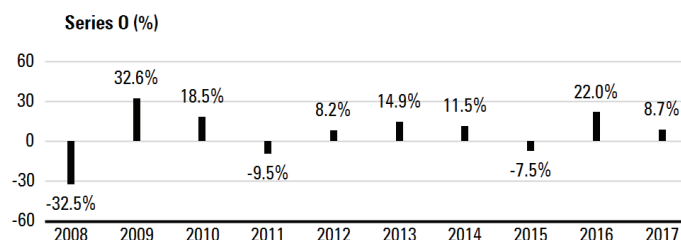
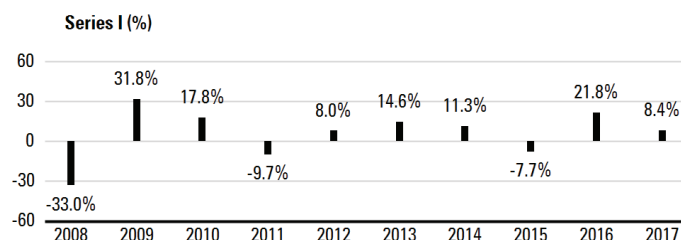
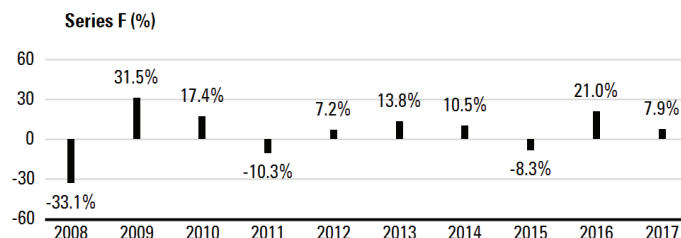
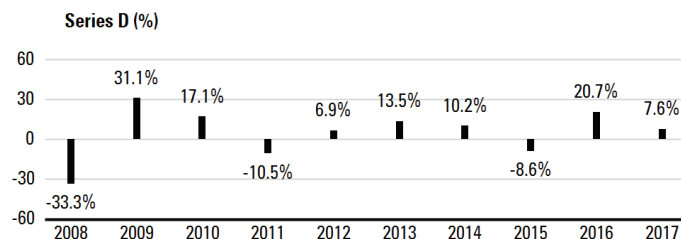
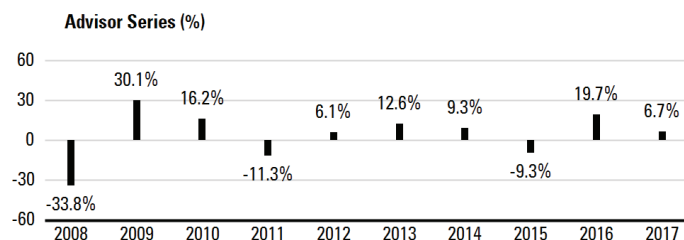
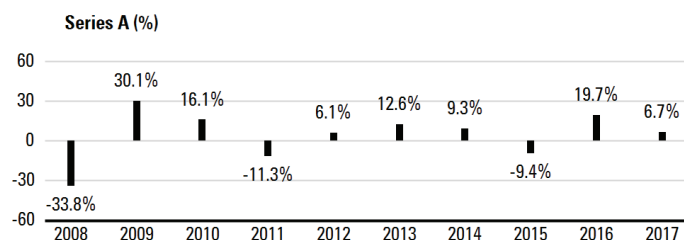


PAST PERFORMANCE

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, 2017, 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	6.7	5.0	7.3	3.0	—
Benchmark	9.1	6.6	8.6	4.7	—
Advisor Series	6.7	5.0	7.3	3.0	—
Benchmark	9.1	6.6	8.6	4.7	—
Series T5	—	—	—	—	5.9
Benchmark	—	—	—	—	7.5
Series D	7.6	5.9	8.2	3.8	—
Benchmark	9.1	6.6	8.6	4.7	—
Series F	7.9	6.2	8.5	4.1	—
Benchmark	9.1	6.6	8.6	4.7	—
Series FT5	—	—	—	—	6.9
Benchmark	—	—	—	—	7.5
Series I	8.4	6.8	9.2	4.7	—
Benchmark	9.1	6.6	8.6	4.7	—
Series O	8.7	7.0	9.5	5.0	—
Benchmark	9.1	6.6	8.6	4.7	—

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

Series T5 and Series FT5 units have been available for sale to unitholders since February 15, 2017.

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, 2017

Investment Mix

	% of Net Asset Value
Financials	29.9
Energy	19.0
Industrials	9.4
Materials	8.5
Utilities	5.2
Consumer Staples	4.6
Real Estate	4.4
Investment Funds	4.2
Consumer Discretionary	4.1
Telecommunication Services	3.4
Information Technology	3.4
Health Care	2.3
Cash/Other	1.6

Top 25 Holdings

	% of Net Asset Value
Royal Bank of Canada	6.0
Toronto-Dominion Bank	5.3
Enbridge Inc.	4.4
RBC Canadian Small & Mid-Cap Resources Fund	4.2
Bank of Nova Scotia	3.8
Canadian National Railway Co.	3.3
Suncor Energy Inc.	3.2
Manulife Financial Corporation	2.9
Canadian Natural Resources Ltd.	2.7
Brookfield Asset Management Inc., Class A	2.4
Bank of Montreal	2.4
Alimentation Couche-Tard Inc.	2.2
Canadian Imperial Bank of Commerce	2.1
Sun Life Financial Inc.	2.0
TransCanada Corp.	2.0
BCE Inc.	1.9
Canadian Pacific Railway Ltd.	1.8
Cash & Cash Equivalents	1.5
Potash Corporation of Saskatchewan Inc.	1.4
SNC-Lavalin Group Inc.	1.4
CGI Group Inc., Class A	1.3
Keyera Corp.	1.2
Agrium Inc.	1.1
Loblaw Companies Ltd.	1.0
Pembina Pipeline Corp.	1.0
Top 25 Holdings	62.5

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

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, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$1.5 billion as of December 31, 2017, from \$1.2 billion at the end of 2016. The increase was due to a combination of net inflows and investment returns.

Over the past year, the Fund's Series O units gained 9.6%, which outperformed the 9.1% 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 Canadian equity market, as measured by the S&P/TSX Capped Composite Index, surged to record highs to close out 2017. Ten out of the 11 industry sectors posted gains during the year, with Energy being the only one to decline. A rise in oil prices in the latter half of 2017 muted some of the sector's negative impact. The Financials, Consumer Discretionary and Industrials sectors contributed the most to index returns after a slow start to the year, offsetting mid-year worries related to surging home prices and consumer debt.

In the Materials sector, a position in Barrick Gold held back the Fund's returns over the year. The Financials sector was the biggest detractor from performance, with positions in Royal Bank of Canada and Canadian Imperial Bank of Commerce having a large negative impact.

In the Consumer Discretionary sector, the Fund's overweight position in Dollarama added significantly to returns. The Fund's underexposure to the Energy sector also benefited performance.

Portfolio turnover was high for the Fund given the portfolio manager's model-driven investment process.

Recent Developments

Economic momentum in developed and emerging markets has shown little sign of slowing, and low inflation and accommodative monetary policies remain supportive. Synchronized global growth continues to be led by the U.S., whose central bank will likely continue with interest-rate hikes in 2018. Recently enacted U.S. tax cuts have the potential to maintain corporate earnings momentum. A steady and sustained expansion continues globally but political tensions remain a risk on the horizon.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$358,000 (2016 – \$406,000) or 18% (2016 – 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 Year/Period
		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, 2017	11.29	0.35	—	0.07	0.69	1.11	(0.01)	(0.30)	(0.02)	—	(0.33)	12.04
Dec. 31, 2016	9.94	0.34	—	0.20	1.18	1.72	(0.01)	(0.32)	(0.02)	—	(0.35)	11.29
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, 2017	12.04	1 499 149	124 496	0.02	0.02	96.25	0.15
Dec. 31, 2016	11.29	1 240 909	109 932	0.02	0.02	128.50	0.20
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.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

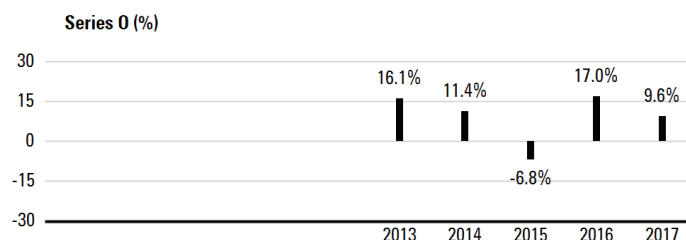
RBC GAM is the manager, trustee and portfolio manager of the Fund. No management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

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 each series of the Fund and for each of the periods indicated ended on December 31, 2017, 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 O	9.6	6.1	—	—	10.2
Benchmark	9.1	6.6	—	—	10.2

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

Series O 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, 2017

Investment Mix

	% of Net Asset Value
Financials	33.4
Energy	17.2
Materials	12.7
Industrials	9.7
Consumer Discretionary	7.2
Telecommunication Services	7.0
Utilities	4.3
Information Technology	2.6
Consumer Staples	2.0
Real Estate	1.9
Health Care	1.6
Cash/Other	0.4

Top 25 Holdings

	% of Net Asset Value
Royal Bank of Canada	8.0
Toronto-Dominion Bank	7.2
Canadian National Railway Co.	5.4
Suncor Energy Inc.	5.4
Bank of Nova Scotia	4.8
Manulife Financial Corporation	3.4
Rogers Communications Inc., Class B	3.0
National Bank of Canada	2.7
Magna International Inc., Class A	2.5
Dollarama Inc.	2.4
Constellation Software Inc.	2.4
Bank of Montreal	2.2
BCE Inc.	2.1
TELUS Corp.	2.0
Canadian Natural Resources Ltd.	1.9
Methanex Corp.	1.9
Enbridge Inc.	1.8
Inter Pipeline Ltd.	1.7
Atco Ltd., Class I, Non-Voting	1.2
AltaGas Ltd.	1.2
Parex Resources Inc.	1.2
Teck Resources Ltd., Class B	1.2
Air Canada	1.2
Barrick Gold Corp.	1.0
Capital Power Corp.	1.0
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.



CANADIAN EQUITY FUND

**RBC QUBE LOW VOLATILITY
CANADIAN EQUITY FUND**

December 31, 2017

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 8, 2018.

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 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund's risk rating changed from medium to low-to-medium.

Results of Operations

The Fund's net asset value rose to \$2.1 billion as of December 31, 2017, from \$1.7 billion at the end of 2016. The increase was due to a combination of net inflows and investment returns.

Over the past year, the Fund's Series A units gained 6.3%, which underperformed the 9.1% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

The Canadian equity market, as measured by the S&P/TSX Capped Composite Index, surged to record highs to close out 2017. Ten out of the 11 industry sectors posted gains during the year, with Energy being the only one to decline. A rise in oil prices in the latter half of 2017 muted some of the sector's negative impact. The Financials, Consumer Discretionary and Industrials sectors contributed the most to index returns after a slow start to the year, offsetting mid-year worries related to surging home prices and consumer debt.

In the Consumer Discretionary sector, a position in Cineplex held back the Fund's returns over the year. The Energy sector was the biggest detractor from performance, with positions in Peyto Exploration & Development and Imperial Oil having a large negative impact during the period.

In the Industrials sector, the Fund's overweight position in CAE Inc. and Toromont Industries added significantly to returns. Positions in the Financials sector also aided performance, with contributions from Royal Bank of Canada and Bank of Nova Scotia.

Recent Developments

Economic momentum in developed and emerging markets has shown little sign of slowing, and low inflation and accommodative monetary policies remain supportive. Synchronized global growth continues to be led by the U.S., whose central bank will likely continue with interest-rate hikes in 2018. U.S. tax cuts have the potential to maintain corporate earnings momentum. A steady and sustained expansion continues globally but political tensions remain a risk on the horizon.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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 and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$196,000 (2016 – \$265,000) or 22% (2016 – 26%) 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, 2017	13.25	0.42	(0.26)	0.55	0.11	0.82	—	(0.12)	(0.36)	—	(0.48)	13.60
Dec. 31, 2016	12.09	0.42	(0.25)	0.63	0.78	1.58	(0.02)	(0.14)	(0.40)	—	(0.56)	13.25
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
Advisor Series												
Dec. 31, 2017	13.18	0.42	(0.25)	0.55	0.11	0.83	—	(0.12)	(0.36)	—	(0.48)	13.53
Dec. 31, 2016	12.02	0.42	(0.25)	0.62	0.71	1.50	(0.02)	(0.14)	(0.40)	—	(0.56)	13.18
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
Series T5												
Dec. 31, 2017	13.21	0.42	(0.25)	0.54	0.10	0.81	(0.01)	(0.13)	(0.38)	(0.14)	(0.66)	13.36
Dec. 31, 2016 ³	11.62 [†]	0.38	(0.24)	0.56	0.46	1.16	(0.02)	(0.11)	(0.44)	—	(0.57)	13.21
Series D												
Dec. 31, 2017	13.37	0.43	(0.14)	0.56	0.10	0.95	(0.01)	(0.23)	(0.37)	—	(0.61)	13.72
Dec. 31, 2016	12.20	0.43	(0.15)	0.64	0.82	1.74	(0.04)	(0.24)	(0.40)	—	(0.68)	13.37
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
Series F												
Dec. 31, 2017	13.13	0.42	(0.10)	0.54	0.15	1.01	(0.01)	(0.27)	(0.36)	—	(0.64)	13.48
Dec. 31, 2016	11.98	0.42	(0.11)	0.62	0.67	1.60	(0.04)	(0.27)	(0.40)	—	(0.71)	13.13
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
Series FT5												
Dec. 31, 2017	13.26	0.40	(0.10)	0.52	0.52	1.34	(0.02)	(0.25)	(0.58)	—	(0.85)	13.39
Dec. 31, 2016 ³	11.53 [†]	0.38	(0.10)	0.56	0.99	1.83	(0.03)	(0.20)	(0.32)	—	(0.55)	13.26



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, 2017	14.29	0.46	—	0.60	0.15	1.21	(0.02)	(0.39)	(0.40)	—	(0.81)	14.66
Dec. 31, 2016	13.03	0.47	—	0.69	1.01	2.17	(0.06)	(0.39)	(0.43)	—	(0.88)	14.29
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

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 25, 2016.

[†] 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, 2017	13.60	145 765	10 719	1.88	1.88	48.12	0.05
Dec. 31, 2016	13.25	116 093	8 764	1.94 ⁴	1.94	60.40	0.06
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
Advisor Series							
Dec. 31, 2017	13.53	22 192	1 640	1.85	1.85	48.12	0.05
Dec. 31, 2016	13.18	20 037	1 520	1.87 ⁴	1.87	60.40	0.06
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
Series T5							
Dec. 31, 2017	13.36	922	69	1.89	1.89	48.12	0.05
Dec. 31, 2016 ⁵	13.21	851	64	1.94 ⁴	1.94	60.40	0.06
Series D							
Dec. 31, 2017	13.72	34 613	2 523	1.03	1.03	48.12	0.05
Dec. 31, 2016	13.37	29 197	2 184	1.09 ⁴	1.09	60.40	0.06
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
Series F							
Dec. 31, 2017	13.48	78 772	5 846	0.77	0.77	48.12	0.05
Dec. 31, 2016	13.13	39 892	3 038	0.79 ⁴	0.79	60.40	0.06
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



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, 2017	13.39	1 224	91	0.77	0.77	48.12	0.05
Dec. 31, 2016 ⁵	13.26	180	14	0.79 ⁴	0.79	60.40	0.06
Series O							
Dec. 31, 2017	14.66	1 814 944	123 831	0.02	0.02	48.12	0.05
Dec. 31, 2016	14.29	1 533 387	107 305	0.02	0.02	60.40	0.06
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

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 Effective June 30, 2016, the management fees were changed in respect of Series A, Advisor Series, Series T5, Series D, Series F and Series FT5 units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 1.88%, Advisor Series – 1.82%, Series T5 – 1.92%, Series D – 1.03%, Series F – 0.76% and Series FT5 – 0.79%.

⁵ From January 25, 2016.

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	1.60%	57%	43%
Advisor Series	1.60%	57%	43%
Series T5	1.60%	63%	37%
Series D	0.85%	25%	75%
Series F	0.60%	–	100%
Series FT5	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.

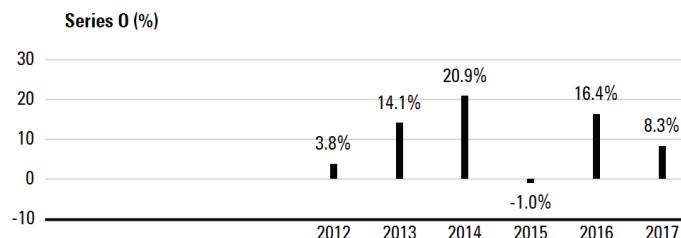
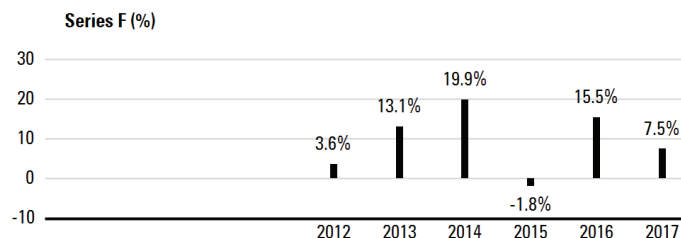
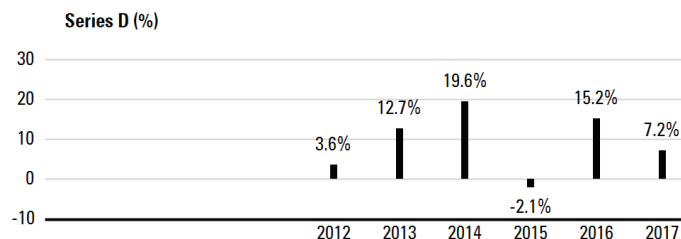
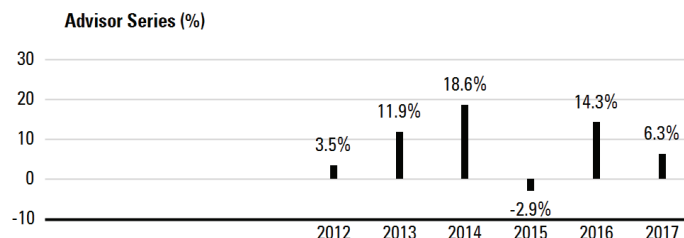
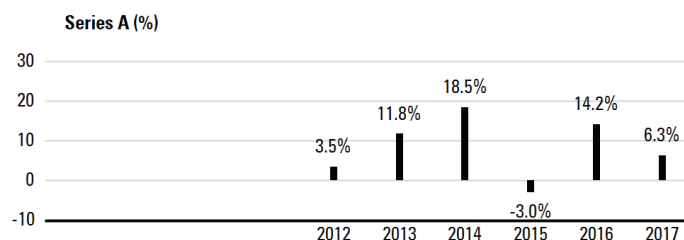


PAST PERFORMANCE

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, 2017, 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	6.3	5.6	9.3	—	9.8
Benchmark	9.1	6.6	8.6	—	9.2
Advisor Series	6.3	5.7	9.4	—	9.9
Benchmark	9.1	6.6	8.6	—	9.2
Series T5	6.3	—	—	—	12.8
Benchmark	9.1	—	—	—	19.6
Series D	7.2	6.5	10.2	—	10.8
Benchmark	9.1	6.6	8.6	—	9.2
Series F	7.5	6.8	10.6	—	11.1
Benchmark	9.1	6.6	8.6	—	9.2
Series FT5	7.5	—	—	—	14.1
Benchmark	9.1	—	—	—	19.6
Series O	8.3	7.7	11.5	—	12.0
Benchmark	9.1	6.6	8.6	—	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 T5 and Series FT5 units have been available for sale to unitholders since January 25, 2016, 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, 2017

Investment Mix

	% of Net Asset Value
Financials	22.2
Consumer Staples	12.3
Energy	11.4
Utilities	10.3
Real Estate	9.9
Industrials	9.6
Telecommunication Services	9.1
Consumer Discretionary	7.2
Information Technology	4.4
Materials	2.1
Health Care	1.1
Cash/Other	0.4

Top 25 Holdings

	% of Net Asset Value
Royal Bank of Canada	5.0
Bank of Nova Scotia	4.9
Saputo Group Inc.	4.1
Canadian National Railway Co.	4.1
TELUS Corp.	4.0
BCE Inc.	3.9
Imperial Oil Ltd.	3.8
George Weston Ltd.	3.7
Hydro One Ltd.	3.4
Power Financial Corp.	3.4
Constellation Software Inc.	3.3
Bank of Montreal	3.1
RioCan Real Estate Investment Trust	3.0
TransCanada Corp.	3.0
CAE Inc.	3.0
Intact Financial Corp.	2.9
Toronto-Dominion Bank	2.7
Shaw Communications Inc., Class B	2.6
Suncor Energy Inc.	2.5
Metro Inc., Class A	2.3
First Capital Realty Inc.	1.8
H&R Real Estate Investment Trust	1.7
Keyera Corp.	1.7
Maple Leaf Foods Inc.	1.7
Magna International Inc., Class A	1.6
Top 25 Holdings	77.2

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 TREND CANADIAN EQUITY FUND

December 31, 2017

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 8, 2018.

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 and short-term fixed-income securities.

To achieve the Fund's objectives, the portfolio manager uses a systematic quantitative investment model designed to select stocks based on criteria related to their historical price patterns and volatility characteristics. The Fund invests primarily in large-cap Canadian equities although the portfolio manager may take advantage of attractive opportunities in mid-cap and small-cap 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$58 million as of December 31, 2017, from \$19 million at the end of 2016. The increase was due to net inflows.

Over the past year, the Fund's Series A units gained 4.8%, which underperformed the 9.1% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

Global equity markets rallied across the board, with many recording record highs. The strength was supported by a global economic expansion and renewed corporate-profit growth. The S&P/TSX Composite Index was one of the worst-performing developed markets given continued weakness in the Energy sector, a stronger Canadian dollar, uncertainty about the future of the North American Free Trade Agreement and concern about the impact of a slowing housing market.

Stock selection was positive across all sectors in Canada, with the Energy sector underperforming. The largest contributions to performance came from security selection in the Industrials, Consumer Discretionary and Real Estate sectors. Top contributors to the Fund's performance were holdings in Dream Global REIT, Dollarama and Cogeco, while positions in Inter Pipeline, TMX Group and Saputo held back returns.

The Fund's allocation to equities varied over the course of the year but finished marginally higher compared with January 2017. Sector allocations fluctuated during the year, with a notable decrease in Energy, while allocations to Real Estate and Utilities increased.

The number of equity holdings in the portfolio was relatively unchanged from the start of the year, with new purchases largely offset by sales. Notably, the Fund added positions in Altus Group, First Capital Realty, TransAlta and Hydro One, contributing to higher exposure in the Real Estate and Utilities sectors. The Fund also exited several Energy holdings such as Keyera, Enbridge Inc. and Veresen, as overall exposure to the sector decreased relative to the start of the year.

Recent Developments

The recent rally has pushed equities closer to fair value, and without support from rising valuations, continued corporate profit growth will be needed to fuel further gains. Corporate tax cuts in the U.S. are expected to provide an additional boost to profits, but some portion of the anticipated changes has been priced in. Given current valuations, stocks would be vulnerable if earnings underwhelm or if tax reform fails to materialize.

The U.S. Federal Reserve hiked short-term interest rates three times in 2017, and has signalled that it intends to hike a further three times in 2018. The Bank of Canada hiked rates twice in 2017, but has reiterated its caution on rate hikes going forward given the domestic economic headwinds.



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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$6,000 (2016 – \$0) or 10% (2016 – 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, 2017	9.77	0.32	(0.18)	(0.25)	0.55	0.44	—	(0.04)	—	—	(0.04)	10.20
Dec. 31, 2016 ³	10.00 [†]	0.01	(0.02)	—	0.08	0.07	—	—	—	(0.32)	(0.32)	9.77
Advisor Series												
Dec. 31, 2017	9.77	0.31	(0.19)	(0.24)	0.54	0.42	—	(0.03)	—	—	(0.03)	10.20
Dec. 31, 2016 ³	10.00 [†]	—	(0.02)	—	0.04	0.02	—	—	—	(0.32)	(0.32)	9.77
Series D												
Dec. 31, 2017	9.69	0.31	(0.11)	(0.24)	0.54	0.50	—	(0.12)	—	—	(0.12)	10.12
Dec. 31, 2016 ³	10.00 [†]	0.01	(0.01)	—	0.11	0.11	—	—	—	(0.41)	(0.41)	9.69
Series F												
Dec. 31, 2017	9.67	0.29	(0.08)	(0.23)	0.52	0.50	—	(0.15)	—	—	(0.15)	10.10
Dec. 31, 2016 ³	10.00 [†]	—	(0.01)	—	0.09	0.08	—	—	—	(0.43)	(0.43)	9.67
Series O												
Dec. 31, 2017	9.53	0.48	—	(0.38)	1.17	1.27	—	(0.22)	—	—	(0.22)	9.98
Dec. 31, 2016 ⁴	9.94 [†]	1.05	(0.01)	0.04	(0.45)	0.63	—	(0.01)	—	(1.03)	(1.04)	9.53

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

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

³ From November 28, 2016.

⁴ From September 22, 2014. Although Series O units of the Fund were created in September 2014, units were not offered for sale under a simplified prospectus until November 14, 2016.

[†] 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, 2017	10.20	14 833	1 454	1.85	1.85	72.77	0.13
Dec. 31, 2016 ⁴	9.77	10 855	1 111	1.92	1.93	33.14	0.04
Advisor Series							
Dec. 31, 2017	10.20	2 900	284	1.89	1.89	72.77	0.13
Dec. 31, 2016 ⁴	9.77	1 132	116	1.92	1.93	33.14	0.04
Series D							
Dec. 31, 2017	10.12	988	98	1.08	1.08	72.77	0.13
Dec. 31, 2016 ⁴	9.69	544	56	1.07	1.08	33.14	0.04
Series F							
Dec. 31, 2017	10.10	39 021	3 863	0.80	0.80	72.77	0.13
Dec. 31, 2016 ⁴	9.67	5 455	564	0.79	0.80	33.14	0.04
Series O							
Dec. 31, 2017	9.98	1	—	0.04	0.04	72.77	0.13
Dec. 31, 2016 ⁵	9.53	552	58	0.02	0.03	33.14	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.

⁴ From November 28, 2016.

⁵ From September 22, 2014. Although Series O units of the Fund were created in September 2014, units were not offered for sale under a simplified prospectus until November 14, 2016.

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	1.60%	63%	37%
Advisor Series	1.60%	63%	37%
Series D	0.85%	29%	71%
Series F	0.60%	—	100%

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

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

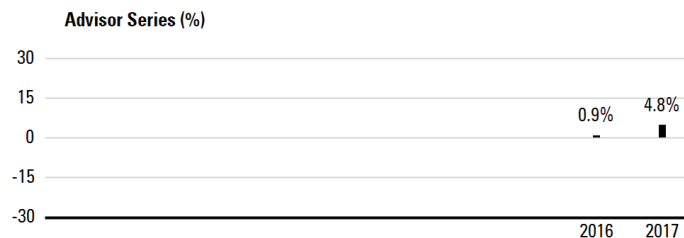


PAST PERFORMANCE

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

Year-by-Year Returns (%)

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





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2017, 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	4.8	—	—	—	5.3
Benchmark	9.1	—	—	—	10.5
Advisor Series	4.8	—	—	—	5.2
Benchmark	9.1	—	—	—	10.5
Series D	5.6	—	—	—	6.1
Benchmark	9.1	—	—	—	10.5
Series F	5.9	—	—	—	6.4
Benchmark	9.1	—	—	—	10.5
Series O	7.0	—	—	—	7.5
Benchmark	9.1	—	—	—	10.5

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 A, Advisor Series, Series D and Series F units have been available for sale to unitholders since November 28, 2016, and Series O units since November 14, 2016.

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, 2017

Investment Mix

	% of Net Asset Value
iShares Core Canadian Short Term Bond Index Fund	22.4
Financials	17.0
Real Estate	12.3
Utilities	10.2
Industrials	9.5
Consumer Discretionary	6.0
Materials	5.3
Energy	4.6
Consumer Staples	3.4
Telecommunication Services	2.8
Information Technology	1.8
Health Care	0.7
Cash/Other	4.0

Top 25 Holdings

	% of Net Asset Value
iShares Core Canadian Short Term Bond Index Fund	22.4
Cash & Cash Equivalents	3.8
Canadian Imperial Bank of Commerce	1.1
National Bank of Canada	1.0
Intact Financial Corp.	1.0
TELUS Corp.	1.0
Crombie Real Estate Investment Trust	1.0
BCE Inc.	1.0
Bank of Montreal	1.0
Toronto-Dominion Bank	1.0
Royal Bank of Canada	1.0
Fortis Inc.	1.0
Canadian Apartment Properties Real Estate Investment Trust	0.9
Emera Inc.	0.9
Power Financial Corp.	0.9
Dream Global Real Estate Investment Trust	0.9
Canadian Real Estate Investment Trust	0.9
TransCanada Corp.	0.9
Pure Industrial Real Estate Investment Trust	0.9
Sun Life Financial Inc.	0.9
Hydro One Ltd.	0.9
Artis Real Estate Investment Trust	0.9
First Capital Realty Inc.	0.9
Great-West Lifeco Inc.	0.9
Bank of Nova Scotia	0.9
Top 25 Holdings	48.0

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 VISION CANADIAN EQUITY FUND

formerly, RBC Jantzi Canadian Equity Fund

December 31, 2017

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 8, 2018.

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 by investing primarily in equity securities of Canadian companies and follows a socially responsible approach to investing. Investments that qualify for inclusion in the Fund must possess strong environmental, social and governance practices relative to industry peers, as defined by Sustainalytics Best-of-Sector™ methodology.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$176 million as of December 31, 2017, from \$39 million at the end of 2016. The increase was due to net inflows.

Over the past year, the Fund's Series A units gained 6.8%, which underperformed the 9.1% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

The Canadian stock market lagged most other major equity markets during 2017. The index was held back by the Energy sector, appreciation in the Canadian dollar and concern that the economy lacks a growth driver to offset the slowing housing market. Furthermore, market sentiment continues to be hurt by ongoing uncertainty regarding the North American Free Trade Agreement.

The Canadian equity market, as measured by the S&P/TSX Capped Composite Index, surged to record highs to close out 2017. Ten out of the 11 industry sectors posted gains during the year, with Energy being the only one to decline. A rise in oil prices in the latter half of 2017 muted some of the sector's negative impact. The Financials, Consumer Discretionary and Industrials sectors contributed the most to index returns after a slow start to the year, offsetting mid-year worries related to surging home prices and consumer debt.

In the Financials sector, a position in Home Capital Group held back the Fund's returns over the year. The Energy sector was the biggest detractor to performance, with positions in Cenovus Energy and Crescent Point Energy having a large negative impact during the period.

In the Consumer Discretionary sector, the Fund's overweight position in Dollarama added significantly to returns. The Fund's holdings in the Utilities sector aided returns, led by Brookfield Infrastructure Partners and Fortis.

Sustainalytics conducted one review covering the Fund's holdings in 2017. Eligibility was determined in relation to the Environmental, Social and Governance ("ESG") criteria developed by RBC GAM in consultation with Sustainalytics. 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, one company was removed from the Fund as it no longer met certain ESG criteria.

Recent Developments

Economic momentum in developed and emerging markets has shown little sign of slowing, and low inflation and accommodative monetary policies remain supportive. Synchronized global growth continues to be led by the U.S., whose central bank will likely continue with interest-rate hikes in 2018. U.S. tax cuts have the potential to maintain corporate earnings momentum. A steady and sustained expansion continues globally but political tensions remain a risk on the horizon.

Effective June 30, 2017, the Phillips, Hager & North Community Values Canadian Equity Fund merged into the Fund and unitholders of the Phillips, Hager & North Community Values Canadian Equity Fund received units of the Fund on a dollar-for-dollar, tax-deferred basis. Effective June 30, 2017, the name of the Fund was changed to RBC Vision Canadian Equity Fund.

Effective June 30, 2017, administration fees were reduced as follows: from 0.15% to 0.10% for Series A 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$3,000 (2016 – \$1,000) or 4% (2016 – 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, 2017	13.26	0.61	(0.26)	0.68	(0.11)	0.92	—	—	(0.18)	—	(0.18)	13.97
Dec. 31, 2016	11.19	0.34	(0.24)	0.08	1.93	2.11	—	(0.06)	—	—	(0.06)	13.26
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
Advisor Series												
Dec. 31, 2017	13.31	0.55	(0.26)	0.61	0.14	1.04	—	(0.01)	(0.18)	—	(0.19)	14.01
Dec. 31, 2016	11.22	0.34	(0.24)	0.08	1.91	2.09	—	(0.06)	—	—	(0.06)	13.31
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
Series D												
Dec. 31, 2017	13.80	0.34	(0.15)	0.38	0.99	1.56	(0.01)	(0.17)	(0.19)	—	(0.37)	14.47
Dec. 31, 2016	11.64	0.36	(0.14)	0.09	1.93	2.24	—	(0.18)	—	—	(0.18)	13.80
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
Series F												
Dec. 31, 2017	13.95	0.50	(0.11)	0.56	0.48	1.43	(0.01)	(0.24)	(0.19)	—	(0.44)	14.61
Dec. 31, 2016	11.78	0.36	(0.11)	0.09	2.10	2.44	—	(0.22)	—	—	(0.22)	13.95
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
Series O												
Dec. 31, 2017 ³	10.00 [†]	0.11	—	0.12	0.59	0.82	(0.01)	(0.31)	(0.13)	—	(0.45)	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 May 19, 2017.

[†] 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, 2017	13.97	33 102	2 369	1.90⁴	1.90	22.44	0.06
Dec. 31, 2016	13.26	29 974	2 261	2.00 ⁵	2.01	20.44	0.05
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
Advisor Series							
Dec. 31, 2017	14.01	5 223	373	1.88	1.88	22.44	0.06
Dec. 31, 2016	13.31	3 731	280	1.95 ⁵	1.96	20.44	0.05
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
Series D							
Dec. 31, 2017	14.47	25 722	1 777	1.05	1.05	22.44	0.06
Dec. 31, 2016	13.80	2 869	208	1.13 ⁵	1.14	20.44	0.05
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
Series F							
Dec. 31, 2017	14.61	6 642	455	0.77	0.77	22.44	0.06
Dec. 31, 2016	13.95	2 349	168	0.85 ⁵	0.86	20.44	0.05
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
Series O							
Dec. 31, 2017⁶	10.02	105 303	10 514	0.02	0.02	22.44	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 Effective June 30, 2017, the administration fees were changed in respect of Series A units of the Fund. If the changes to the administration fees would have been in effect throughout 2017, the adjusted MER for each series of the Fund would be: Series A – 1.87%.

⁵ Effective June 30, 2016, the management fees were changed in respect of Series A, Advisor Series, Series D and Series F units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 1.92%, Advisor Series – 1.87%, Series D – 1.05% and Series F – 0.78%.

⁶ From May 19, 2017.



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	1.60%	66%	34%
Advisor Series	1.60%	66%	34%
Series D	0.85%	25%	75%
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.

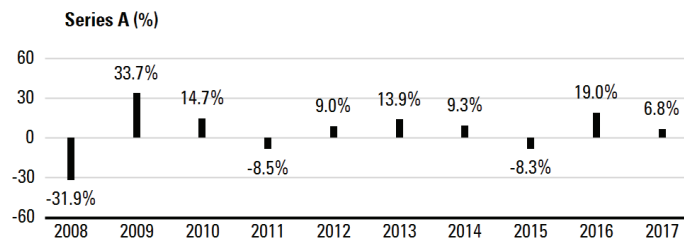
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

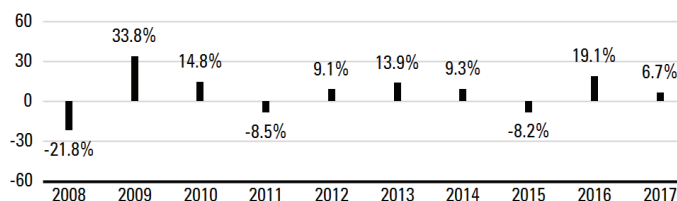
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional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

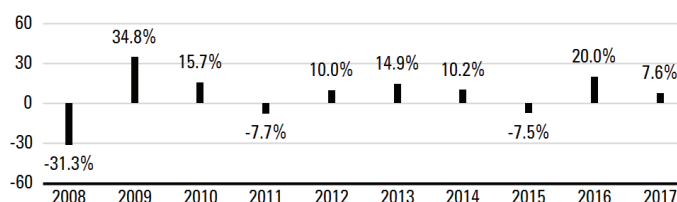
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



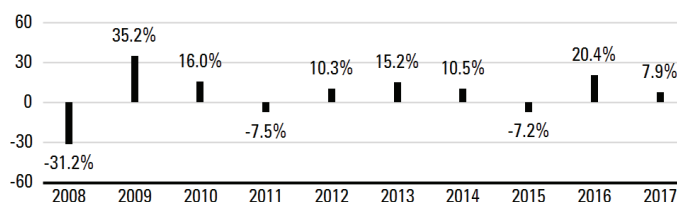
Advisor Series (%)



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, 2017, 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	6.8	5.2	7.7	4.2	—
Benchmark	9.1	6.6	8.6	4.7	—
Advisor Series	6.7	5.3	7.8	—	5.7
Benchmark	9.1	6.6	8.6	—	6.1
Series D	7.6	6.1	8.6	5.1	—
Benchmark	9.1	6.6	8.6	4.7	—
Series F	7.9	6.4	8.9	5.4	—
Benchmark	9.1	6.6	8.6	4.7	—
Series O	—	—	—	—	4.8
Benchmark	—	—	—	—	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.

Series O units have been available for sale to unitholders since May 19, 2017, and Advisor Series units since January 21, 2008.

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, 2017

Investment Mix

	% of Net Asset Value
Financials	38.1
Energy	22.8
Industrials	9.9
Consumer Discretionary	9.0
Materials	8.4
Information Technology	4.7
Real Estate	3.0
Utilities	1.6
Telecommunication Services	0.9
Consumer Staples	0.9
Cash/Other	0.7

Top 25 Holdings

	% of Net Asset Value
Toronto-Dominion Bank	8.1
Royal Bank of Canada	7.4
Enbridge Inc.	5.5
Bank of Nova Scotia	5.2
Brookfield Asset Management Inc., Class A	4.2
Manulife Financial Corporation	3.6
TransCanada Corp.	2.9
Canadian National Railway Co.	2.7
Canadian Imperial Bank of Commerce	2.4
Dollarama Inc.	2.2
Canadian Natural Resources Ltd.	2.2
Bank of Montreal	2.1
CGI Group Inc., Class A	2.1
Waste Connections Inc.	1.9
Open Text Corp.	1.8
Suncor Energy Inc.	1.7
Shaw Communications Inc., Class B	1.7
Encana Corp.	1.6
Quebecor Inc., Class B	1.6
Keyera Corp.	1.4
Canadian Pacific Railway Ltd.	1.4
Tourmaline Oil Corp.	1.4
Seven Generations Energy Ltd.	1.4
ARC Resources Ltd.	1.3
Thomson Corp.	1.3
Top 25 Holdings	69.1

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 INDEX FUND

December 31, 2017

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 8, 2018.

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 currently seeks to provide long-term capital growth by tracking the performance of the FTSE Canada All Cap Domestic Index and investing primarily in equity securities in substantially the same proportion as the index, either directly or indirectly through investment in other mutual funds managed by RBC GAM or an affiliate of RBC GAM.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$784 million as of December 31, 2017, from \$717 million at the end of 2016. The increase was due to investment returns.

Over the past year, the Fund's Series A units gained 8.2%, which underperformed the 8.6% 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.

The S&P/TSX Composite Index comprises about 95% of the market capitalization of Canadian-based, Toronto Stock Exchange-listed companies. The index contained 251 issues as of December 31, 2017.

The three best-performing index sectors were Financials, Industrials and Consumer Discretionary. The three worst-performing index sectors were Energy, Health Care and Consumer Staples.

Recent Developments

The sub-advisor has no recent developments to report.

Effective June 30, 2017, the Fund's investment objective was changed to provide the Fund with the ability to invest in other mutual funds managed by RBC GAM or an affiliate of RBC GAM. The investment strategies of the Fund were amended to reflect a change to the index the Fund tracks from the S&P/TSX Composite Total Return Index to the FTSE Canada All Cap Domestic Index, effective on or about September 15, 2017.

Effective June 30, 2017, management fees were reduced as follows: from 0.40% to 0.05% for Series F units. Also effective June 30, 2017, administration fees were reduced as follows: from 0.15% to 0.10% for Series A 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	28.59	0.83	(0.20)	0.53	1.18	2.34	(0.01)	(0.56)	—	—	(0.57)	30.37
Dec. 31, 2016	24.28	0.79	(0.19)	(0.12)	4.39	4.87	—	(0.57)	—	—	(0.57)	28.59
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
Series F												
Dec. 31, 2017	10.61	0.31	(0.03)	0.20	0.57	1.05	—	(0.27)	—	—	(0.27)	11.25
Dec. 31, 2016 ³	10.00 [†]	0.15	(0.03)	(0.02)	0.80	0.90	—	(0.23)	—	—	(0.23)	10.61

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

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

³ From July 4, 2016.

[†] 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, 2017	30.37	773 029	25 452	0.69⁴	0.69	8.53	0.01
Dec. 31, 2016	28.59	712 717	24 931	0.72	0.72	5.58	—
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
Series F							
Dec. 31, 2017	11.25	11 234	998	0.32⁴	0.32	8.53	0.01
Dec. 31, 2016 ⁵	10.61	3 875	365	0.56	0.56	5.58	—

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.

⁴ Effective June 30, 2017, the management fees were changed in respect of Series F units of the Fund and the administration fees were changed in respect of Series A units of the Fund. If the changes to the management fees and administration fees would have been in effect throughout 2017, the adjusted MER for each series of the Fund would be: Series A – 0.66% and Series F – 0.17%.

⁵ From July 4, 2016.



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	0.50%	20%	80%
Series F	0.05%	—	100%

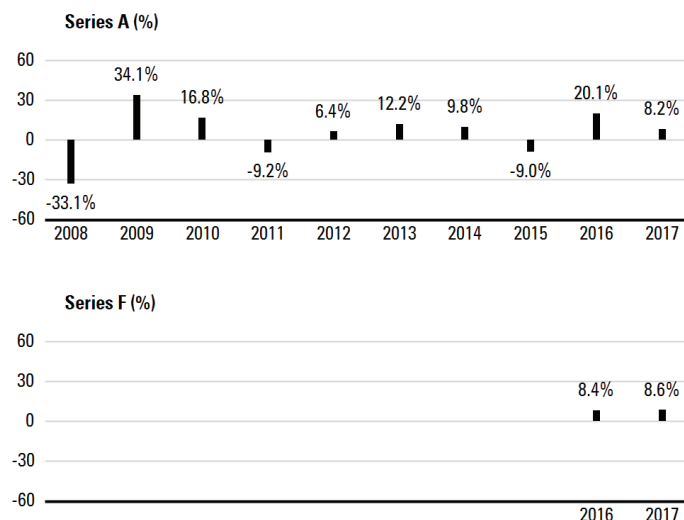
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

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, 2017, compared with the following benchmarks:

The new benchmark (the "New benchmark") is the FTSE Canada All Cap Domestic Index.

The old benchmark (the "Old benchmark") is the S&P/TSX Capped Composite Total Return 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	8.2	5.8	7.8	4.0	—
New benchmark	8.6	6.4	8.4	4.3	—
Old benchmark	9.1	6.6	8.6	4.7	—
Series F	8.6	—	—	—	11.6
New benchmark	8.6	—	—	—	12.0
Old benchmark	9.1	—	—	—	12.2

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 4, 2016.

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

INDEX DESCRIPTIONS

FTSE Canada All Cap Domestic Index This index is a capitalization-weighted measure of the performance of the broad Canadian 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, 2017

Investment Mix

	% of Net Asset Value
Financials	36.2
Energy	20.3
Materials	11.3
Industrials	9.5
Consumer Discretionary	5.3
Telecommunication Services	4.8
Consumer Staples	3.8
Utilities	2.8
Information Technology	2.8
Real Estate	2.3
Health Care	0.6
Cash/Other	0.3

Top 25 Holdings

	% of Net Asset Value
Royal Bank of Canada	7.0
Toronto-Dominion Bank	6.4
Bank of Nova Scotia	4.6
Enbridge Inc.	3.8
Canadian National Railway Co.	3.6
Suncor Energy Inc.	3.6
Bank of Montreal	3.1
Canadian Imperial Bank of Commerce	2.5
Canadian Natural Resources Ltd.	2.5
TransCanada Corp.	2.5
BCE Inc.	2.4
Manulife Financial Corporation	2.4
Brookfield Asset Management Inc., Class A	2.1
Canadian Pacific Railway Ltd.	1.6
Sun Life Financial Inc.	1.5
TELUS Corp.	1.3
Alimentation Couche-Tard Inc.	1.3
Magna International Inc., Class A	1.1
Waste Connections Inc.	1.1
Rogers Communications Inc., Class B	1.1
Pembina Pipeline Corp.	1.1
Potash Corporation of Saskatchewan Inc.	1.0
National Bank of Canada	1.0
Barrick Gold Corp.	1.0
Agrium Inc.	0.9
Top 25 Holdings	60.5

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



CANADIAN EQUITY FUND

**RBC O'SHAUGHNESSY
CANADIAN EQUITY FUND**

December 31, 2017

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 8, 2018.

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 selects securities on the basis of several factors including valuation, momentum and return of capital to shareholders. Valuation is based on a variety of measures, including a company's market capitalization ratios and financial statement metrics. The Fund also selects securities based on momentum which may include six-month total return and nine-month total return. Return of capital to shareholders may include dividends and buybacks. 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value fell to \$713 million as of December 31, 2017, from \$743 million at the end of 2016. The decrease was due to net redemptions, partially offset by investment returns.

Over the past year, the Fund's Series A units gained 8.0%, which underperformed the 9.1% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

U.S. and Canadian stocks rose, but lagged gains in other developed markets as well as emerging markets. The Canadian dollar appreciated in 2017, up roughly 5% relative to the U.S. dollar, with prices for oil and gold both rising during the year.

Underweight allocations to value and momentum were the main contributors to performance. Exposure to companies having financial strength and larger market capitalizations hurt performance. Overweight allocations to growth and an underweight allocation to quality also held back returns.

Sector allocation contributed to performance, while security selection held back returns. An underweight allocation to the Energy sector was the largest positive contributor to returns. Overweight allocations to the Consumer Discretionary and Health Care sectors also contributed to returns. Security selection in the Materials and Real Estate sectors contributed to returns, while security selection was a negative in Industrials, Consumer Discretionary and Health Care. Not owning Cenovus Energy and Enbridge Inc. contributed to relative returns. An allocation to West Fraser Timber also aided returns. Allocations to CRH Medical, High Arctic Energy Services and Callidus Capital hurt the Fund's performance.

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 positive effect on returns during the period.

Recent Developments

The Fund decreased allocations to the Financials sector during 2017 and increased allocations to the Real Estate sector. The sub-advisor believes that stock selection becomes more important when the overall market is more expensive and that portfolios which are very different from the market are more likely to outperform. Following more positive returns, stocks remain expensive relative to history, but have been underpinned by rising profits.



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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$7,000 (2016 – \$20,000) or 1% (2016 – 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, 2017	20.55	0.55	(0.32)	1.37	—	1.60	—	(0.16)	—	—	(0.16)	22.03
Dec. 31, 2016	18.85	0.57	(0.30)	0.89	0.74	1.90	—	(0.24)	—	—	(0.24)	20.55
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
Advisor Series												
Dec. 31, 2017	21.23	0.57	(0.33)	1.41	0.06	1.71	—	(0.18)	—	—	(0.18)	22.76
Dec. 31, 2016	19.45	0.59	(0.31)	0.93	0.85	2.06	—	(0.25)	—	—	(0.25)	21.23
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
Series D												
Dec. 31, 2017	20.75	0.55	(0.26)	1.38	0.04	1.71	(0.01)	(0.23)	—	—	(0.24)	22.24
Dec. 31, 2016	19.03	0.58	(0.24)	0.90	0.78	2.02	—	(0.31)	—	—	(0.31)	20.75
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
Series F												
Dec. 31, 2017	20.56	0.55	(0.20)	1.38	0.25	1.98	(0.01)	(0.30)	—	—	(0.31)	22.04
Dec. 31, 2016	18.85	0.58	(0.19)	0.91	0.73	2.03	—	(0.36)	—	—	(0.36)	20.56
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

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, 2017	22.03	630 355	28 610	1.54	1.54	61.37	0.12
Dec. 31, 2016	20.55	677 605	32 967	1.54	1.54	58.90	0.13
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
Advisor Series							
Dec. 31, 2017	22.76	2 052	90	1.50	1.50	61.37	0.12
Dec. 31, 2016	21.23	2 067	97	1.51	1.51	58.90	0.13
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
Series D							
Dec. 31, 2017	22.24	46 947	2 111	1.21	1.21	61.37	0.12
Dec. 31, 2016	20.75	47 622	2 295	1.21	1.21	58.90	0.13
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
Series F							
Dec. 31, 2017	22.04	33 884	1 538	0.94	0.94	61.37	0.12
Dec. 31, 2016	20.56	15 531	755	0.95	0.95	58.90	0.13
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

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.

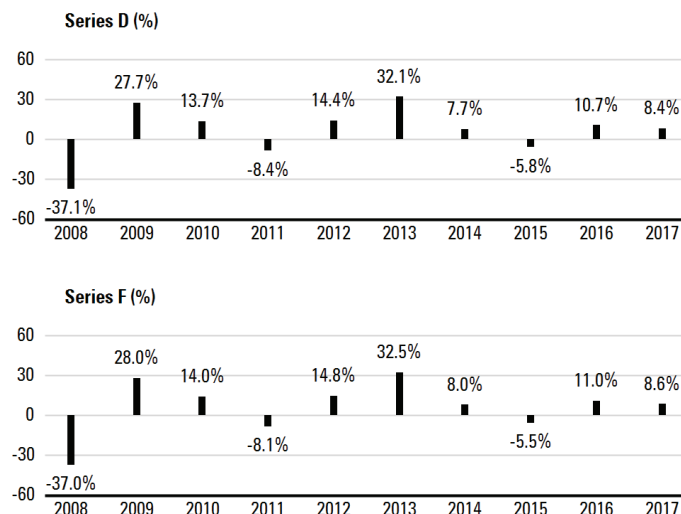
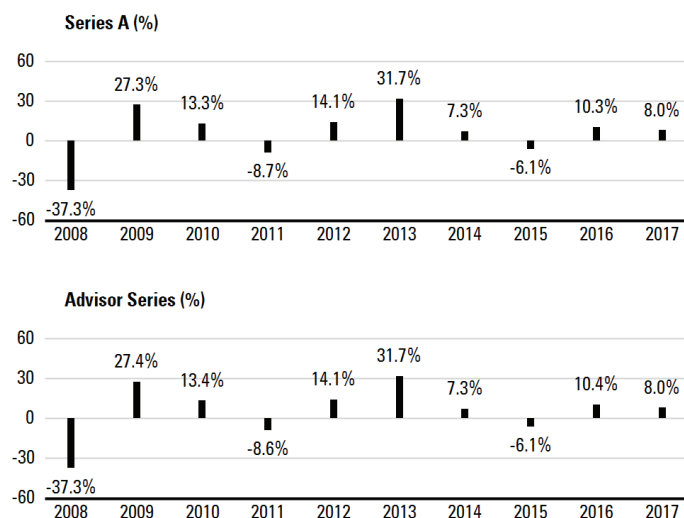


PAST PERFORMANCE

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.



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, 2017, 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	8.0	3.8	9.6	4.1	—
Benchmark	9.1	6.6	8.6	4.7	—
Advisor Series	8.0	3.9	9.6	4.1	—
Benchmark	9.1	6.6	8.6	4.7	—
Series D	8.4	4.2	10.0	4.4	—
Benchmark	9.1	6.6	8.6	4.7	—
Series F	8.6	4.4	10.3	4.7	—
Benchmark	9.1	6.6	8.6	4.7	—

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

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, 2017

Investment Mix

	% of Net Asset Value
Financials	26.4
Materials	16.6
Consumer Discretionary	14.5
Consumer Staples	9.6
Industrials	8.8
Real Estate	5.1
Energy	4.7
Health Care	4.6
Utilities	3.5
Information Technology	3.5
Telecommunication Services	1.1
Foreign Equities	0.2
Cash/Other	1.4

Top 25 Holdings

	% of Net Asset Value
Sun Life Financial Inc.	3.6
Manulife Financial Corporation	3.5
Royal Bank of Canada	3.2
Teck Resources Ltd., Class B	3.2
West Fraser Timber Co. Ltd.	3.1
Toronto-Dominion Bank	2.5
Canadian Tire Corp. Ltd., Class A	2.5
Great-West Lifeco Inc.	2.2
CI Financial Corp.	2.1
Loblaw Companies Ltd.	2.0
Methanex Corp.	1.9
George Weston Ltd.	1.8
Express Scripts Holding Co.	1.6
Air Canada	1.5
Magna International Inc., Class A	1.4
Husky Energy Inc.	1.4
Best Buy Co. Inc.	1.4
Metro Inc., Class A	1.4
BRP Inc.	1.3
Premium Brands Holdings Corp.	1.3
JPMorgan Chase & Co.	1.2
Wal-Mart Stores, Inc.	1.2
Rogers Communications Inc., Class B	1.1
Atco Ltd., Class I, Non-Voting	1.1
Gildan Activewear Inc., Class A	1.1
Top 25 Holdings	48.6

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, 2017

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 8, 2018.

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 selects securities on the basis of several factors including valuation, momentum and return of capital to shareholders. Valuation is based on a variety of measures, including a company's market capitalization ratios and financial statement metrics. The Fund also selects securities based on momentum which may include six-month total return and nine-month total return. Return of capital to shareholders may include dividends and buybacks.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund's risk rating changed from medium-to-high to medium.

Results of Operations

The Fund's net asset value rose to \$537 million as of December 31, 2017, from \$526 million at the end of 2016. The increase was due to investment returns, largely offset by net redemptions.

Over the past year, the Fund's Series A units gained 6.3%, which underperformed the 9.1% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

U.S. and Canadian stocks rose, but lagged gains in other developed markets as well as emerging markets. The Canadian dollar appreciated in 2017, up roughly 5% relative to the U.S. dollar, with prices for oil and gold both rising during the year.

Overweight exposures to value and momentum were the main positive contributors to returns for the period. This was offset by underweight exposure to larger companies, which hurt returns. The Fund's allocation to quality factors also held back performance.

Sector allocation contributed to performance, while security selection held back performance. An underweight allocation to the Energy sector was the main contributor to returns. Additionally, overweight allocations to the Consumer Discretionary and Industrials sectors aided performance. Security selection in the Materials and Consumer Discretionary sectors aided returns while security selection in Industrials and Health Care was a negative. BRP, West Fraser Timber and Martinrea were the largest contributors. CRH Medical, Just Energy Group and Dorel Industries were the holdings with the most negative impact on performance.

Recent Developments

The Fund increased allocations to the Consumer Discretionary sector and decreased allocations to the Consumer Staples sector. The sub-advisor believes that stock selection becomes more important when the overall market is more expensive and that portfolios which are very different from the market are more likely to outperform. Following more positive returns, stocks remain expensive relative to history, but were underpinned by rising profits.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$6,000 (2016 – \$0) or 1% (2016 – 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, 2017	13.64	0.39	(0.25)	0.14	0.56	0.84	—	(0.13)	—	—	(0.13)	14.38
Dec. 31, 2016	12.70	0.44	(0.25)	0.86	0.56	1.61	—	(0.15)	(0.51)	—	(0.66)	13.64
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
Advisor Series												
Dec. 31, 2017	13.71	0.40	(0.25)	0.14	0.54	0.83	—	(0.14)	—	—	(0.14)	14.45
Dec. 31, 2016	12.75	0.44	(0.24)	0.86	0.55	1.61	—	(0.15)	(0.51)	—	(0.66)	13.71
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
Series D												
Dec. 31, 2017	13.93	0.40	(0.17)	0.14	0.57	0.94	—	(0.22)	—	—	(0.22)	14.68
Dec. 31, 2016	12.95	0.45	(0.17)	0.88	0.51	1.67	—	(0.23)	(0.52)	—	(0.75)	13.93
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
Series F												
Dec. 31, 2017	13.91	0.40	(0.13)	0.14	0.65	1.06	—	(0.26)	—	—	(0.26)	14.67
Dec. 31, 2016	12.95	0.45	(0.13)	0.87	0.40	1.59	—	(0.27)	(0.53)	—	(0.80)	13.91
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
Series O												
Dec. 31, 2017	14.60	0.42	—	0.15	0.61	1.18	—	(0.42)	—	—	(0.42)	15.39
Dec. 31, 2016	13.59	0.47	—	0.92	0.58	1.97	—	(0.42)	(0.56)	—	(0.98)	14.60
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

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, 2017	14.38	186 843	12 994	1.81	1.81	65.41	0.13
Dec. 31, 2016	13.64	205 173	15 042	1.82	1.82	65.12	0.16
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
Advisor Series							
Dec. 31, 2017	14.45	5 291	366	1.78	1.78	65.41	0.13
Dec. 31, 2016	13.71	6 262	457	1.78	1.78	65.12	0.16
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
Series D							
Dec. 31, 2017	14.68	22 670	1 545	1.21	1.21	65.41	0.13
Dec. 31, 2016	13.93	24 320	1 746	1.21	1.21	65.12	0.16
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
Series F							
Dec. 31, 2017	14.67	18 912	1 289	0.94	0.94	65.41	0.13
Dec. 31, 2016	13.91	12 273	882	0.94	0.94	65.12	0.16
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
Series O							
Dec. 31, 2017	15.39	303 433	19 722	0.02	0.02	65.41	0.13
Dec. 31, 2016	14.60	277 960	19 044	0.02	0.02	65.12	0.16
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

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.

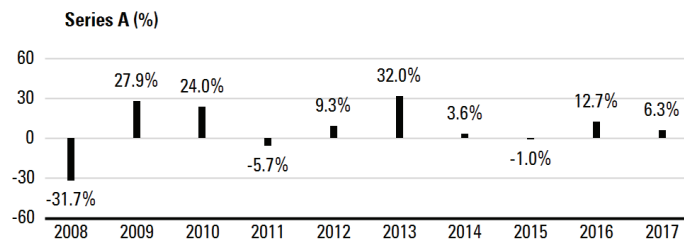
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

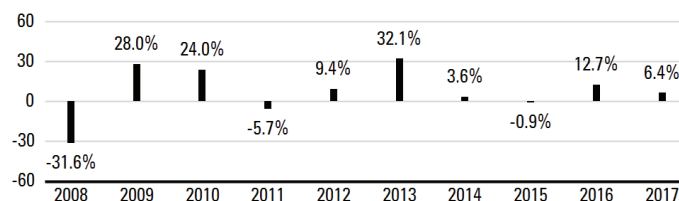
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional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

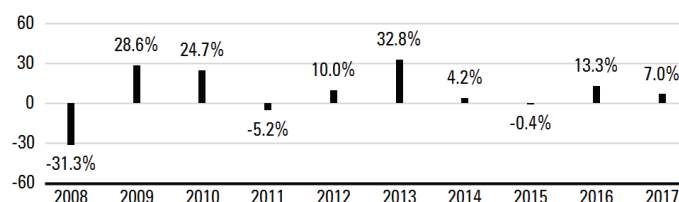
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



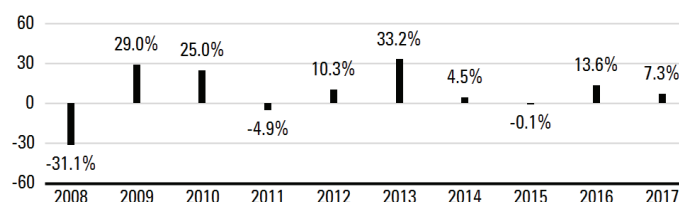
Advisor Series (%)



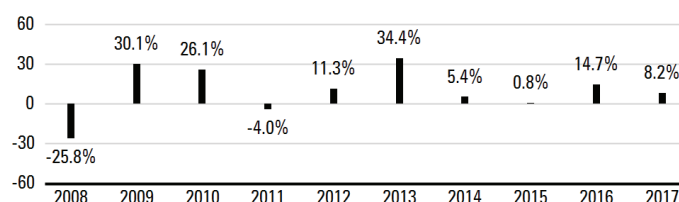
Series D (%)



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, 2017, 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	6.3	5.9	10.2	6.1	—
Benchmark	9.1	6.6	8.6	4.7	—
Advisor Series	6.4	5.9	10.2	6.2	—
Benchmark	9.1	6.6	8.6	4.7	—
Series D	7.0	6.5	10.8	6.7	—
Benchmark	9.1	6.6	8.6	4.7	—
Series F	7.3	6.8	11.1	7.0	—
Benchmark	9.1	6.6	8.6	4.7	—
Series O	8.2	7.8	12.1	—	9.2
Benchmark	9.1	6.6	8.6	—	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 July 18, 2008.

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, 2017

Investment Mix

	% of Net Asset Value
Financials	25.2
Materials	18.3
Consumer Discretionary	17.3
Industrials	15.5
Real Estate	8.2
Energy	3.8
Utilities	3.7
Consumer Staples	2.4
Health Care	2.2
Information Technology	1.4
Telecommunication Services	1.0
Cash/Other	1.0

Top 25 Holdings

	% of Net Asset Value
Genworth MI Canada Inc.	3.3
Royal Bank of Canada	3.2
Sun Life Financial Inc.	2.9
BRP Inc.	2.8
Teck Resources Ltd., Class B	2.7
Martinrea International Inc.	2.6
Transcontinental Inc., Class A	2.6
Manulife Financial Corporation	2.5
West Fraser Timber Co. Ltd.	2.5
Air Canada	2.5
Great-West Lifeco Inc.	2.3
Great Canadian Gaming Corp.	2.1
Cascades Inc.	2.1
WestJet Airlines Ltd.	2.0
Canfor Corp.	2.0
TFI International Inc.	1.9
Toronto-Dominion Bank	1.9
Industrial Alliance Insurance & Financial Services Inc.	1.8
Cogeco Communications Inc.	1.8
Granite Real Estate Investment Trust	1.8
Bank of Nova Scotia	1.6
Capital Power Corp.	1.6
Pure Industrial Real Estate Investment Trust	1.6
George Weston Ltd.	1.5
Norbord Inc.	1.5
Top 25 Holdings	55.1

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 EQUITY INCOME FUND

December 31, 2017

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 8, 2018.

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 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$3.5 billion as of December 31, 2017, from \$3.4 billion at the end of 2016. The increase was due to investment returns, partially offset by net redemptions.

Over the past year, the Fund's Series A units gained 8.2%, which underperformed the 9.1% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

In 2017, the Fund made monthly distributions of 9.00 cents per Series A unit. For the year, the Fund made total distributions of approximately \$1.08 per Series A unit, consisting of 56 cents per unit of dividends, 37 cents of capital gains and 15 cents of return of capital. In January 2018, monthly distributions for the Fund were raised to 9.05 cents per Series A unit.

The Canadian stock market lagged most other major equity markets during 2017. The index was held back by the Energy sector, appreciation in the Canadian dollar and concern that the economy lacks a growth driver to offset the slowing housing market. Furthermore, market sentiment continued to be hurt by ongoing uncertainty regarding the North American Free Trade Agreement.

The Bank of Canada surprised markets this year by shifting to a hawkish stance, hiking rates twice on the back of strong economic growth. However, the Canadian economy is not without risks. In addition to housing concerns, items that may impact Canada's competitiveness include U.S. protectionism, increasing taxes, tougher labour laws, stricter environmental standards, rising electricity costs and persistently low oil prices.

During the year, the Fund's relative performance was boosted by the Utilities and Materials sectors, while Energy had a negative impact.

In the Utilities sector, security selection and an overweight allocation aided returns. In particular, an overweight position in Brookfield Infrastructure Partners helped performance as the stock had another strong year, supported by acquisitions and a number of growth projects.

The Materials sector trailed the broader market as gold equities, which make up roughly half of the sector's weight, retreated amid uncertainty in the outlook for gold prices. The Fund benefited from underweight exposure to gold equities as well as an overweight position in Dominion Diamond, which rallied following a takeover bid early in the year.

Energy was the worst-performing TSX sector in 2017, due to volatility in crude-oil prices, weak natural-gas prices and ongoing energy-infrastructure bottlenecks. Underperformance in this sector from the Fund's overweight allocation was partially offset by strong security selection.

Recent Developments

Global stock markets continue to be supported by the synchronized global expansion and better-than-expected corporate profit growth around the world, but the recent rally has pushed equities closer to fair value. It may be prudent to lower total-return expectations and consider the potential for higher volatility in the months ahead. Without support from rising valuations, further gains in stocks will likely be paced by corporate profit growth.



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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$429,000 (2016 – \$435,000) or 14% (2016 – 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		
Series A												
Dec. 31, 2017	26.20	0.90	(0.51)	1.22	0.45	2.06	—	(0.56)	(0.37)	(0.15)	(1.08)	27.20
Dec. 31, 2016	22.51	0.92	(0.48)	(0.17)	4.42	4.69	—	(0.57)	—	(0.51)	(1.08)	26.20
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
Advisor Series												
Dec. 31, 2017	26.42	0.91	(0.49)	1.23	0.43	2.08	—	(0.56)	(0.37)	(0.15)	(1.08)	27.45
Dec. 31, 2016	22.67	0.93	(0.47)	(0.17)	4.43	4.72	—	(0.57)	—	(0.51)	(1.08)	26.42
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
Series D												
Dec. 31, 2017	28.98	1.00	(0.31)	1.36	0.52	2.57	—	(0.56)	(0.38)	(0.15)	(1.09)	30.47
Dec. 31, 2016	24.59	1.02	(0.30)	(0.19)	4.89	5.42	—	(0.57)	—	(0.52)	(1.09)	28.98
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
Series F												
Dec. 31, 2017	30.24	1.05	(0.24)	1.42	0.60	2.83	—	(0.58)	(0.38)	(0.15)	(1.11)	31.91
Dec. 31, 2016	25.57	1.06	(0.23)	(0.19)	5.13	5.77	—	(0.59)	—	(0.52)	(1.11)	30.24
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
Series O												
Dec. 31, 2017	29.74	1.03	(0.01)	1.40	0.55	2.97	—	(0.56)	(0.37)	(0.15)	(1.08)	31.64
Dec. 31, 2016	24.94	1.04	(0.01)	(0.19)	4.96	5.80	—	(0.57)	—	(0.51)	(1.08)	29.74
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

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, 2017	27.20	1 491 912	54 847	1.92	1.92	45.98	0.09
Dec. 31, 2016	26.20	1 537 729	58 694	2.00 ⁴	2.00	55.83	0.13
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
Advisor Series							
Dec. 31, 2017	27.45	663 164	24 157	1.86	1.86	45.98	0.09
Dec. 31, 2016	26.42	724 915	27 443	1.94 ⁴	1.94	55.83	0.13
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
Series D							
Dec. 31, 2017	30.47	265 600	8 718	1.04	1.04	45.98	0.09
Dec. 31, 2016	28.98	257 876	8 899	1.12 ⁴	1.12	55.83	0.13
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
Series F							
Dec. 31, 2017	31.91	548 114	17 179	0.76	0.76	45.98	0.09
Dec. 31, 2016	30.24	376 706	12 459	0.84 ⁴	0.84	55.83	0.13
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
Series O							
Dec. 31, 2017	31.64	560 713	17 725	0.02	0.02	45.98	0.09
Dec. 31, 2016	29.74	534 809	17 982	0.02	0.02	55.83	0.13
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

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 Effective June 30, 2016, the management fees were changed in respect of Series A, Advisor Series, Series D and Series F units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 1.92%, Advisor Series – 1.86%, Series D – 1.04% and Series F – 0.77%.



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	1.60%	66%	34%
Advisor Series	1.60%	66%	34%
Series D	0.85%	25%	75%
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.

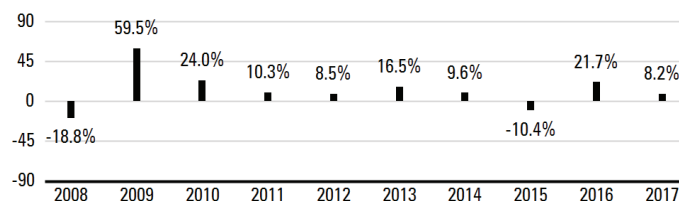
PAST PERFORMANCE

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.

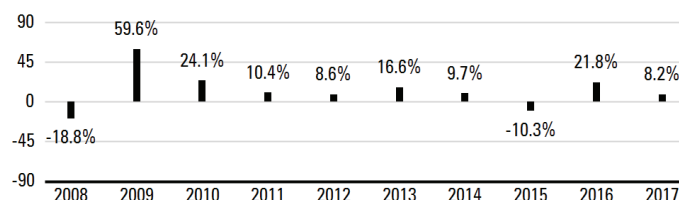
Year-by-Year Returns (%)

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.

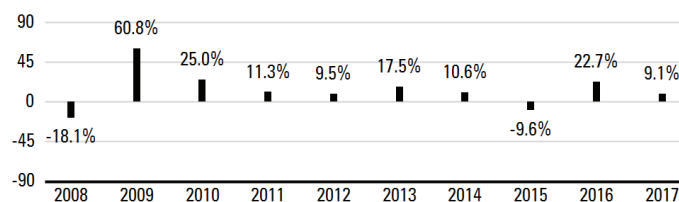
Series A (%)



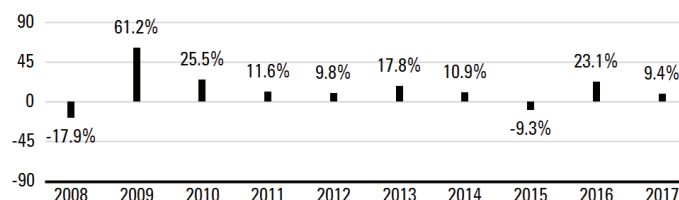
Advisor Series (%)



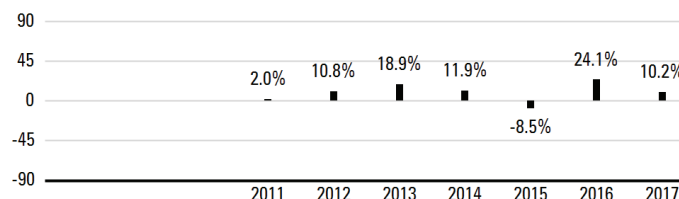
Series D (%)



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, 2017, 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	8.2	5.7	8.5	11.2	—
Benchmark	9.1	6.6	8.6	4.7	—
Advisor Series	8.2	5.7	8.6	11.3	—
Benchmark	9.1	6.6	8.6	4.7	—
Series D	9.1	6.6	9.5	12.2	—
Benchmark	9.1	6.6	8.6	4.7	—
Series F	9.4	6.9	9.8	12.5	—
Benchmark	9.1	6.6	8.6	4.7	—
Series O	10.2	7.8	10.7	—	10.3
Benchmark	9.1	6.6	8.6	—	6.4

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 11, 2011.

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

All outstanding Series H units were re-designated as Series A units and all outstanding Series I units were re-designated as Series F units effective June 30, 2016.

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, 2017

Investment Mix

	% of Net Asset Value
Financials	31.2
Energy	22.8
Real Estate	11.0
Utilities	8.4
Industrials	7.3
Materials	7.2
Telecommunication Services	3.2
Health Care	2.4
Consumer Staples	2.3
Information Technology	1.0
Consumer Discretionary	0.9
Cash/Other	2.3

Top 25 Holdings

	% of Net Asset Value
Royal Bank of Canada	6.1
Toronto-Dominion Bank	5.4
Enbridge Inc.	5.1
Bank of Nova Scotia	3.9
Suncor Energy Inc.	3.4
Manulife Financial Corporation	3.4
Brookfield Asset Management Inc., Class A	2.9
Canadian Natural Resources Ltd.	2.7
Sun Life Financial Inc.	2.6
Canadian Imperial Bank of Commerce	2.4
TransCanada Corp.	2.4
Canadian Pacific Railway Ltd.	2.1
Brookfield Property Partners LP	2.0
BCE Inc.	1.9
Bank of Montreal	1.8
Enbridge Income Fund Holdings Inc.	1.5
SNC-Lavalin Group Inc.	1.5
Cash & Cash Equivalents	1.4
Keyera Corp.	1.4
Canadian National Railway Co.	1.3
Pembina Pipeline Corp.	1.0
Alimentation Couche-Tard Inc.	1.0
RioCan Real Estate Investment Trust	1.0
Agrium Inc.	0.9
Newmont Mining Corporation	0.9
Top 25 Holdings	60.0

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 SMALL & MID-CAP
RESOURCES FUND**

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value fell to \$307 million as of December 31, 2017, from \$353 million at the end of 2016. The decrease was due to a combination of net redemptions and investment losses.

Over the past year, the Fund's Series A units lost 11.4%, which underperformed the 2.8% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

Asset weighting was the main reason for the Fund's underperformance during the period. The Fund's returns were held back by an overweight position in the Energy sector, specifically in companies that explore for and produce oil and gas, many of whose stocks did not recover from declines in the first half of the year. Overweight positions in Seven Generations, Baytex Energy and Crew Energy negatively affected relative returns. A rebound in energy stocks during the second half of the year was due to oil prices rising sustainably above US\$50 a barrel, while natural-gas prices remained relatively stable.

In the Materials sector, a lack of relative exposure to companies that make containers and packaging had a negative impact on returns. Base metals had a strong year as supply constraints and Chinese demand propelled prices for zinc, copper and nickel, while electric vehicles led to increased demand for lithium, cobalt and graphite. As a result, overweight positions in Trevali Mining, Mason Graphite and Arizona Mining helped offset some of the negative impacts of asset allocation.

Recent Developments

The portfolio manager believes that OPEC's November 2017 extension limiting oil production until the end of 2018 should help to put a floor under energy prices. The portfolio manager anticipates that global inventories should gradually fall to more typical levels in the second half of 2018, even with U.S. production growth. Signs are mounting that excess crude inventories are beginning to rebalance. Tensions in the Middle East revolving around Saudi Arabia should support oil prices.

As for base metals, the portfolio manager believes that supply constraints can continue into 2018 as Glencore scaled back the timetable for restarting zinc production, and the balance between supply and demand for copper remains tight. Demand for lithium and cobalt will remain strong, although the supply of lithium will start to increase in 2018.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$60,000 (2016 – \$58,000) or 7% (2016 – 6%) 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, 2017	8.72	0.10	(0.16)	(0.31)	(0.60)	(0.97)	—	—	—	—	—	7.72
Dec. 31, 2016	6.27	0.11	(0.15)	(1.18)	3.78	2.56	—	—	—	—	—	8.72
Dec. 31, 2015 ³	10.00 [†]	0.16	(0.15)	(2.08)	(0.54)	(2.61)	—	(0.07)	—	—	(0.07)	6.27
Series D												
Dec. 31, 2017	8.78	0.10	(0.10)	(0.31)	(0.58)	(0.89)	—	(0.01)	—	—	(0.01)	7.83
Dec. 31, 2016	6.28	0.11	(0.10)	(1.19)	3.86	2.68	—	(0.02)	—	—	(0.02)	8.78
Dec. 31, 2015 ³	10.00 [†]	0.17	(0.09)	(2.09)	(0.55)	(2.56)	—	(0.12)	—	—	(0.12)	6.28
Series F												
Dec. 31, 2017	8.76	0.10	(0.07)	(0.31)	(0.50)	(0.78)	—	(0.03)	—	—	(0.03)	7.82
Dec. 31, 2016	6.26	0.11	(0.08)	(1.22)	6.26	5.07	—	(0.04)	—	—	(0.04)	8.76
Dec. 31, 2015 ³	10.00 [†]	0.17	(0.08)	(2.09)	(0.55)	(2.55)	—	(0.13)	—	—	(0.13)	6.26
Series O												
Dec. 31, 2017	7.39	0.08	—	(0.26)	(0.55)	(0.73)	—	(0.08)	—	—	(0.08)	6.60
Dec. 31, 2016	5.28	0.09	—	(1.00)	3.10	2.19	—	(0.10)	—	—	(0.10)	7.39
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, 2017	7.72	1 590	206	2.01	2.01	54.66	0.26
Dec. 31, 2016	8.72	1 671	192	2.02 ⁴	2.02	71.10	0.34
Dec. 31, 2015 ⁵	6.27	390	62	2.09	2.09	52.85	0.25
Series D							
Dec. 31, 2017	7.83	4 480	572	1.21	1.21	54.66	0.26
Dec. 31, 2016	8.78	5 122	584	1.25 ⁴	1.25	71.10	0.34
Dec. 31, 2015 ⁵	6.28	856	136	1.30	1.30	52.85	0.25
Series F							
Dec. 31, 2017	7.82	2 250	288	0.92	0.92	54.66	0.26
Dec. 31, 2016	8.76	2 485	284	0.96 ⁴	0.96	71.10	0.34
Dec. 31, 2015 ⁵	6.26	22	4	1.06	1.06	52.85	0.25
Series O							
Dec. 31, 2017	6.60	298 520	45 243	0.02	0.02	54.66	0.26
Dec. 31, 2016	7.39	343 267	46 472	0.02	0.02	71.10	0.34
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 ⁶	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 Effective June 30, 2016, the management fees were changed in respect of Series A, Series D and Series F units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 1.98%, Series D – 1.21% and Series F – 0.96%.

⁵ From February 13, 2015.

⁶ 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	1.75%	54%	46%
Series D	1.00%	23%	77%
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.

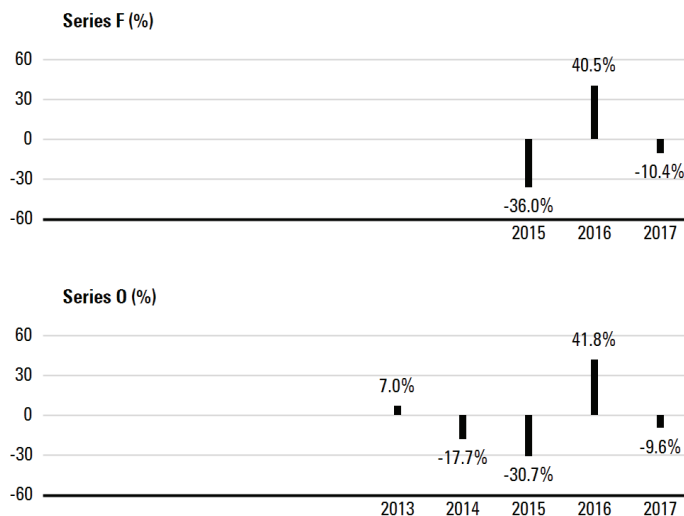
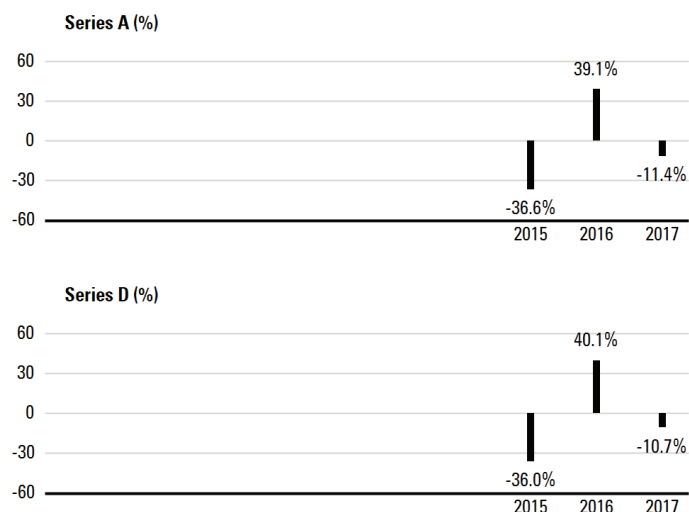


PAST PERFORMANCE

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, 2017, 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	-11.4	—	—	—	-8.3
Benchmark	2.8	—	—	—	6.3
Series D	-10.7	—	—	—	-7.5
Benchmark	2.8	—	—	—	6.3
Series F	-10.4	—	—	—	-7.3
Benchmark	2.8	—	—	—	6.3
Series O	-9.6	-3.9	—	—	-5.6
Benchmark	2.8	7.2	—	—	6.3

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, 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, 2017

Investment Mix

	% of Net Asset Value
Oil, Gas and Consumable Fuels	50.6
Metals and Mining	18.2
Paper and Forest Products	11.9
Energy Equipment and Services	7.4
Chemicals	6.5
Containers and Packaging	4.0
Cash/Other	1.4

Top 25 Holdings

	% of Net Asset Value
Methanex Corp.	6.6
Vermilion Energy Inc.	5.8
Lundin Mining Corp.	5.3
Parex Resources Inc.	5.3
Enerplus Corp.	5.0
Whitecap Resources Inc.	4.7
West Fraser Timber Co. Ltd.	4.4
Seven Generations Energy Ltd.	4.2
PrairieSky Royalty Ltd.	4.2
Tourmaline Oil Corp.	3.7
Kelt Exploration Ltd.	3.4
Trican Well Service Ltd.	3.3
Nuvista Energy Ltd.	3.2
Hudbay Minerals Inc.	3.1
Raging River Exploration Inc.	2.9
Stella-Jones Inc.	2.9
Spartan Energy Corp.	2.8
Interfor Corp.	2.3
Enerflex Ltd.	2.2
Yangarra Resources Ltd.	2.2
Intertape Polymer Group Inc.	2.2
Trevali Mining Corp.	2.1
Labrador Iron Ore Royalty Corp.	1.9
Winpak Ltd.	1.8
ShawCor Ltd.	1.8
Top 25 Holdings	87.3

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



NORTH AMERICAN EQUITY FUND

RBC NORTH AMERICAN VALUE FUND

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund's risk rating changed from medium to low-to-medium.

Results of Operations

The Fund's net asset value rose to \$3.1 billion as of December 31, 2017, from \$2.5 billion at the end of 2016. The increase was due to a combination of net inflows and investment returns.

Over the past year, the Fund's Series A units gained 11.2%, which underperformed the 14.1% rise in the S&P 500 Total Return Index and outperformed the 9.1% rise in the S&P/TSX Capped Composite Total Return Index. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

The Canadian stock market lagged most other major equity markets during 2017. The index was held back by the Energy sector, appreciation in the Canadian dollar and concern that the economy lacks a growth driver to offset the slowing housing market. Furthermore, market sentiment continues to be hurt by ongoing uncertainty regarding the North American Free Trade Agreement.

Meanwhile, the U.S. stock market finished a strong year, on the back of solid returns from cyclical sectors. The strong overall performance was driven by the continuation of the synchronized global economic expansion, still accommodative global central-bank policy and low market interest rates and inflation, which drove better-than-expected financial performance for most U.S. companies. Tax reform also helped to lift investor sentiment late in the year.

In 2017, the Fund's relative performance was boosted by the Consumer Discretionary and Energy sectors in the U.S., and by Materials and Consumer Staples in Canada. The Industrials and Telecommunication Services sectors had a negative impact in both the U.S. and Canada.

In the Consumer Discretionary sector, traditional retailers have been under pressure as consumers shift towards purchasing items online and preferring experiences instead of things. However, areas of the sector that are less sensitive to disruption produced strong results during the year.

The Materials sector in Canada trailed the broader market as gold equities, which make up roughly half of the sector's weight, retreated amid uncertainty in the outlook for gold prices. The Fund benefited from underweight exposure to gold equities.

Recent Developments

Global stock markets continue to be supported by the synchronized global expansion and better-than-expected corporate profit growth around the world, but the recent rally has pushed equities closer to fair value. It may be prudent to lower total-return expectations and consider the potential for higher volatility in the months ahead. Without support from rising valuations, further gains in stocks will likely be paced by corporate profit growth.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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 D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$295,000 (2016 – \$195,000) or 11% (2016 – 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, 2017	22.83	0.48	(0.46)	1.43	1.09	2.54	—	—	(0.85)	—	(0.85)	24.54
Dec. 31, 2016	20.65	0.50	(0.43)	0.89	1.58	2.54	—	(0.03)	(0.39)	—	(0.42)	22.83
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
Advisor Series												
Dec. 31, 2017	23.30	0.49	(0.46)	1.46	1.11	2.60	—	—	(0.85)	—	(0.85)	25.07
Dec. 31, 2016	21.05	0.51	(0.43)	0.91	1.61	2.60	—	(0.03)	(0.39)	—	(0.42)	23.30
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
Advisor T5 Series												
Dec. 31, 2017	21.56	0.49	(0.46)	1.46	0.94	2.43	—	—	(0.96)	(0.12)	(1.08)	22.83
Dec. 31, 2016	20.09	0.51	(0.43)	0.91	1.77	2.76	—	(0.04)	(0.39)	(0.57)	(1.00)	21.56
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, 2017	21.53	0.44	(0.42)	1.31	1.03	2.36	—	—	(0.84)	(0.23)	(1.07)	22.81
Dec. 31, 2016	20.08	0.48	(0.41)	0.85	1.63	2.55	—	(0.03)	(0.44)	(0.53)	(1.00)	21.53
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 D												
Dec. 31, 2017	24.31	0.52	(0.27)	1.52	1.19	2.96	—	(0.11)	(0.90)	—	(1.01)	26.26
Dec. 31, 2016	21.97	0.54	(0.26)	0.95	1.68	2.91	—	(0.25)	(0.41)	—	(0.66)	24.31
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
Series F												
Dec. 31, 2017	26.21	0.56	(0.21)	1.64	1.38	3.37	—	(0.17)	(0.97)	—	(1.14)	28.34
Dec. 31, 2016	23.68	0.58	(0.21)	1.03	2.03	3.43	—	(0.34)	(0.43)	—	(0.77)	26.21
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



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, 2017	24.89	0.51	(0.20)	1.51	1.36	3.18	(0.06)	(0.24)	(1.18)	—	(1.48)	26.43
Dec. 31, 2016	22.94	0.55	(0.19)	0.97	1.73	3.06	—	(0.28)	(0.60)	(0.27)	(1.15)	24.89
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 O												
Dec. 31, 2017	24.30	0.52	(0.01)	1.53	1.18	3.22	—	(0.27)	(0.91)	—	(1.18)	26.35
Dec. 31, 2016	21.95	0.54	(0.01)	0.95	1.66	3.14	—	(0.51)	(0.41)	—	(0.92)	24.30
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

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, 2017	24.54	1 740 366	70 923	1.94	1.94	58.37	0.09
Dec. 31, 2016	22.83	1 496 612	65 553	2.01 ⁴	2.01	55.55	0.10
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
Advisor Series							
Dec. 31, 2017	25.07	524 722	20 929	1.89	1.89	58.37	0.09
Dec. 31, 2016	23.30	484 432	20 791	1.97 ⁴	1.97	55.55	0.10
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
Advisor T5 Series							
Dec. 31, 2017	22.83	3 478	152	1.89	1.89	58.37	0.09
Dec. 31, 2016	21.56	1 734	80	1.94 ⁴	1.94	55.55	0.10
Dec. 31, 2015	20.09	1 048	52	2.11	2.11	70.55	0.11
Dec. 31, 2014 ⁵	21.18	162	8	2.09	2.09	129.63	0.22
Series T5							
Dec. 31, 2017	22.81	1 931	85	1.89	1.89	58.37	0.09
Dec. 31, 2016	21.53	997	46	1.99 ⁴	1.99	55.55	0.10
Dec. 31, 2015	20.08	630	31	2.12	2.12	70.55	0.11
Dec. 31, 2014 ⁵	21.19	124	6	2.09	2.09	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, 2017	26.26	102 003	3 884	1.05	1.05	58.37	0.09
Dec. 31, 2016	24.31	79 474	3 269	1.12 ⁴	1.12	55.55	0.10
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
Series F							
Dec. 31, 2017	28.34	464 161	16 378	0.78	0.78	58.37	0.09
Dec. 31, 2016	26.21	246 363	9 400	0.84 ⁴	0.84	55.55	0.10
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
Series FT5							
Dec. 31, 2017	26.43	6 354	240	0.79	0.79	58.37	0.09
Dec. 31, 2016	24.89	1 462	59	0.82 ⁴	0.82	55.55	0.10
Dec. 31, 2015	22.94	717	31	0.96	0.96	70.55	0.11
Dec. 31, 2014 ⁵	23.92	91	4	0.96	0.96	129.63	0.22
Series O							
Dec. 31, 2017	26.35	230 000	8 728	0.03	0.03	58.37	0.09
Dec. 31, 2016	24.30	199 609	8 216	0.02	0.02	55.55	0.10
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

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 Effective June 30, 2016, the management fees were changed in respect of Series A, Advisor Series, Advisor T5 Series, Series T5, Series D, Series F and Series FT5 units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 1.93%, Advisor Series – 1.89%, Advisor T5 Series – 1.86%, Series T5 – 1.92%, Series D – 1.04%, Series F – 0.77% and Series FT5 – 0.75%.

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	1.60%	66%	34%
Advisor Series	1.60%	66%	34%
Advisor T5 Series	1.60%	66%	34%
Series T5	1.60%	66%	34%
Series D	0.85%	25%	75%
Series F	0.60%	—	100%
Series FT5	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.

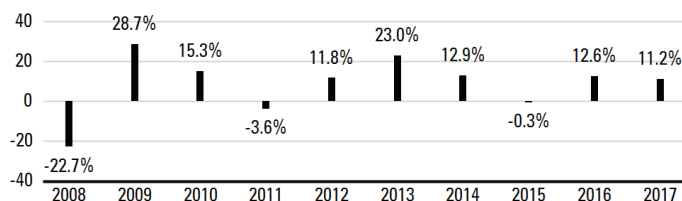
PAST PERFORMANCE

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.

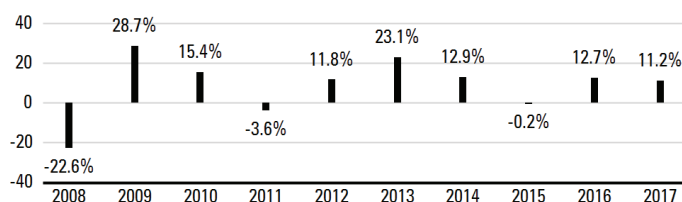
Year-by-Year Returns (%)

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 (%)



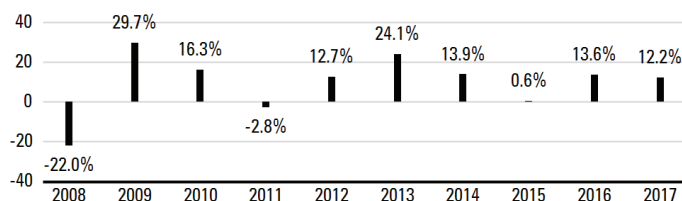
Advisor T5 Series (%)



Series T5 (%)

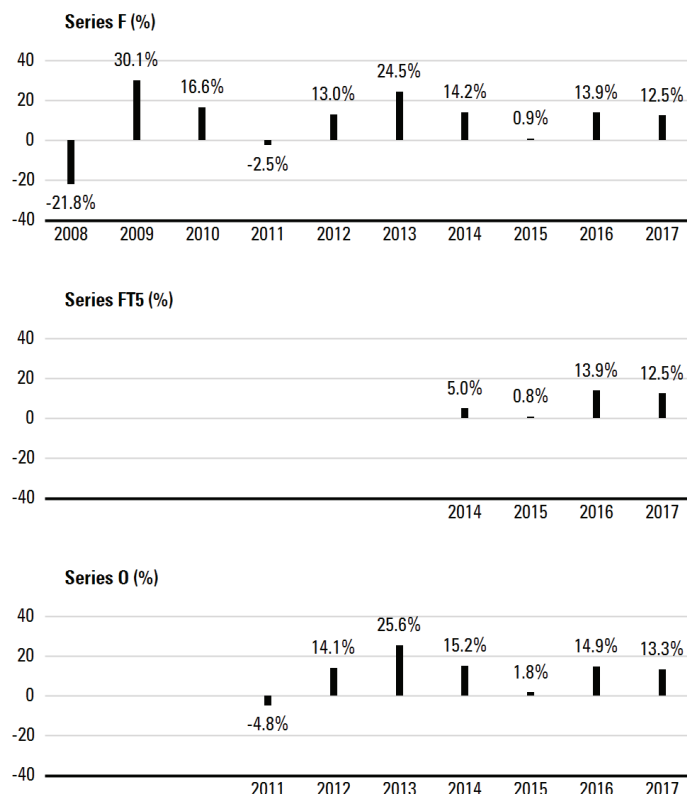


Series D (%)





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, 2017, 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	11.2	7.7	11.6	7.9	—
Benchmark 1	14.1	14.4	21.4	11.1	—
Benchmark 2	9.1	6.6	8.6	4.7	—
Advisor Series	11.2	7.7	11.7	8.0	—
Benchmark 1	14.1	14.4	21.4	11.1	—
Benchmark 2	9.1	6.6	8.6	4.7	—
Advisor T5 Series	11.2	7.7	—	—	8.2
Benchmark 1	14.1	14.4	—	—	17.1
Benchmark 2	9.1	6.6	—	—	4.9
Series T5	11.2	7.7	—	—	8.2
Benchmark 1	14.1	14.4	—	—	17.1
Benchmark 2	9.1	6.6	—	—	4.9
Series D	12.2	8.6	12.6	8.9	—
Benchmark 1	14.1	14.4	21.4	11.1	—
Benchmark 2	9.1	6.6	8.6	4.7	—
Series F	12.5	8.9	12.9	9.1	—
Benchmark 1	14.1	14.4	21.4	11.1	—
Benchmark 2	9.1	6.6	8.6	4.7	—
Series FT5	12.5	8.9	—	—	9.4
Benchmark 1	14.1	14.4	—	—	17.1
Benchmark 2	9.1	6.6	—	—	4.9
Series O	13.3	9.8	13.9	—	12.0
Benchmark 1	14.1	14.4	21.4	—	18.6
Benchmark 2	9.1	6.6	8.6	—	6.4

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 indexes.

Advisor T5 Series, Series T5 and Series FT5 units have been available for sale to unitholders since August 11, 2014, 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.

All outstanding Series H units were re-designated as Series A units and all outstanding Series I units were re-designated as Series F units effective June 30, 2016.

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, 2017

Investment Mix – Sectors

	% of Net Asset Value
Financials	30.0
Energy	13.3
Information Technology	10.5
Industrials	9.0
Consumer Discretionary	8.7
Investment Funds	7.1
Materials	5.5
Consumer Staples	4.9
Health Care	4.7
Telecommunication Services	2.9
Real Estate	1.8
Utilities	1.3
Bonds	0.2
Cash/Other	0.1

Investment Mix – Countries/Regions

	% of Net Asset Value
Canada	56.6
United States	34.7
Other Countries	1.5
Cash/Other	7.2

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	7.1
Royal Bank of Canada	3.9
Bank of Nova Scotia	3.8
Toronto-Dominion Bank	3.5
Brookfield Asset Management Inc., Class A	2.7
Bank of Montreal	2.0
Alphabet Inc., Class C	1.7
Apple Inc.	1.7
Microsoft Corp.	1.6
Enbridge Inc., Restricted April 7, 2018	1.5
Berkshire Hathaway Inc., Class B	1.5
Manulife Financial Corporation	1.5
PrairieSky Royalty Ltd.	1.5
TransCanada Corp.	1.5
JPMorgan Chase & Co.	1.5
Canadian Natural Resources Ltd.	1.5
UnitedHealth Group Incorporated	1.4
Canadian National Railway Co.	1.4
Canadian Pacific Railway Ltd.	1.4
BCE Inc.	1.4
D.R. Horton Inc.	1.3
Ross Stores Inc.	1.2
Charter Communications Inc.	1.1
Encana Corp.	1.1
Potash Corporation of Saskatchewan Inc.	1.1
Top 25 Holdings	49.9

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



NORTH AMERICAN EQUITY FUND

RBC NORTH AMERICAN GROWTH FUND

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund's risk rating changed from medium-to-high to medium.

Results of Operations

The Fund's net asset value rose to \$546 million as of December 31, 2017, from \$531 million at the end of 2016. The increase was due to investment returns, partially offset by net redemptions.

Over the past year, the Fund's Series A units gained 9.0%, which underperformed both the 14.1% rise in the S&P 500 Index and 9.1% rise in the S&P/TSX Capped Composite 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 rallied across the board, with many recording record highs. The strength was supported by a global economic expansion and renewed corporate-profit growth. The S&P/TSX Composite Index was one of the worst-performing developed markets given continued weakness in the Energy sector, a stronger Canadian dollar, uncertainty about the future of the North American Free Trade Agreement and concern about the impact of a slowing housing market. Meanwhile, the S&P 500 Index surged to all-time highs in a relatively quiet year. The strong overall performance was driven by solid corporate fundamentals, still accommodative central-bank policy, and improved prospects for tax reform which further lifted investor sentiment.

Stock selection in Canada performed in line with the S&P/TSX Composite Index. The best-performing sectors on a relative basis were Financials, Industrials and Utilities, while Energy and Materials underperformed. Stocks with a positive contribution to performance include Air Canada, Spin Master and Shopify. Holdings in Cardinal Energy, Painted Pony Energy and Tahoe Resources negatively affected returns.

In the U.S. portion of the portfolio, stock selection was also in line with the index. However, overall portfolio returns were held back by a lack of relative exposure to the better-performing U.S. market and the impact of a stronger Canadian dollar. The best-performing sectors in the U.S. segment were Consumer Discretionary, Information Technology and Telecommunication Services, while Energy and Financials lagged. Positions in Alphabet, Boeing and Intuitive Surgical contributed positively to performance, while holdings in Anadarko Petroleum, Apache and Synchrony Financial negatively impacted returns.

As of December 31, 2017, 55% of the Fund was invested in Canadian equities and 43% in U.S. equities. The remaining 2% was held in cash.

Recent Developments

The recent rally has pushed equities closer to fair value, and without support from rising valuations, continued corporate profit growth will be needed to fuel further gains. Corporate-tax cuts in the U.S. are expected to provide an additional boost to profits, but some portion of the anticipated changes has been priced in. Given current valuations, stocks would be vulnerable if earnings underwhelm or if tax reform fails to materialize.

The U.S. Federal Reserve hiked short-term interest rates three times in 2017, and has signalled that it intends to hike a further three times in 2018. The Bank of Canada hiked rates twice in 2017, but has reiterated its caution on rate hikes going forward given the domestic economic headwinds.



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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$17,000 (2016 – \$56,000) or 13% (2016 – 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 A												
Dec. 31, 2017	32.57	0.79	(0.65)	1.09	1.68	2.91	—	(0.05)	(1.28)	—	(1.33)	34.18
Dec. 31, 2016	29.43	1.08	(0.60)	1.84	1.24	3.56	—	(0.51)	(0.05)	—	(0.56)	32.57
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
Advisor Series												
Dec. 31, 2017	33.75	0.82	(0.66)	1.13	1.73	3.02	(0.01)	(0.06)	(1.32)	—	(1.39)	35.43
Dec. 31, 2016	30.50	1.12	(0.61)	1.91	0.92	3.34	—	(0.54)	(0.05)	—	(0.59)	33.75
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
Series D												
Dec. 31, 2017	33.19	0.81	(0.36)	1.12	1.72	3.29	(0.03)	(0.35)	(1.31)	—	(1.69)	34.83
Dec. 31, 2016	30.00	1.10	(0.35)	1.88	1.40	4.03	—	(0.82)	(0.05)	—	(0.87)	33.19
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
Series F												
Dec. 31, 2017	35.67	0.87	(0.29)	1.21	2.02	3.81	(0.04)	(0.48)	(1.41)	—	(1.93)	37.42
Dec. 31, 2016	32.23	1.20	(0.28)	2.05	2.55	5.52	—	(0.98)	(0.05)	—	(1.03)	35.67
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
Series O												
Dec. 31, 2017	37.75	0.93	(0.01)	1.28	1.95	4.15	(0.07)	(0.80)	(1.50)	—	(2.37)	39.59
Dec. 31, 2016	34.09	1.26	(0.01)	2.16	1.78	5.19	—	(1.34)	(0.05)	—	(1.39)	37.75
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

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, 2017	34.18	465 458	13 618	1.92	1.92	15.80	0.02
Dec. 31, 2016	32.57	475 345	14 596	2.00 ⁴	2.00	152.07	0.10
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
Advisor Series							
Dec. 31, 2017	35.43	2 839	80	1.89	1.89	15.80	0.02
Dec. 31, 2016	33.75	2 986	88	1.97 ⁴	1.97	152.07	0.10
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
Series D							
Dec. 31, 2017	34.83	38 806	1 114	1.05	1.05	15.80	0.02
Dec. 31, 2016	33.19	34 589	1 042	1.12 ⁴	1.12	152.07	0.10
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
Series F							
Dec. 31, 2017	37.42	33 629	899	0.77	0.77	15.80	0.02
Dec. 31, 2016	35.67	14 059	394	0.83 ⁴	0.83	152.07	0.10
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
Series O							
Dec. 31, 2017	39.59	5 081	128	0.02	0.02	15.80	0.02
Dec. 31, 2016	37.75	3 624	96	0.02	0.02	152.07	0.10
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

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 Effective June 30, 2016, the management fees were changed in respect of Series A, Advisor Series, Series D and Series F units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 1.92%, Advisor Series – 1.88%, Series D – 1.04% and Series F – 0.78%.



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	1.60%	66%	34%
Advisor Series	1.60%	66%	34%
Series D	0.85%	25%	75%
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.

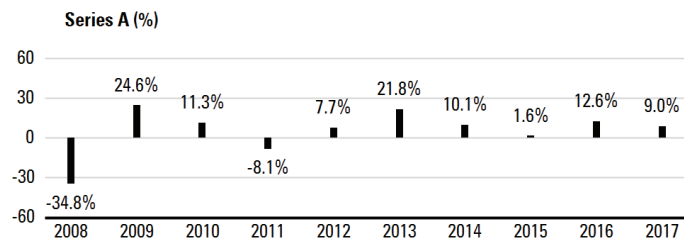
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

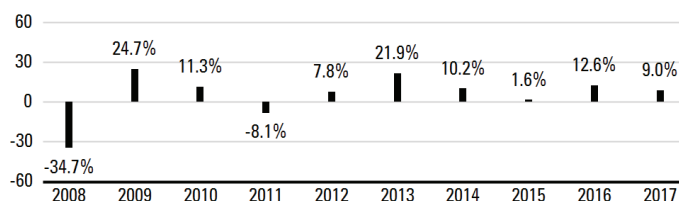
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional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

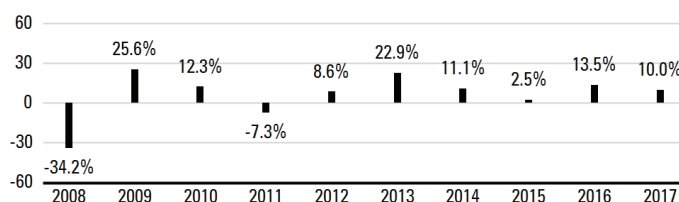
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



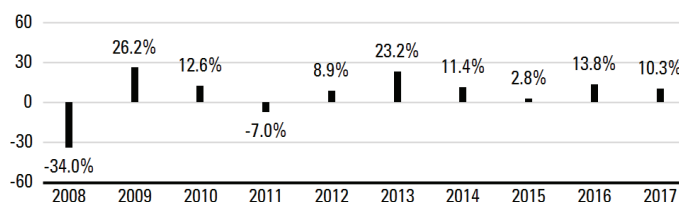
Advisor Series (%)



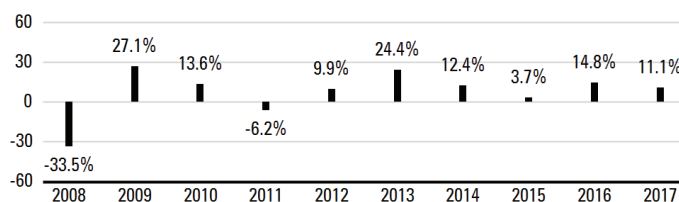
Series D (%)



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, 2017, 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	9.0	7.6	10.8	4.1	–
Benchmark 1	14.1	14.4	21.4	11.1	–
Benchmark 2	9.1	6.6	8.6	4.7	–
Advisor Series	9.0	7.7	10.9	4.2	–
Benchmark 1	14.1	14.4	21.4	11.1	–
Benchmark 2	9.1	6.6	8.6	4.7	–
Series D	10.0	8.6	11.8	5.0	–
Benchmark 1	14.1	14.4	21.4	11.1	–
Benchmark 2	9.1	6.6	8.6	4.7	–
Series F	10.3	8.9	12.1	5.3	–
Benchmark 1	14.1	14.4	21.4	11.1	–
Benchmark 2	9.1	6.6	8.6	4.7	–
Series O	11.1	9.8	13.1	6.2	–
Benchmark 1	14.1	14.4	21.4	11.1	–
Benchmark 2	9.1	6.6	8.6	4.7	–

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

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, 2017

Investment Mix – Sectors

	% of Net Asset Value
Financials	26.8
Energy	14.4
Information Technology	13.3
Industrials	9.2
Consumer Discretionary	7.9
Materials	7.3
Health Care	6.1
Consumer Staples	5.6
Telecommunication Services	3.1
Utilities	2.5
Real Estate	2.3
Cash/Other	1.5

Investment Mix – Countries/Regions

	% of Net Asset Value
Canada	57.4
United States	40.4
Other Countries	0.2
Cash/Other	2.0

Top 25 Holdings

	% of Net Asset Value
Royal Bank of Canada	4.3
Toronto-Dominion Bank	3.6
Bank of Nova Scotia	3.0
Canadian National Railway Co.	2.7
Suncor Energy Inc.	2.2
Bank of Montreal	2.0
Enbridge Inc.	1.9
Apple Inc.	1.7
Canadian Natural Resources Ltd.	1.6
TransCanada Corp.	1.5
Manulife Financial Corporation	1.5
Canadian Imperial Bank of Commerce	1.5
Microsoft Corp.	1.4
Alphabet Inc., Class A	1.4
Brookfield Asset Management Inc., Class A	1.4
Cash & Cash Equivalents	1.3
BCE Inc.	1.1
Amazon.com, Inc.	1.0
Sun Life Financial Inc.	1.0
Facebook Inc., Class A	0.9
JPMorgan Chase & Co.	0.9
Canadian Pacific Railway Ltd.	0.9
Magna International Inc., Class A	0.8
Alimentation Couche-Tard Inc.	0.8
Potash Corporation of Saskatchewan Inc.	0.7
Top 25 Holdings	41.1

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 U.S. DIVIDEND FUND

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$4.0 billion as of December 31, 2017, from \$3.0 billion at the end of 2016. The increase was due to a combination of net inflows and investment returns.

Over the past year, the Fund's Series A units gained 11.4%, which underperformed the 14.1% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

The U.S. stock market finished a strong year on the back of solid returns from cyclical sectors. The strong overall performance was driven by the continuation of the synchronized global economic expansion, still accommodative global central-bank policy and low market interest rates and inflation, which drove better-than-expected financial performance for most U.S. companies. Tax reform also helped to lift investor sentiment late in the year.

During the year, the Fund's relative performance was boosted by the Industrials and Consumer Discretionary sectors, while Information Technology had a negative impact.

In the Industrials sector, returns were aided by an overweight position in Boeing, which was the top-performing stock in the Dow Jones Industrial Average during the year. The stock has benefited from President Trump's stance on trade and defence, while simultaneously reaping benefits from strong cost-reduction efforts.

In the Consumer Discretionary sector, traditional retailers have been under pressure as consumers shift towards purchasing items online and preferring experiences instead of things. However, areas of the sector that are disruptors or are less sensitive to disruption generally produced strong results during the year. In particular, the Fund's overweight position in Aptiv aided returns as the company continues to build out its self-driving vehicle capabilities.

In contrast, the Fund's underweight allocation relative to the S&P 500 Index to the top-performing Information Technology sector was a negative. However, the sector has a high allocation to non-dividend-paying, growth-oriented stocks, limiting the selection set for a dividend-investing approach.

Recent Developments

While the portfolio manager's base case is for stocks to rise modestly over the next year, there are several scenarios that could lead to declines, including an escalation of tensions with North Korea, a policy mistake by the U.S. Federal Reserve (the "Fed") or protectionist trade moves by the Trump administration. The portfolio manager's indicators suggest that the odds of a recession remain fairly low, but with valuations at an eight-year high and the Fed intent on normalizing interest rates, the risks have increased and earnings growth remains key for return 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$214,000 (2016 – \$411,000) or 6% (2016 – 13%) 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, 2017	25.27	0.61	(0.51)	0.97	1.79	2.86	—	(0.08)	(0.65)	—	(0.73)	27.44	
Dec. 31, 2016	24.07	0.58	(0.47)	0.54	0.83	1.48	—	(0.11)	(0.28)	—	(0.39)	25.27	
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	
Advisor Series													
Dec. 31, 2017	25.30	0.61	(0.50)	0.97	1.78	2.86	—	(0.09)	(0.65)	—	(0.74)	27.47	
Dec. 31, 2016	24.09	0.58	(0.46)	0.54	0.78	1.44	—	(0.11)	(0.29)	—	(0.40)	25.30	
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	
Advisor T5 Series													
Dec. 31, 2017	23.66	0.61	(0.50)	0.97	1.53	2.61	—	(0.10)	(0.58)	(0.50)	(1.18)	25.13	
Dec. 31, 2016	23.37	0.58	(0.46)	0.54	1.03	1.69	—	(0.10)	(0.28)	(0.79)	(1.17)	23.66	
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, 2017	24.02	0.56	(0.46)	0.90	1.70	2.70	—	(0.11)	(0.57)	(0.52)	(1.20)	25.51	
Dec. 31, 2016	23.72	0.56	(0.44)	0.52	0.74	1.38	—	(0.11)	(0.25)	(0.83)	(1.19)	24.02	
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	
Series T8													
Dec. 31, 2017	11.40	0.26	(0.21)	0.42	0.70	1.17	—	(0.05)	(0.24)	(0.62)	(0.91)	11.75	
Dec. 31, 2016	11.63	0.27	(0.21)	0.25	0.32	0.63	—	(0.05)	(0.12)	(0.76)	(0.93)	11.40	
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	
Series D													
Dec. 31, 2017	25.94	0.62	(0.28)	0.99	1.81	3.14	—	(0.34)	(0.65)	—	(0.99)	28.18	
Dec. 31, 2016	24.69	0.59	(0.27)	0.56	0.84	1.72	—	(0.31)	(0.29)	—	(0.60)	25.94	
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	



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, 2017	27.73	0.66	(0.22)	1.06	2.04	3.54	—	(0.43)	(0.69)	—	(1.12)	30.13
Dec. 31, 2016	26.40	0.63	(0.22)	0.60	1.48	2.49	—	(0.40)	(0.31)	—	(0.71)	27.73
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
Series FT5												
Dec. 31, 2017	26.35	0.62	(0.21)	0.99	1.88	3.28	—	(0.40)	(0.75)	(0.17)	(1.32)	28.30
Dec. 31, 2016	25.72	0.60	(0.21)	0.57	1.58	2.54	—	(0.37)	(0.42)	(0.49)	(1.28)	26.35
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 O												
Dec. 31, 2017	27.19	0.65	(0.01)	1.04	2.08	3.76	—	(0.65)	(0.68)	—	(1.33)	29.53
Dec. 31, 2016	25.89	0.62	(0.01)	0.58	1.31	2.50	—	(0.60)	(0.32)	—	(0.92)	27.19
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

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, 2017	27.44	810 315	29 528	1.94	1.94	89.68	0.09
Dec. 31, 2016	25.27	731 326	28 936	2.00 ⁴	2.00	121.06	0.11
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
Advisor Series							
Dec. 31, 2017	27.47	266 663	9 706	1.89	1.89	89.68	0.09
Dec. 31, 2016	25.30	271 832	10 745	1.97 ⁴	1.97	121.06	0.11
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
Advisor T5 Series							
Dec. 31, 2017	25.13	2 043	81	1.92	1.92	89.68	0.09
Dec. 31, 2016	23.66	1 310	55	1.99 ⁴	1.99	121.06	0.11
Dec. 31, 2015	23.37	1 109	47	1.94	1.94	205.51	0.17
Dec. 31, 2014 ⁵	21.35	121	6	2.09	2.09	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 T5							
Dec. 31, 2017	25.51	3 971	156	1.90	1.90	89.68	0.09
Dec. 31, 2016	24.02	3 679	153	1.96 ⁴	1.96	121.06	0.11
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
Series T8							
Dec. 31, 2017	11.75	6 398	545	1.87	1.87	89.68	0.09
Dec. 31, 2016	11.40	7 234	635	1.94 ⁴	1.94	121.06	0.11
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
Series D							
Dec. 31, 2017	28.18	71 684	2 544	1.05	1.05	89.68	0.09
Dec. 31, 2016	25.94	52 156	2 011	1.12 ⁴	1.12	121.06	0.11
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
Series F							
Dec. 31, 2017	30.13	311 542	10 340	0.78	0.78	89.68	0.09
Dec. 31, 2016	27.73	200 387	7 225	0.84 ⁴	0.84	121.06	0.11
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
Series FT5							
Dec. 31, 2017	28.30	2 685	95	0.77	0.77	89.68	0.09
Dec. 31, 2016	26.35	1 204	46	0.83 ⁴	0.83	121.06	0.11
Dec. 31, 2015	25.72	611	24	0.90	0.90	205.51	0.17
Dec. 31, 2014 ⁵	23.43	22	1	0.89	0.89	299.68	0.24
Series O							
Dec. 31, 2017	29.53	2 535 173	85 852	0.04	0.04	89.68	0.09
Dec. 31, 2016	27.19	1 774 593	65 261	0.02	0.02	121.06	0.11
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

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 Effective June 30, 2016, the management fees were changed in respect of Series A, Advisor Series, Advisor T5 Series, Series T5, Series T8, Series D, Series F and Series FT5 units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 1.92%, Advisor Series – 1.88%, Advisor T5 Series – 1.91%, Series T5 – 1.88%, Series T8 – 1.86%, Series D – 1.04%, Series F – 0.77% and Series FT5 – 0.76%.

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	1.60%	66%	34%
Advisor Series	1.60%	66%	34%
Advisor T5 Series	1.60%	66%	34%
Series T5	1.60%	66%	34%
Series T8	1.60%	66%	34%
Series D	0.85%	25%	75%
Series F	0.60%	—	100%
Series FT5	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.

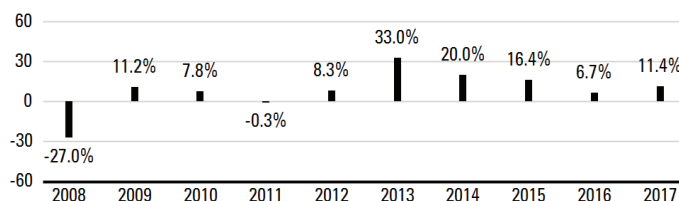
PAST PERFORMANCE

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.

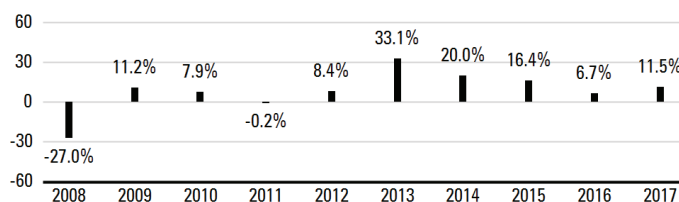
Year-by-Year Returns (%)

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 (%)



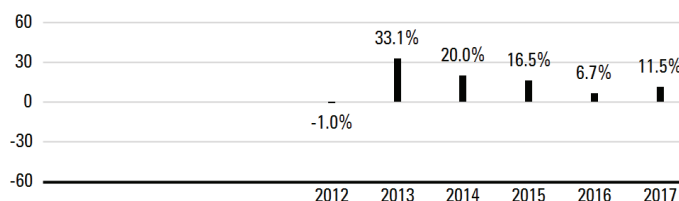
Advisor Series (%)



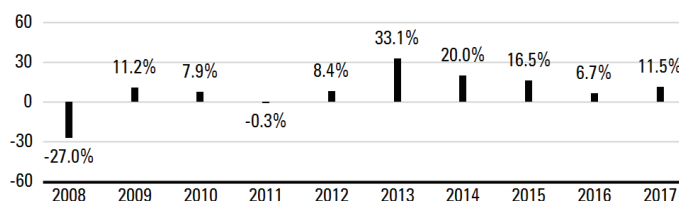
Advisor T5 Series (%)



Series T5 (%)

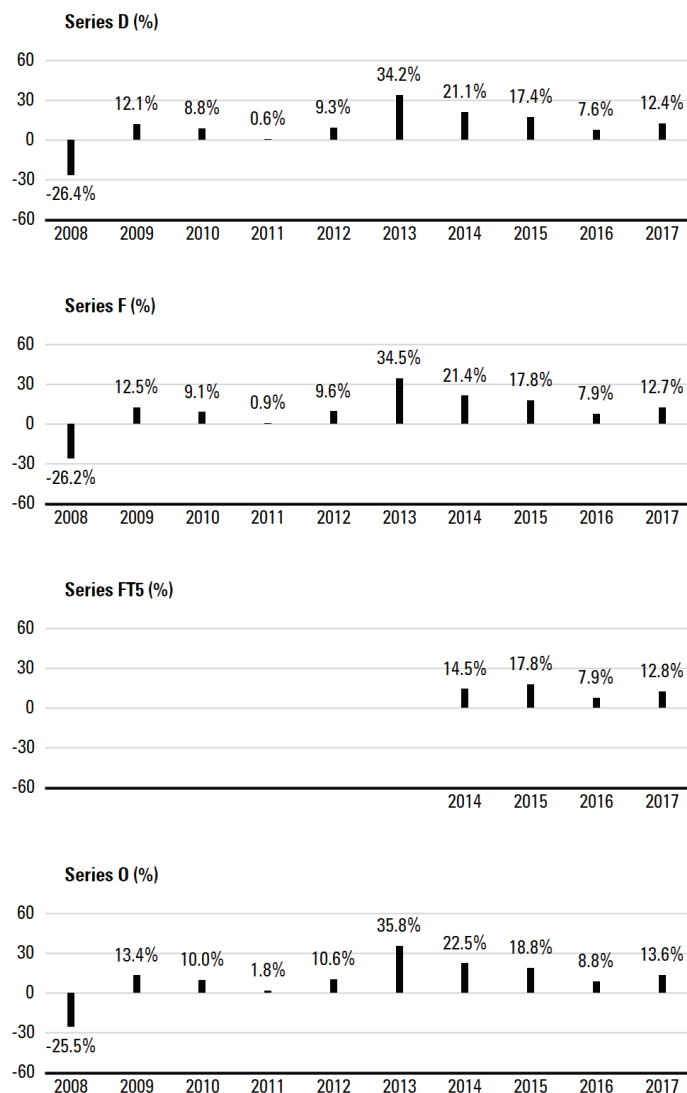


Series T8 (%)





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, 2017, 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	11.4	11.4	17.2	7.6	—
Benchmark	14.1	14.4	21.4	11.1	—
Advisor Series	11.5	11.5	17.2	7.7	—
Benchmark	14.1	14.4	21.4	11.1	—
Advisor T5 Series	11.5	11.5	—	—	14.5
Benchmark	14.1	14.4	—	—	17.1
Series T5	11.5	11.5	17.2	—	16.1
Benchmark	14.1	14.4	21.4	—	20.2
Series T8	11.5	11.5	17.2	7.7	—
Benchmark	14.1	14.4	21.4	11.1	—
Series D	12.4	12.4	18.2	8.6	—
Benchmark	14.1	14.4	21.4	11.1	—
Series F	12.7	12.7	18.5	8.9	—
Benchmark	14.1	14.4	21.4	11.1	—
Series FT5	12.8	12.7	—	—	15.7
Benchmark	14.1	14.4	—	—	17.1
Series O	13.6	13.6	19.5	9.8	—
Benchmark	14.1	14.4	21.4	11.1	—

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, and Series T5 units since September 24, 2012.

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

All outstanding Series H units were re-designated as Series A units and all outstanding Series I units were re-designated as Series F units effective June 30, 2016.

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, 2017

Investment Mix

	% of Net Asset Value
Financials	20.9
Information Technology	19.8
Health Care	15.4
Industrials	11.1
Consumer Discretionary	8.5
Consumer Staples	8.4
Energy	6.8
Telecommunication Services	2.4
Utilities	2.1
Materials	1.8
Cash/Other	2.8

Top 25 Holdings

	% of Net Asset Value
Apple Inc.	4.4
Microsoft Corp.	3.8
JPMorgan Chase & Co.	3.4
Bank of America Corp.	3.1
Johnson & Johnson	2.8
Cash & Cash Equivalents	2.7
Citigroup Inc.	2.6
PepsiCo Inc.	2.3
Chevron Corp.	2.3
Cisco Systems Inc.	2.3
Philip Morris International Inc.	2.3
Texas Instruments Inc.	2.1
Comcast Corp., Class A	2.1
Pfizer Inc.	2.0
McDonald's Corp.	2.0
UnitedHealth Group Incorporated	1.9
Boeing Co.	1.6
Oracle Corporation	1.4
AT&T Inc.	1.4
Merck & Co. Inc.	1.4
Broadcom Ltd.	1.4
Aetna Inc.	1.3
Amgen Inc.	1.3
Intel Corp.	1.3
CVS Health Corp.	1.3
Top 25 Holdings	54.5

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. DIVIDEND CURRENCY NEUTRAL FUND

December 31, 2017

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 8, 2018.

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 capital growth and regular dividend income through investing primarily in common and preferred shares of U.S. companies with above-average dividend yields while minimizing the exposure to currency fluctuations between the U.S. and Canadian dollars. The Fund may also invest in other mutual funds managed by RBC GAM or an affiliate.

The portfolio manager selects companies with a sustainable dividend and good long-term prospects of growing their dividends and with potential to create value through events such as stock buybacks, takeovers and the reduction of debt. 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$26 million as of December 31, 2017, from \$4 million at the end of 2016. The increase was due to net inflows.

Over the past year, the Fund's Series A units gained 17.9%, which underperformed the 21.2% 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 U.S. stock market finished a strong year on the back of solid returns from cyclical sectors. The strong overall performance was driven by the continuation of the synchronized global economic expansion, still accommodative global central-bank policy and low market interest rates and inflation, which drove better-than-expected financial performance for most U.S. companies. Tax reform also helped to lift investor sentiment late in the year.

During the year, the Fund's relative performance was boosted by the Industrials and Consumer Discretionary sectors, while Information Technology had a negative impact.

In the Industrials sector, returns were aided by an overweight position in Boeing, which was the top-performing stock in the Dow Jones Industrial Average during the year. The stock has benefited from President Trump's stance on trade and defence, while simultaneously reaping benefits from strong cost-reduction efforts.

In the Consumer Discretionary sector, traditional retailers have been under pressure as consumers shift towards purchasing items online and preferring experiences instead of things. However, areas of the sector that are disruptors or are less sensitive to disruption generally produced strong results during the year. In particular, the Fund's overweight position in Aptiv aided returns as the company continues to build out its self-driving vehicle capabilities.

In contrast, the Fund's underweight allocation relative to the S&P 500 Index to the top-performing Information Technology sector was a negative. However, the sector has a high allocation to non-dividend-paying, growth-oriented stocks, limiting the selection set for a dividend-investing approach.

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 positive impact on the Fund in 2017.

Recent Developments

While the portfolio manager's base case is for stocks to rise modestly over the next year, there are several scenarios that could lead to declines, including an escalation of tensions with North Korea, a policy mistake by the U.S. Federal Reserve (the "Fed") or protectionist trade moves by the Trump administration. The portfolio manager's indicators suggest that the odds of a recession remain fairly low, but with valuations at an eight-year high and the Fed intent on normalizing interest rates, the risks have increased and earnings growth remains key for return 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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 D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	10.83	0.25	(0.23)	0.17	1.87	2.06	—	—	(0.16)	—	(0.16)	12.60
Dec. 31, 2016 ³	10.00 [†]	0.14	(0.13)	(0.16)	1.07	0.92	—	(0.03)	—	—	(0.03)	10.83
Advisor Series												
Dec. 31, 2017	10.83	0.31	(0.22)	0.21	1.60	1.90	—	(0.01)	(0.16)	—	(0.17)	12.61
Dec. 31, 2016 ³	10.00 [†]	0.16	(0.13)	(0.18)	0.86	0.71	—	(0.03)	—	—	(0.03)	10.83
Advisor T5 Series												
Dec. 31, 2017	10.52	0.31	(0.22)	0.21	1.53	1.83	—	(0.02)	(0.15)	(0.36)	(0.53)	11.83
Dec. 31, 2016 ³	10.00 [†]	0.16	(0.13)	(0.18)	1.25	1.10	—	(0.02)	—	(0.31)	(0.33)	10.52
Series T5												
Dec. 31, 2017	10.52	0.18	(0.21)	0.12	2.11	2.20	—	(0.03)	(0.31)	(0.19)	(0.53)	11.85
Dec. 31, 2016 ³	10.00 [†]	0.17	(0.12)	(0.19)	0.99	0.85	—	(0.04)	—	(0.29)	(0.33)	10.52
Series D												
Dec. 31, 2017	10.84	0.27	(0.12)	0.19	1.79	2.13	—	(0.13)	(0.16)	—	(0.29)	12.60
Dec. 31, 2016 ³	10.00 [†]	0.16	(0.07)	(0.19)	0.94	0.84	—	(0.07)	—	—	(0.07)	10.84
Series F												
Dec. 31, 2017	10.84	0.27	(0.09)	0.19	1.79	2.16	—	(0.13)	(0.17)	—	(0.30)	12.61
Dec. 31, 2016 ³	10.00 [†]	0.15	(0.05)	(0.17)	1.02	0.95	—	(0.09)	—	—	(0.09)	10.84
Series FT5												
Dec. 31, 2017	10.59	0.38	(0.08)	0.27	(3.18)	(2.61)	—	(0.09)	(0.02)	(0.42)	(0.53)	12.07
Dec. 31, 2016 ³	10.00 [†]	0.17	(0.05)	(0.20)	1.00	0.92	—	(0.10)	—	(0.23)	(0.33)	10.59
Series O												
Dec. 31, 2017	10.85	0.27	—	0.19	1.94	2.40	—	(0.23)	(0.16)	—	(0.39)	12.63
Dec. 31, 2016 ³	10.00 [†]	0.17	(0.01)	(0.20)	1.02	0.98	—	(0.13)	—	—	(0.13)	10.85

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 May 4, 2016.

[†] 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, 2017	12.60	12 256	973	1.96	1.98	86.07	0.10
Dec. 31, 2016 ⁴	10.83	913	84	1.93	1.97	54.56	0.07
Advisor Series							
Dec. 31, 2017	12.61	329	26	1.85	1.87	86.07	0.10
Dec. 31, 2016 ⁴	10.83	154	14	1.84	1.88	54.56	0.07
Advisor T5 Series							
Dec. 31, 2017	11.83	36	3	1.96	1.98	86.07	0.10
Dec. 31, 2016 ⁴	10.52	32	3	1.79	1.82	54.56	0.07
Series T5							
Dec. 31, 2017	11.85	153	13	1.80	1.82	86.07	0.10
Dec. 31, 2016 ⁴	10.52	1	—	1.79	1.82	54.56	0.07
Series D							
Dec. 31, 2017	12.60	1 404	112	1.03	1.05	86.07	0.10
Dec. 31, 2016 ⁴	10.84	180	17	1.01	1.05	54.56	0.07
Series F							
Dec. 31, 2017	12.61	4 010	318	0.79	0.81	86.07	0.10
Dec. 31, 2016 ⁴	10.84	794	73	0.77	0.81	54.56	0.07
Series FT5							
Dec. 31, 2017	12.07	1	—	0.74	0.76	86.07	0.10
Dec. 31, 2016 ⁴	10.59	1	—	0.74	0.77	54.56	0.07
Series O							
Dec. 31, 2017	12.63	7 876	624	0.04	0.06	86.07	0.10
Dec. 31, 2016 ⁴	10.85	2 309	213	0.02	0.06	54.56	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 May 4, 2016.

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	1.60%	63%	37%
Advisor Series	1.60%	63%	37%
Advisor T5 Series	1.60%	63%	37%
Series T5	1.60%	63%	37%
Series D	0.85%	29%	71%
Series F	0.60%	—	100%
Series FT5	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, 2017, compared with the following benchmark:

S&P 500 Total Return Index (hedged to CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A	17.9	—	—	—	16.4
Benchmark	21.2	—	—	—	11.7
Advisor Series	18.0	—	—	—	16.5
Benchmark	21.2	—	—	—	11.7
Advisor T5 Series	17.8	—	—	—	16.4
Benchmark	21.2	—	—	—	11.7
Series T5	18.1	—	—	—	16.6
Benchmark	21.2	—	—	—	11.7
Series D	18.9	—	—	—	17.4
Benchmark	21.2	—	—	—	11.7
Series F	19.2	—	—	—	17.7
Benchmark	21.2	—	—	—	11.7
Series FT5	19.4	—	—	—	17.8
Benchmark	21.2	—	—	—	11.7
Series O	20.1	—	—	—	18.6
Benchmark	21.2	—	—	—	11.7

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, Advisor T5 Series, Series T5, Series D, Series F, Series FT5 and Series O units have been available for sale to unitholders since May 16, 2016.

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 (hedged to CAD) This index is a capitalization-weighted index measuring the 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 and is hedged to Canadian dollars.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Financials	20.1
Information Technology	19.7
Health Care	14.7
Industrials	10.9
Consumer Staples	8.3
Consumer Discretionary	8.2
Energy	6.4
Telecommunication Services	2.3
Utilities	2.1
Materials	1.7
Cash/Other	5.6

Top 25 Holdings

	% of Net Asset Value
Apple Inc.	4.5
Cash & Cash Equivalents	4.1
Microsoft Corp.	3.5
JPMorgan Chase & Co.	3.1
Bank of America Corp.	3.0
Johnson & Johnson	2.7
Citigroup Inc.	2.6
Philip Morris International Inc.	2.4
PepsiCo Inc.	2.3
Cisco Systems Inc.	2.3
Chevron Corp.	2.2
Texas Instruments Inc.	2.2
Comcast Corp., Class A	2.0
Pfizer Inc.	1.9
UnitedHealth Group Incorporated	1.7
McDonald's Corp.	1.7
Broadcom Ltd.	1.5
Oracle Corporation	1.5
Boeing Co.	1.4
Amgen Inc.	1.3
Honeywell International Inc.	1.3
Northrop Grumman Corp.	1.3
AT&T Inc.	1.3
Altria Group Inc.	1.3
Merck & Co. Inc.	1.3
Top 25 Holdings	54.4

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. EQUITY FUND

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$2.0 billion as of December 31, 2017, from \$1.8 billion at the end of 2016. The increase was due to investment returns.

Over the past year, the Fund's Series A units gained 10.5%, which underperformed the 14.1% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

The U.S. stock market finished a strong year on the back of solid returns from cyclical sectors. The strong overall performance was driven by the continuation of the synchronized global economic expansion, still accommodative global central-bank policy and low market interest rates and inflation, which drove better-than-expected financial performance for most U.S. companies. Tax reform also helped to lift investor sentiment late in the year.

During the year, the Fund's relative performance was boosted by the Industrials and Utilities sectors, while Health Care had a negative impact.

In the Industrials sector, returns were aided by an overweight position in Boeing, which was the top-performing stock in the Dow Jones Industrial Average during the year. The stock has benefited from President Trump's stance on trade and defense, while simultaneously reaping benefits from strong cost-reduction efforts.

Strong security selection and an underweight allocation to the Utilities sector benefited the Fund. The overweight allocation to NextEra Energy helped returns as the stock was boosted by the company's position as a leader in renewable energy.

The Health Care sector experienced a high degree of uncertainty throughout 2017. The overweight allocation to Cardinal Health had a negative impact as drug distributors faced generic drug-pricing pressure.

Recent Developments

While the portfolio manager's base case is for stocks to rise modestly over the next year, there are several scenarios that could lead to declines, including an escalation of tensions with North Korea, a policy mistake by the U.S. Federal Reserve (the "Fed") or protectionist trade moves by the Trump administration. The portfolio manager's indicators suggest that the odds of a recession remain fairly low, but with valuations at an eight-year high and the Fed intent on normalizing interest rates, the risks have increased and earnings growth remains key for return 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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 and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$131,000 (2016 – \$216,000) or 8% (2016 – 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		
Series A												
Dec. 31, 2017	28.54	0.52	(0.58)	1.74	1.30	2.98	—	—	(1.47)	—	(1.47)	30.11
Dec. 31, 2016	27.27	0.47	(0.53)	0.58	0.48	1.00	—	—	—	—	—	28.54
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
Advisor Series												
Dec. 31, 2017	28.68	0.52	(0.57)	1.75	1.30	3.00	—	—	(1.47)	—	(1.47)	30.27
Dec. 31, 2016	27.39	0.47	(0.53)	0.58	0.61	1.13	—	—	—	—	—	28.68
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
Series T5												
Dec. 31, 2017 ³	29.53 [†]	0.43	(0.42)	1.44	0.73	2.18	—	(0.04)	(1.22)	—	(1.26)	30.29
Series D												
Dec. 31, 2017	30.05	0.55	(0.33)	1.84	1.33	3.39	—	(0.19)	(1.58)	—	(1.77)	31.77
Dec. 31, 2016	28.60	0.50	(0.31)	0.61	0.71	1.51	—	(0.15)	—	—	(0.15)	30.05
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
Series F												
Dec. 31, 2017	32.26	0.59	(0.26)	1.98	1.60	3.91	—	(0.31)	(1.68)	—	(1.99)	34.13
Dec. 31, 2016	30.70	0.53	(0.25)	0.65	4.15	5.08	—	(0.24)	—	—	(0.24)	32.26
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
Series FT5												
Dec. 31, 2017 ³	33.44 [†]	0.48	(0.21)	1.62	8.55	10.44	—	(0.50)	(2.12)	—	(2.62)	33.42



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, 2017	31.00	0.56	(0.01)	1.91	1.50	3.96	—	(0.55)	(1.62)	—	(2.17)	32.80
Dec. 31, 2016	29.46	0.51	(0.01)	0.63	1.13	2.26	—	(0.46)	—	—	(0.46)	31.00
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

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 15, 2017.

[†] 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, 2017	30.11	471 766	15 670	1.95	1.95	91.78	0.09
Dec. 31, 2016	28.54	492 097	17 243	2.02 ⁴	2.02	109.31	0.11
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
Advisor Series							
Dec. 31, 2017	30.27	9 595	317	1.93	1.93	91.78	0.09
Dec. 31, 2016	28.68	8 753	305	2.01 ⁴	2.01	109.31	0.11
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
Series T5							
Dec. 31, 2017⁵	30.29	1	—	1.80	1.80	91.78	0.09
Series D							
Dec. 31, 2017	31.77	31 023	976	1.07	1.07	91.78	0.09
Dec. 31, 2016	30.05	28 264	941	1.14 ⁴	1.14	109.31	0.11
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
Series F							
Dec. 31, 2017	34.13	60 378	1 769	0.78	0.78	91.78	0.09
Dec. 31, 2016	32.26	33 858	1 050	0.84 ⁴	0.84	109.31	0.11
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
Series FT5							
Dec. 31, 2017⁵	33.42	30	1	0.75	0.75	91.78	0.09



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, 2017	32.80	1 397 929	42 620	0.04	0.04	91.78	0.09
Dec. 31, 2016	31.00	1 233 463	39 790	0.03	0.03	109.31	0.11
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

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 Effective June 30, 2016, the management fees were changed in respect of Series A, Advisor Series, Series D and Series F units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 1.94%, Advisor Series – 1.92%, Series D – 1.06% and Series F – 0.80%.

⁵ From February 15, 2017.

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	1.60%	66%	34%
Advisor Series	1.60%	66%	34%
Series T5	1.60%	63%	37%
Series D	0.85%	25%	75%
Series F	0.60%	—	100%
Series FT5	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.

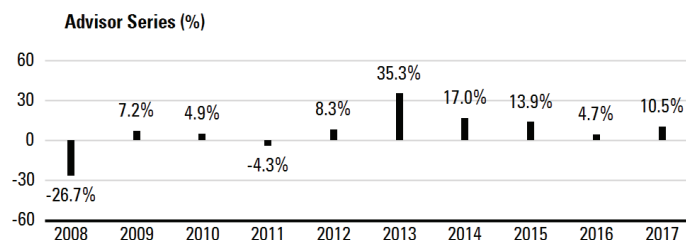
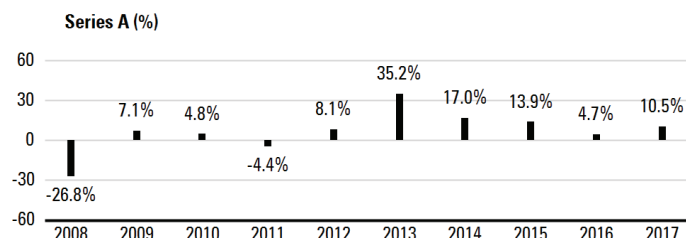


PAST PERFORMANCE

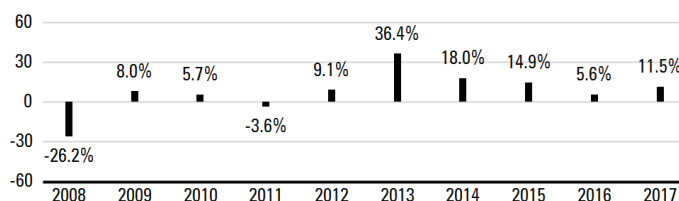
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional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

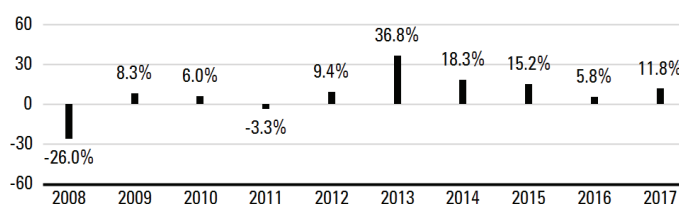
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



Series D (%)



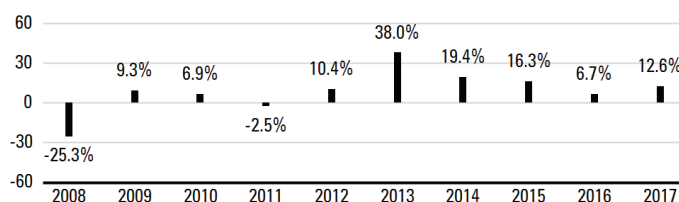
Series F (%)



Series FT5 (%)



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, 2017, 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	10.5	9.6	15.8	5.9	—
Benchmark	14.1	14.4	21.4	11.1	—
Advisor Series	10.5	9.6	15.9	5.9	—
Benchmark	14.1	14.4	21.4	11.1	—
Series T5	—	—	—	—	7.0
Benchmark	—	—	—	—	9.5
Series D	11.5	10.6	16.8	6.8	—
Benchmark	14.1	14.4	21.4	11.1	—
Series F	11.8	10.9	17.1	7.1	—
Benchmark	14.1	14.4	21.4	11.1	—
Series FT5	—	—	—	—	7.9
Benchmark	—	—	—	—	9.5
Series O	12.6	11.8	18.2	8.0	—
Benchmark	14.1	14.4	21.4	11.1	—

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 T5 and Series FT5 units have been available for sale to unitholders since February 15, 2017.

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, 2017

Investment Mix

	% of Net Asset Value
Information Technology	23.8
Financials	16.6
Health Care	12.0
Consumer Discretionary	9.2
Industrials	9.1
United States Equity Funds	8.6
Energy	6.0
Consumer Staples	5.9
Telecommunication Services	1.9
Utilities	1.7
Materials	1.2
Cash/Other	4.0

Top 25 Holdings

	% of Net Asset Value
Apple Inc.	4.4
RBC U.S. Mid-Cap Growth Equity Fund	3.9
Cash & Cash Equivalents	3.9
RBC U.S. Mid-Cap Value Equity Fund	3.6
Microsoft Corp.	3.2
Alphabet Inc., Class A	3.1
Amazon.com, Inc.	2.6
Bank of America Corp.	2.5
Facebook Inc., Class A	2.4
Johnson & Johnson	2.2
Chevron Corp.	2.2
JPMorgan Chase & Co.	2.2
Citigroup Inc.	2.0
UnitedHealth Group Incorporated	1.8
Berkshire Hathaway Inc., Class B	1.7
Comcast Corp., Class A	1.5
Altria Group Inc.	1.5
Exxon Mobil Corp.	1.4
Cisco Systems Inc.	1.4
Intel Corp.	1.4
Texas Instruments Inc.	1.3
Morgan Stanley	1.3
PepsiCo Inc.	1.2
Pfizer Inc.	1.2
Oracle Corporation	1.2
Top 25 Holdings	55.1

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.



U.S. EQUITY FUND

**RBC U.S. EQUITY
CURRENCY NEUTRAL FUND**

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$41 million as of December 31, 2017, from \$39 million at the end of 2016. The increase was due to investment returns, largely offset by net redemptions.

Over the past year, the Fund's Series A units gained 17.7%, which underperformed the 21.2% 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 U.S. stock market finished a strong year on the back of solid returns from cyclical sectors. The strong overall performance was driven by the continuation of the synchronized global economic expansion, still accommodative global central-bank policy and low market interest rates and inflation, which drove better-than-expected financial performance for most U.S. companies. Tax reform also helped to lift investor sentiment late in the year.

During the year, the Fund's relative performance was boosted by the Industrials and Utilities sectors, while Health Care had a negative impact.

In the Industrials sector, returns were aided by an overweight position in Boeing, which was the top-performing stock in the Dow Jones Industrial Average during the year. The stock has benefited from President Trump's stance on trade and defense, while simultaneously reaping benefits from strong cost-reduction efforts.

Strong security selection and an underweight allocation to the Utilities sector benefited the Fund. The overweight allocation to NextEra Energy helped returns as the stock was boosted by the company's position as a leader in renewable energy.

The Health Care sector experienced a high degree of uncertainty throughout 2017. The overweight allocation to Cardinal Health had a negative impact as drug distributors faced generic drug-pricing pressure.

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 positive impact on the Fund in 2017.

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

While the portfolio manager's base case is for stocks to rise modestly over the next year, there are several scenarios that could lead to declines, including an escalation of tensions with North Korea, a policy mistake by the U.S. Federal Reserve (the "Fed") or protectionist trade moves by the Trump administration. The portfolio manager's indicators suggest that the odds of a recession remain fairly low, but with valuations at an eight-year high and the Fed intent on normalizing interest rates, the risks have increased and earnings growth remains key for return 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$3,000 (2016 – \$5,000) or 9% (2016 – 13%) 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, 2017	12.42	0.23	(0.26)	1.58	0.64	2.19	—	—	—	—	—	14.61	
Dec. 31, 2016	11.60	0.20	(0.23)	0.51	0.26	0.74	—	—	—	—	—	12.42	
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	
Advisor Series													
Dec. 31, 2017	13.09	0.24	(0.27)	1.66	0.65	2.28	—	—	—	—	—	15.40	
Dec. 31, 2016	12.23	0.21	(0.24)	0.54	0.32	0.83	—	—	—	—	—	13.09	
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	
Series D													
Dec. 31, 2017	13.41	0.25	(0.15)	1.72	0.70	2.52	(0.01)	(0.01)	—	—	(0.02)	15.91	
Dec. 31, 2016	12.42	0.22	(0.14)	0.55	0.45	1.08	—	—	—	—	—	13.41	
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	
Series F													
Dec. 31, 2017	13.98	0.26	(0.12)	1.79	0.78	2.71	(0.01)	(0.01)	—	—	(0.02)	16.63	
Dec. 31, 2016	12.91	0.23	(0.11)	0.57	0.26	0.95	—	—	—	—	—	13.98	
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	
Series O													
Dec. 31, 2017	14.82	0.29	—	1.98	1.87	4.14	(0.02)	(0.01)	—	—	(0.03)	17.76	
Dec. 31, 2016	13.58	0.24	—	0.61	0.40	1.25	—	—	—	—	—	14.82	
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	

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, 2017	14.61	30 655	2 098	1.94	1.95	94.00	0.09
Dec. 31, 2016	12.42	29 725	2 394	2.01 ⁴	2.02	105.84	0.11
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
Advisor Series							
Dec. 31, 2017	15.40	3 627	235	1.94	1.95	94.00	0.09
Dec. 31, 2016	13.09	4 263	326	2.01 ⁴	2.02	105.84	0.11
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
Series D							
Dec. 31, 2017	15.91	2 285	144	1.06	1.07	94.00	0.09
Dec. 31, 2016	13.41	1 548	115	1.13 ⁴	1.13	105.84	0.11
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
Series F							
Dec. 31, 2017	16.63	4 143	249	0.78	0.79	94.00	0.09
Dec. 31, 2016	13.98	3 030	217	0.84 ⁴	0.84	105.84	0.11
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
Series O							
Dec. 31, 2017	17.76	177	10	0.04	0.05	94.00	0.09
Dec. 31, 2016	14.82	2	—	0.03	0.03	105.84	0.11
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

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 Effective June 30, 2016, the management fees were changed in respect of Series A, Advisor Series, Series D and Series F units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 1.93%, Advisor Series – 1.92%, Series D – 1.05% and Series F – 0.76%.



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	1.60%	66%	34%
Advisor Series	1.60%	66%	34%
Series D	0.85%	25%	75%
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.

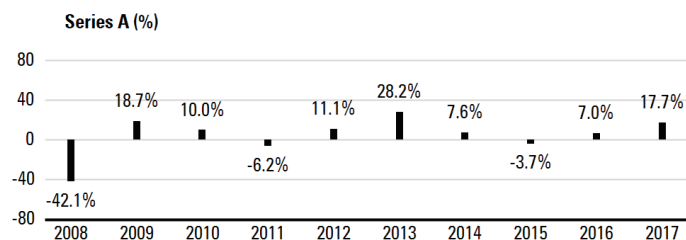
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

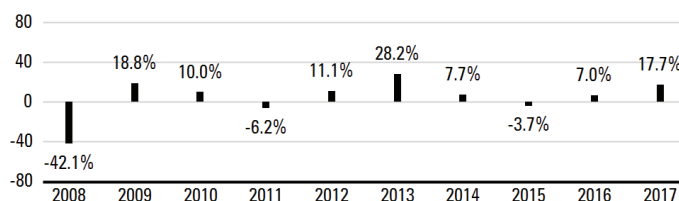
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional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

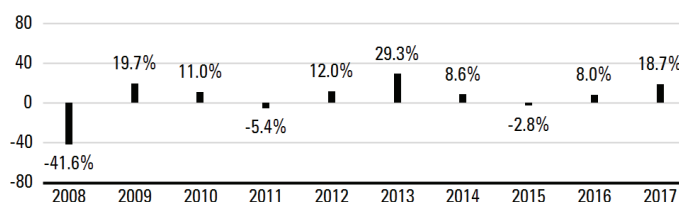
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



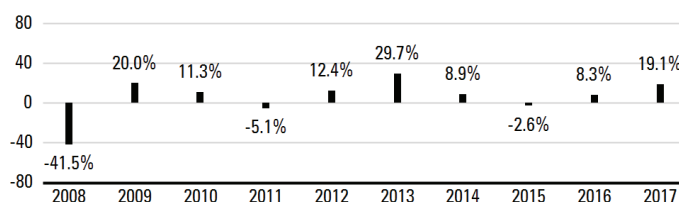
Advisor Series (%)



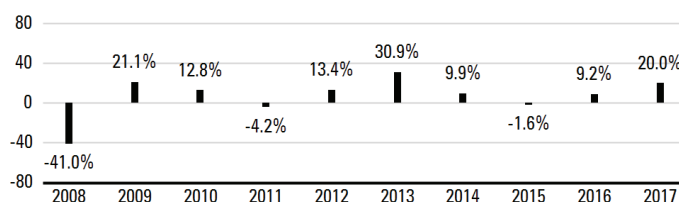
Series D (%)



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, 2017, compared with the following benchmark:

S&P 500 Total Return Index (hedged to CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A	17.7	6.7	10.9	2.8	—
Benchmark	21.2	11.0	15.8	7.8	—
Advisor Series	17.7	6.7	10.9	2.8	—
Benchmark	21.2	11.0	15.8	7.8	—
Series D	18.7	7.6	11.8	3.7	—
Benchmark	21.2	11.0	15.8	7.8	—
Series F	19.1	7.9	12.1	4.0	—
Benchmark	21.2	11.0	15.8	7.8	—
Series O	20.0	8.8	13.1	5.0	—
Benchmark	21.2	11.0	15.8	7.8	—

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

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 (hedged to CAD) This index is a capitalization-weighted index measuring the 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 and is hedged to Canadian dollars.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Information Technology	24.0
Financials	15.8
Health Care	12.2
Industrials	9.5
Consumer Discretionary	9.1
United States Equity Funds	8.8
Energy	6.1
Consumer Staples	5.7
Telecommunication Services	1.9
Utilities	1.8
Materials	1.1
Cash/Other	4.0

Top 25 Holdings

	% of Net Asset Value
Apple Inc.	4.4
RBC U.S. Mid-Cap Growth Equity Fund	3.8
RBC U.S. Mid-Cap Value Equity Fund	3.8
Alphabet Inc., Class A	3.2
Microsoft Corp.	3.2
Cash & Cash Equivalents	3.1
Amazon.com, Inc.	2.5
Facebook Inc., Class A	2.4
Chevron Corp.	2.2
Bank of America Corp.	2.2
Johnson & Johnson	2.2
JPMorgan Chase & Co.	2.0
UnitedHealth Group Incorporated	2.0
Citigroup Inc.	1.9
Berkshire Hathaway Inc., Class B	1.6
Comcast Corp., Class A	1.5
Altria Group Inc.	1.5
Exxon Mobil Corp.	1.5
Cisco Systems Inc.	1.4
Intel Corp.	1.4
Morgan Stanley	1.3
Texas Instruments Inc.	1.3
Pfizer Inc.	1.2
PepsiCo Inc.	1.2
Boeing Co.	1.2
Top 25 Holdings	54.0

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.



U.S. EQUITY FUND

RBC QUBE U.S. EQUITY FUND

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$3.6 billion as of December 31, 2017, from \$3.2 billion at the end of 2016. The increase was due to investment returns.

Over the past year, the Fund's Series O units gained 15.0%, which outperformed the 14.1% 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 U.S. equity market, as measured by the S&P 500 Index, rose to a record high to close out 2017 as U.S. stocks achieved double-digit gains with minimal volatility. Nine out of the 11 industry sectors posted gains, with Energy and Telecommunication Services being the only ones to decline. Stocks in Information Technology recorded the biggest advances, supported by strong earnings growth. Consumer confidence remained high over the course of 2017, and the U.S. Federal Reserve tightened monetary policy by raising interest rates and starting the process of shrinking its balance sheet.

In the Telecommunication Services sector, a position in Verizon held back the Fund's returns over the year. The Consumer Staples sector had several detractors from performance, with positions in Kimberly-Clark and Philip Morris International having a large negative impact during the period.

In the Industrials sector, the Fund's overweight position in Boeing added significantly to returns. The Fund also benefitted from its underexposure to a weak Energy sector.

Portfolio turnover was high for the Fund given the portfolio manager's model-driven investment process.

Recent Developments

Economic momentum in developed and emerging markets has shown little sign of slowing, and low inflation and accommodative monetary policies remain supportive. Synchronized global growth continues to be led by the U.S., whose central bank will likely continue with interest-rate hikes in 2018. U.S. tax cuts have the potential to maintain corporate earnings momentum. A steady and sustained expansion continues globally but political tensions remain a risk on the horizon.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$4,000 (2016 – \$2,000) or 0% (2016 – 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, 2017	15.49	0.31	—	2.24	(0.21)	2.34	—	(0.29)	(2.16)	—	(2.45)	15.42
Dec. 31, 2016	15.40	0.29	—	0.73	0.20	1.22	—	(0.27)	(0.70)	—	(0.97)	15.49
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, 2017	15.42	3 633 176	235 557	0.02	0.02	138.32	0.04
Dec. 31, 2016	15.49	3 161 002	204 066	0.02	0.02	77.64	0.03
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.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

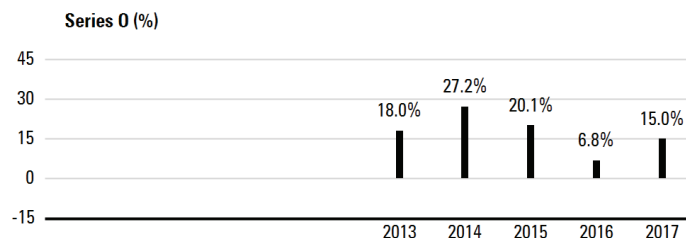
RBC GAM is the manager, trustee and portfolio manager of the Fund. No management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

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 each series of the Fund and for each of the periods indicated ended on December 31, 2017, 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	15.0	13.8	—	—	19.3
Benchmark	14.1	14.4	—	—	19.0

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 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, 2017

Investment Mix

	% of Net Asset Value
Information Technology	28.9
Industrials	12.9
Consumer Discretionary	12.5
Financials	12.1
Health Care	12.1
Consumer Staples	10.8
Energy	3.2
Materials	3.2
Real Estate	2.0
Utilities	1.5
Telecommunication Services	0.6
Cash/Other	0.2

Top 25 Holdings

	% of Net Asset Value
Apple Inc.	4.1
Citigroup Inc.	3.6
Philip Morris International Inc.	3.0
Lockheed Martin Corporation	2.8
Facebook Inc., Class A	2.8
3M Co.	2.8
Boeing Co.	2.8
Alphabet Inc., Class C	2.5
Intuit Inc.	2.3
Home Depot Inc.	2.2
Accenture Plc., Class A	2.1
LyondellBasell Industries N.V.	2.0
State Street Corp.	1.8
Johnson & Johnson	1.8
Electronic Arts Inc.	1.6
Target Corporation	1.6
Kimberly-Clark Corp.	1.5
Las Vegas Sands Corp.	1.5
Cadence Design Systems Inc.	1.5
Cigna Corp.	1.5
Applied Materials Inc.	1.5
Microsoft Corp.	1.4
Ameriprise Financial Inc.	1.3
UnitedHealth Group Incorporated	1.3
Royal Caribbean Cruises Ltd.	1.3
Top 25 Holdings	52.6

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



U.S. EQUITY FUND

**RBC QUBE LOW VOLATILITY
U.S. EQUITY FUND**

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund's risk rating changed from medium to low-to-medium.

Results of Operations

The Fund's net asset value rose to \$1.7 billion as of December 31, 2017, from \$1.4 billion at the end of 2016. The increase was due to investment returns.

Over the past year, the Fund's Series A units gained 10.5%, which underperformed the 14.1% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

The U.S. equity market, as measured by the S&P 500 Index, rose to a record high to close out 2017 as U.S. stocks achieved double-digit gains with minimal volatility. Nine out of the 11 industry sectors posted gains, with Energy and Telecommunication Services being the only ones to decline. Stocks in the Information Technology sector recorded the biggest advances, supported by strong earnings growth. Consumer confidence remained high over the course of 2017, and the U.S. Federal Reserve tightened monetary policy by raising interest rates and starting the process of shrinking its balance sheet.

In the Health Care sector, a position in Merck & Co. held back the Fund's returns over the year. The Telecommunication Services sector had several detractors from performance, with positions in Verizon and AT&T having a negative impact during the period.

In the Consumer Staples sector, the Fund's overweight position in Walmart added significantly to returns. Various positions in the Information Technology sector also aided performance, with contributions from holdings in Alphabet and Texas Instruments.

Recent Developments

Economic momentum in developed and emerging markets has shown little sign of slowing, and low inflation and accommodative monetary policies remain supportive. Synchronized global growth continues to be led by the U.S., whose central bank will likely continue with interest-rate hikes in 2018. U.S. tax cuts have the potential to maintain corporate earnings momentum. A steady and sustained expansion continues globally but political tensions remain a risk on the horizon.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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 and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$1,000 (2016 – \$0) or 0% (2016 – 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		
Series A												
Dec. 31, 2017	20.46	0.43	(0.40)	1.86	0.19	2.08	—	—	(0.91)	—	(0.91)	21.72
Dec. 31, 2016	19.31	0.43	(0.38)	1.21	0.52	1.78	—	(0.03)	(0.48)	—	(0.51)	20.46
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
Advisor Series												
Dec. 31, 2017	20.24	0.42	(0.40)	1.84	0.19	2.05	—	—	(0.91)	—	(0.91)	21.48
Dec. 31, 2016	19.10	0.43	(0.38)	1.20	0.55	1.80	—	(0.03)	(0.48)	—	(0.51)	20.24
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
Series T5												
Dec. 31, 2017	20.03	0.41	(0.38)	1.77	0.36	2.16	—	(0.03)	(0.93)	(0.04)	(1.00)	21.09
Dec. 31, 2016 ³	19.05 [†]	0.38	(0.34)	1.07	1.15	2.26	—	(0.05)	(0.64)	(0.20)	(0.89)	20.03
Series D												
Dec. 31, 2017	20.75	0.43	(0.23)	1.90	0.23	2.33	—	(0.27)	(0.93)	—	(1.20)	21.95
Dec. 31, 2016	19.58	0.44	(0.22)	1.24	0.40	1.86	—	(0.21)	(0.49)	—	(0.70)	20.75
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
Series F												
Dec. 31, 2017	20.67	0.43	(0.17)	1.88	0.24	2.38	—	(0.33)	(0.93)	—	(1.26)	21.86
Dec. 31, 2016	19.50	0.43	(0.16)	1.21	0.69	2.17	—	(0.26)	(0.49)	—	(0.75)	20.67
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
Series FT5												
Dec. 31, 2017	20.18	0.40	(0.15)	1.73	1.88	3.86	(0.01)	(0.21)	(1.24)	—	(1.46)	21.05
Dec. 31, 2016 ³	19.25 [†]	0.38	(0.14)	1.07	1.94	3.25	—	(0.13)	(1.06)	—	(1.19)	20.18



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, 2017	20.90	0.44	—	1.92	0.40	2.76	—	(0.48)	(1.11)	—	(1.59)	21.96
Dec. 31, 2016	19.73	0.45	—	1.25	0.51	2.21	—	(0.44)	(0.50)	—	(0.94)	20.90
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

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 25, 2016.

[†] 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, 2017	21.72	430 856	19 836	1.87	1.87	81.72	0.02
Dec. 31, 2016	20.46	307 445	15 025	1.95 ⁴	1.95	59.78	0.02
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
Advisor Series							
Dec. 31, 2017	21.48	34 836	1 622	1.86	1.86	81.72	0.02
Dec. 31, 2016	20.24	28 479	1 407	1.94 ⁴	1.94	59.78	0.02
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
Series T5							
Dec. 31, 2017	21.09	2 112	100	1.84	1.84	81.72	0.02
Dec. 31, 2016 ⁵	20.03	804	40	1.86 ⁴	1.86	59.78	0.02
Series D							
Dec. 31, 2017	21.95	82 851	3 775	1.03	1.03	81.72	0.02
Dec. 31, 2016	20.75	66 100	3 185	1.10 ⁴	1.10	59.78	0.02
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
Series F							
Dec. 31, 2017	21.86	158 760	7 263	0.76	0.76	81.72	0.02
Dec. 31, 2016	20.67	89 413	4 326	0.82 ⁴	0.82	59.78	0.02
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
Series FT5							
Dec. 31, 2017	21.05	4 321	205	0.74	0.74	81.72	0.02
Dec. 31, 2016 ⁵	20.18	182	9	0.77 ⁴	0.77	59.78	0.02



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data (cont.)

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series O							
Dec. 31, 2017	21.96	965 146	43 944	0.02	0.02	81.72	0.02
Dec. 31, 2016	20.90	934 290	44 702	0.02	0.02	59.78	0.02
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

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 Effective June 30, 2016, the management fees were changed in respect of Series A, Advisor Series, Series T5, Series D, Series F and Series FT5 units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 1.87%, Advisor Series – 1.87%, Series T5 – 1.92%, Series D – 1.03%, Series F – 0.77% and Series FT5 – 0.79%.

⁵ From January 25, 2016.

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	1.60%	57%	43%
Advisor Series	1.60%	57%	43%
Series T5	1.60%	63%	37%
Series D	0.85%	25%	75%
Series F	0.60%	—	100%
Series FT5	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.

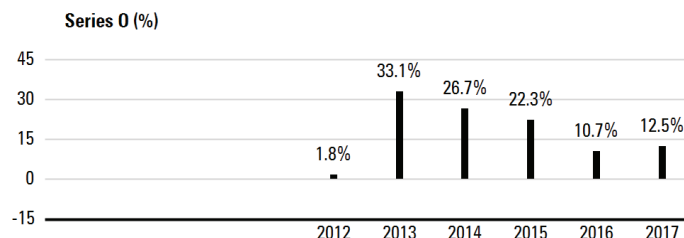
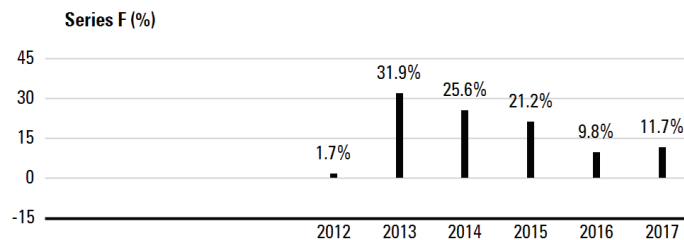
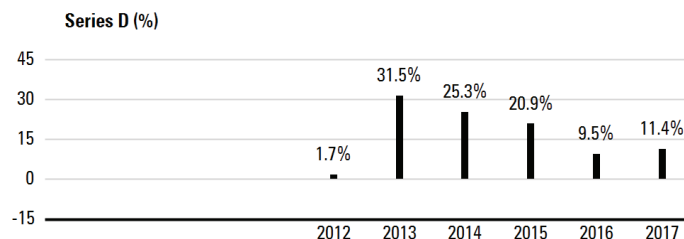
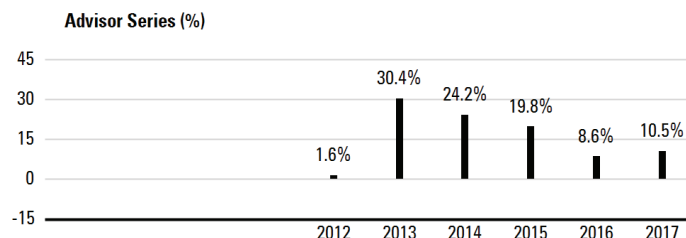
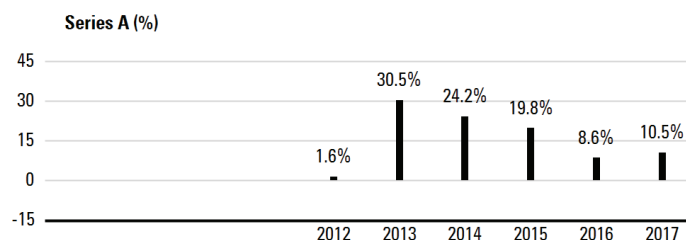


PAST PERFORMANCE

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, 2017, 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	10.5	12.9	18.4	—	18.3
Benchmark	14.1	14.4	21.4	—	21.5
Advisor Series	10.5	12.9	18.4	—	18.3
Benchmark	14.1	14.4	21.4	—	21.5
Series T5	10.5	—	—	—	10.7
Benchmark	14.1	—	—	—	14.9
Series D	11.4	13.8	19.4	—	19.3
Benchmark	14.1	14.4	21.4	—	21.5
Series F	11.7	14.1	19.8	—	19.7
Benchmark	14.1	14.4	21.4	—	21.5
Series FT5	11.7	—	—	—	11.9
Benchmark	14.1	—	—	—	14.9
Series O	12.5	15.1	20.8	—	20.7
Benchmark	14.1	14.4	21.4	—	21.5

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 T5 and Series FT5 units have been available for sale to unitholders since January 25, 2016, 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.

All outstanding Series H units were re-designated as Series A units and all outstanding Series I units were re-designated as Series F units effective June 30, 2016.

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, 2017

Investment Mix

	% of Net Asset Value
Information Technology	20.4
Consumer Staples	16.7
Utilities	16.6
Health Care	15.6
Industrials	8.1
Financials	7.7
Consumer Discretionary	7.5
Materials	3.2
Energy	2.2
Telecommunication Services	1.0
Real Estate	0.8
Cash/Other	0.2

Top 25 Holdings

	% of Net Asset Value
TJX Companies Inc.	3.0
Johnson & Johnson	3.0
PepsiCo Inc.	3.0
The Procter & Gamble Co.	3.0
UnitedHealth Group Incorporated	3.0
Intuit Inc.	2.9
Consolidated Edison Inc.	2.9
Alphabet Inc., Class C	2.9
American Electric Power	2.9
The Coca-Cola Co.	2.8
Xcel Energy Inc.	2.8
Wal-Mart Stores, Inc.	2.6
Republic Services Inc.	2.4
DTE Energy Company	2.4
Texas Instruments Inc.	2.3
Loews Corp.	2.3
Exxon Mobil Corp.	2.2
Accenture Plc., Class A	2.1
Vectren Corp.	2.0
Amdocs Ltd.	2.0
U.S. Bancorp	1.9
Pfizer Inc.	1.9
Home Depot Inc.	1.9
Danaher Corp.	1.8
Philip Morris International Inc.	1.8
Top 25 Holdings	61.8

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 QUBE LOW VOLATILITY U.S. EQUITY
CURRENCY NEUTRAL FUND**

December 31, 2017

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 8, 2018.

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 by investing primarily in equity securities of U.S. companies using a quantitative approach while minimizing the exposure to currency fluctuations between the U.S. and Canadian dollars. The Fund may also invest in mutual funds managed by RBC GAM or an affiliate. 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 diversifies across industries within the U.S. equity market. 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$27 million as of December 31, 2017, from \$10 million at the end of 2016. The increase was due to net inflows.

Over the past year, the Fund's Series A units gained 17.5%, which underperformed the 21.2% 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 U.S. equity market, as measured by the S&P 500 Index, rose to a record high to close out 2017 as U.S. stocks achieved double-digit gains with minimal volatility. Nine out of the 11 industry sectors posted gains, with Energy and Telecommunication Services being the only ones to decline. Stocks in Information Technology recorded the biggest advances, supported by strong earnings growth. Consumer confidence remained high over the course of 2017, and the U.S. Federal Reserve tightened monetary policy by raising interest rates and starting the process of shrinking its balance sheet.

In the Health Care sector, a position in Merck & Co. held back the Fund's returns over the year. The Telecommunication Services sector had several detractors from performance, with positions in Verizon and AT&T having a negative impact during the period.

In the Consumer Staples sector, the Fund's overweight position in Walmart added significantly to returns. Various positions in the Information Technology sector also aided performance, with contributions from holdings in Alphabet and Texas Instruments.

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 positive impact on the Fund in 2017.

Recent Developments

Economic momentum in developed and emerging markets has shown little sign of slowing, and low inflation and accommodative monetary policies remain supportive. Synchronized global growth continues to be led by the U.S., whose central bank will likely continue with interest-rate hikes in 2018. U.S. tax cuts have the potential to maintain corporate earnings momentum. A steady and sustained expansion continues globally but political tensions remain a risk on the horizon.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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 and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	10.49	0.21	(0.22)	0.78	1.10	1.87	—	—	(0.52)	—	(0.52)	11.80
Dec. 31, 2016 ³	10.00 [†]	0.15	(0.12)	(0.25)	0.74	0.52	—	—	—	—	—	10.49
Advisor Series												
Dec. 31, 2017	10.49	0.24	(0.22)	0.86	1.00	1.88	—	—	(0.52)	—	(0.52)	11.80
Dec. 31, 2016 ³	10.00 [†]	0.13	(0.12)	(0.23)	0.51	0.29	—	—	—	—	—	10.49
Series T5												
Dec. 31, 2017	10.16	0.21	(0.20)	0.78	0.63	1.42	—	(0.02)	(0.73)	—	(0.75)	11.17
Dec. 31, 2016 ³	10.00 [†]	0.11	(0.11)	(0.18)	2.25	2.07	—	—	—	(0.33)	(0.33)	10.16
Series D												
Dec. 31, 2017	10.53	0.22	(0.12)	0.80	1.09	1.99	—	(0.07)	(0.52)	—	(0.59)	11.89
Dec. 31, 2016 ³	10.00 [†]	0.13	(0.07)	(0.23)	0.88	0.71	—	(0.01)	—	—	(0.01)	10.53
Series F												
Dec. 31, 2017	10.52	0.23	(0.09)	0.83	1.04	2.01	—	(0.10)	(0.55)	—	(0.65)	11.86
Dec. 31, 2016 ³	10.00 [†]	0.13	(0.05)	(0.22)	0.49	0.35	—	(0.04)	—	—	(0.04)	10.52
Series FT5												
Dec. 31, 2017	10.22	0.23	(0.08)	0.85	0.89	1.89	—	(0.13)	(0.49)	—	(0.62)	11.49
Dec. 31, 2016 ³	10.00 [†]	0.12	(0.05)	(0.21)	0.52	0.38	—	(0.06)	—	(0.27)	(0.33)	10.22
Series O												
Dec. 31, 2017	10.50	0.24	—	0.88	0.96	2.08	—	(0.19)	(0.53)	—	(0.72)	11.85
Dec. 31, 2016 ³	10.00 [†]	0.16	—	(0.27)	0.78	0.67	—	(0.11)	—	—	(0.11)	10.50

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 May 4, 2016.

[†] 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, 2017	11.80	7 668	650	1.89	1.90	74.08	0.03
Dec. 31, 2016 ⁴	10.49	550	52	1.89	1.91	37.57	0.02
Advisor Series							
Dec. 31, 2017	11.80	600	51	1.91	1.92	74.08	0.03
Dec. 31, 2016 ⁴	10.49	411	39	1.90	1.92	37.57	0.02
Series T5							
Dec. 31, 2017	11.17	137	12	1.79	1.80	74.08	0.03
Dec. 31, 2016 ⁴	10.16	117	12	1.79	1.80	37.57	0.02
Series D							
Dec. 31, 2017	11.89	2 661	224	1.05	1.06	74.08	0.03
Dec. 31, 2016 ⁴	10.53	500	47	1.06	1.08	37.57	0.02
Series F							
Dec. 31, 2017	11.86	7 910	667	0.75	0.76	74.08	0.03
Dec. 31, 2016 ⁴	10.52	2 440	232	0.76	0.77	37.57	0.02
Series FT5							
Dec. 31, 2017	11.49	55	5	0.74	0.75	74.08	0.03
Dec. 31, 2016 ⁴	10.22	48	5	0.74	0.75	37.57	0.02
Series O							
Dec. 31, 2017	11.85	7 539	636	0.02	0.03	74.08	0.03
Dec. 31, 2016 ⁴	10.50	5 750	548	0.02	0.04	37.57	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 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 May 4, 2016.

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	1.60%	63%	37%
Advisor Series	1.60%	63%	37%
Series T5	1.60%	63%	37%
Series D	0.85%	29%	71%
Series F	0.60%	—	100%
Series FT5	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, 2017, compared with the following benchmark:

S&P 500 Total Return Index (hedged to CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A	17.5	—	—	—	13.7
Benchmark	21.2	—	—	—	11.7
Advisor Series	17.5	—	—	—	13.7
Benchmark	21.2	—	—	—	11.7
Series T5	17.6	—	—	—	13.8
Benchmark	21.2	—	—	—	11.7
Series D	18.5	—	—	—	14.7
Benchmark	21.2	—	—	—	11.7
Series F	18.9	—	—	—	15.0
Benchmark	21.2	—	—	—	11.7
Series FT5	18.9	—	—	—	15.0
Benchmark	21.2	—	—	—	11.7
Series O	19.7	—	—	—	15.8
Benchmark	21.2	—	—	—	11.7

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 T5, Series D, Series F, Series FT5 and Series O units have been available for sale to unitholders since May 16, 2016.

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 (hedged to CAD) This index is a capitalization-weighted index measuring the 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 and is hedged to Canadian dollars.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Information Technology	20.1
Consumer Staples	16.4
Utilities	16.3
Health Care	15.3
Industrials	8.0
Financials	7.6
Consumer Discretionary	7.3
Materials	3.2
Energy	2.2
Telecommunication Services	1.0
Real Estate	0.7
Cash/Other	1.9

Top 25 Holdings

	% of Net Asset Value
TJX Companies Inc.	3.0
Johnson & Johnson	2.9
PepsiCo Inc.	2.9
The Procter & Gamble Co.	2.9
UnitedHealth Group Incorporated	2.9
Intuit Inc.	2.9
Consolidated Edison Inc.	2.9
Alphabet Inc., Class C	2.9
American Electric Power	2.8
The Coca-Cola Co.	2.8
Xcel Energy Inc.	2.7
Wal-Mart Stores, Inc.	2.6
DTE Energy Company	2.3
Republic Services Inc.	2.3
Texas Instruments Inc.	2.2
Loews Corp.	2.2
Exxon Mobil Corp.	2.2
Accenture Plc., Class A	2.0
Vectren Corp.	2.0
Amdocs Ltd.	1.9
U.S. Bancorp	1.9
Pfizer Inc.	1.8
Danaher Corp.	1.8
Home Depot Inc.	1.8
Philip Morris International Inc.	1.8
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.



U.S. EQUITY FUND

RBC U.S. EQUITY VALUE FUND

December 31, 2017

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 8, 2018.

A Note on Forward-looking Statements

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

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

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

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MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide long-term capital growth by investing primarily in equity securities of U.S. 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$47 million as of December 31, 2017, from \$34 million at the end of 2016. The increase was due mainly to net inflows.

Over the past year, the Fund's Series A units gained 12.4%, which underperformed the 14.1% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

The U.S. stock market finished a strong year, on the back of solid returns from cyclical sectors. The strong overall performance was driven by the continuation of the synchronized global economic expansion, still accommodative global central-bank policy and low market interest rates and inflation, which drove better-than-expected financial performance for most U.S. companies. Tax reform also helped to lift investor sentiment late in the year.

In 2017, the Fund's relative performance was boosted by the Consumer Discretionary and Health Care sectors, while Information Technology had a negative impact.

In the Consumer Discretionary sector, traditional retailers have been under pressure as consumers shift towards purchasing items online and preferring experiences instead of things. However, areas of the sector that are less sensitive to disruption produced strong results during the year. The Fund's overweight position in homebuilder D.R. Horton aided relative returns as strong employment and consumer confidence propelled new-home construction.

Security selection and an underweight allocation contributed to relative returns in the Health Care sector. A highlight was the Fund's overweight position in Aetna, whose stock price rose after a takeover offer from CVS Health.

In contrast, the Fund's underweight allocation to the top-performing Information Technology sector detracted from performance. The sector has a high allocation to growth-oriented stocks, limiting the selection set for a value-equity approach.

Recent Developments

While the portfolio manager's base case is for stocks to rise modestly over the next year, there are several scenarios that could lead to declines, including an escalation of tensions with North Korea, a policy mistake by the U.S. Federal Reserve (the "Fed") or protectionist trade moves by the Trump administration. The portfolio manager's indicators suggest that the odds of a recession remain fairly low, but with valuations at an eight-year high and the Fed intent on normalizing interest rates, the risks have increased and earnings growth remains key for return 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$1,000 (2016 – \$0) or 8% (2016 – 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, 2017	13.04	0.23	(0.26)	0.41	1.22	1.60	—	—	—	—	—	14.66	
Dec. 31, 2016	12.39	0.23	(0.24)	0.65	(0.06)	0.58	—	—	—	—	—	13.04	
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, 2017	13.05	0.23	(0.26)	0.42	1.19	1.58	—	—	—	—	—	14.67	
Dec. 31, 2016	12.40	0.23	(0.24)	0.64	(0.23)	0.40	—	—	—	—	—	13.05	
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 D													
Dec. 31, 2017	13.10	0.23	(0.14)	0.42	1.19	1.70	—	(0.07)	—	—	(0.07)	14.79	
Dec. 31, 2016	12.45	0.23	(0.14)	0.65	(0.15)	0.59	—	(0.11)	—	—	(0.11)	13.10	
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, 2017	13.13	0.24	(0.11)	0.42	1.23	1.78	—	(0.09)	—	—	(0.09)	14.83	
Dec. 31, 2016	12.48	0.24	(0.11)	0.67	0.27	1.07	—	(0.15)	—	—	(0.15)	13.13	
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 O													
Dec. 31, 2017	13.11	0.23	—	0.41	1.00	1.64	(0.01)	(0.17)	—	—	(0.18)	14.84	
Dec. 31, 2016	12.46	0.22	—	0.60	(1.04)	(0.22)	—	(0.26)	—	—	(0.26)	13.11	
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, 2017	14.66	19 290	1 316	1.89	1.90	47.33	0.03
Dec. 31, 2016	13.04	14 219	1 091	1.96 ⁴	1.97	120.60	0.07
Dec. 31, 2015	12.39	14 303	1 154	2.03	2.04	127.76	0.12
Dec. 31, 2014 ⁵	11.25	9 917	881	2.06	2.07	106.63	0.14
Advisor Series							
Dec. 31, 2017	14.67	3 572	243	1.87	1.88	47.33	0.03
Dec. 31, 2016	13.05	3 864	296	1.95 ⁴	1.96	120.60	0.07
Dec. 31, 2015	12.40	5 446	439	2.01	2.02	127.76	0.12
Dec. 31, 2014 ⁵	11.25	3 678	327	2.04	2.05	106.63	0.14
Series D							
Dec. 31, 2017	14.79	4 169	282	1.03	1.04	47.33	0.03
Dec. 31, 2016	13.10	2 928	224	1.13 ⁴	1.14	120.60	0.07
Dec. 31, 2015	12.45	3 046	245	1.22	1.23	127.76	0.12
Dec. 31, 2014 ⁵	11.31	1 585	140	1.24	1.25	106.63	0.14
Series F							
Dec. 31, 2017	14.83	15 762	1 063	0.79	0.80	47.33	0.03
Dec. 31, 2016	13.13	12 448	948	0.86 ⁴	0.86	120.60	0.07
Dec. 31, 2015	12.48	6 476	519	0.94	0.95	127.76	0.12
Dec. 31, 2014 ⁵	11.33	2 585	228	0.95	0.96	106.63	0.14
Series O							
Dec. 31, 2017	14.84	4 660	314	0.03	0.04	47.33	0.03
Dec. 31, 2016	13.11	886	68	0.02	0.03	120.60	0.07
Dec. 31, 2015	12.46	4 728	379	0.02	0.03	127.76	0.12
Dec. 31, 2014 ⁵	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 Effective June 30, 2016, the management fees were changed in respect of Series A, Advisor Series, Series D and Series F units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 1.88%, Advisor Series – 1.86%, Series D – 1.04% and Series F – 0.79%.

⁵ 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	1.60%	57%	43%
Advisor Series	1.60%	57%	43%
Series D	0.85%	25%	75%
Series F	0.60%	—	100%

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

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

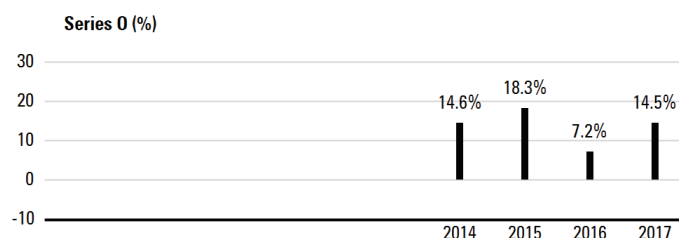
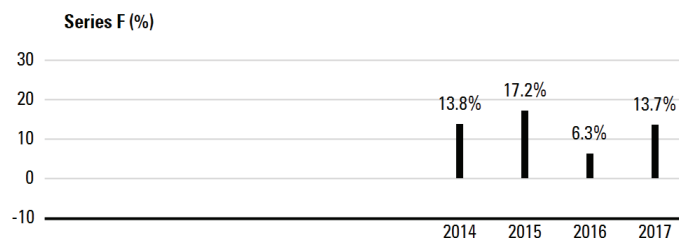
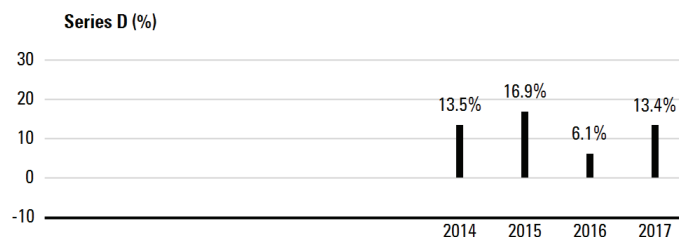
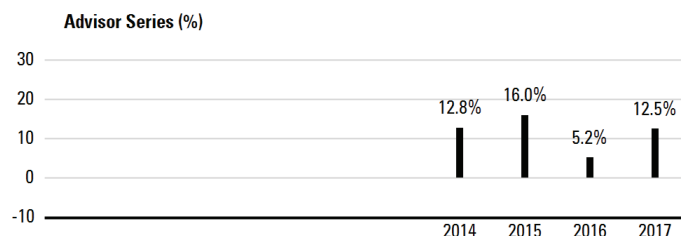
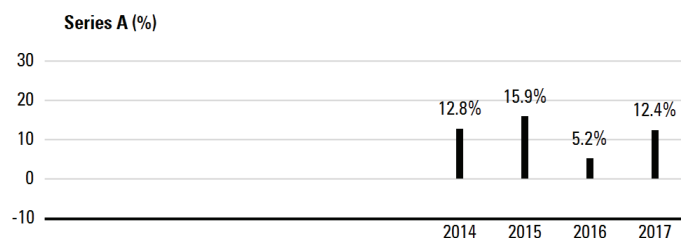


PAST PERFORMANCE

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

Year-by-Year Returns (%)

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





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2017, 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	12.4	11.1	—	—	12.1
Benchmark	14.1	14.4	—	—	15.8
Advisor Series	12.5	11.1	—	—	12.1
Benchmark	14.1	14.4	—	—	15.8
Series D	13.4	12.0	—	—	13.0
Benchmark	14.1	14.4	—	—	15.8
Series F	13.7	12.3	—	—	13.3
Benchmark	14.1	14.4	—	—	15.8
Series O	14.5	13.3	—	—	14.3
Benchmark	14.1	14.4	—	—	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 D, Series F 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.

All outstanding Series H units were re-designated as Series A units and all outstanding Series I units were re-designated as Series F units effective June 30, 2016.

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, 2017

Investment Mix

	% of Net Asset Value
Information Technology	23.0
Financials	15.4
Consumer Discretionary	10.5
Health Care	10.1
Industrials	9.8
Consumer Staples	8.4
Energy	7.1
Utilities	2.4
Materials	2.1
Real Estate	1.8
Telecommunication Services	0.9
Cash/Other	8.5

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	8.5
Apple Inc.	4.4
Microsoft Corp.	3.5
Alphabet Inc., Class A	3.3
JPMorgan Chase & Co.	2.3
Berkshire Hathaway Inc., Class B	2.3
Johnson & Johnson	2.1
Facebook Inc., Class A	1.9
Bank of America Corp.	1.8
Exxon Mobil Corp.	1.8
UnitedHealth Group Incorporated	1.6
Chevron Corp.	1.6
Pfizer Inc.	1.5
Intel Corp.	1.2
Comcast Corp., Class A	1.2
Cisco Systems Inc.	1.2
3M Co.	1.2
McDonald's Corp.	1.1
Home Depot Inc.	1.1
The Procter & Gamble Co.	1.1
Texas Instruments Inc.	1.0
DowDuPont Inc.	1.0
AbbVie Inc.	0.9
Medtronic Plc.	0.9
Eli Lilly & Co.	0.9
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.



U.S. EQUITY FUND

RBC U.S. INDEX FUND

December 31, 2017

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 8, 2018.

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 currently seeks to provide long-term capital growth by tracking the performance of the FTSE USA Index and investing primarily in equity securities in substantially the same proportion as the index, either directly or indirectly through investment in other mutual funds managed by RBC GAM or an affiliate of RBC GAM. The Fund's securities 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$801 million as of December 31, 2017, from \$655 million at the end of 2016. The increase was due to a combination of net inflows and investment returns.

Over the past year, the Fund's Series A units gained 12.9%, which underperformed the 14.1% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

The three best-performing sectors in the S&P 500 Index were Information Technology, Financials and Health Care. The three worst-performing index sectors were Energy, Telecommunication Services and Real Estate.

Recent Developments

Effective June 30, 2017, the Fund's investment objective was changed to provide the Fund with the ability to invest in other mutual funds managed by RBC GAM or an affiliate of RBC GAM. The investment strategies of the Fund were amended to reflect a change to the index the Fund tracks from the Standard & Poor's 500 Total Return Index (CAD) to the FTSE USA Index, effective on or about September 15, 2017.

Effective June 30, 2017, management fees were reduced as follows: from 0.40% to 0.09% for Series F units. Also effective June 30, 2017, administration fees were reduced as follows: from 0.15% to 0.10% for Series A 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	18.60	0.37	(0.14)	0.51	1.63	2.37	—	(0.23)	—	—	(0.23)	20.77
Dec. 31, 2016	17.51	0.36	(0.12)	0.34	0.71	1.29	—	(0.24)	—	—	(0.24)	18.60
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
Series F												
Dec. 31, 2017	11.04	0.22	(0.04)	0.30	1.02	1.50	—	(0.20)	—	—	(0.20)	12.31
Dec. 31, 2016 ³	10.00 [†]	0.11	(0.03)	0.10	1.02	1.20	—	(0.17)	—	—	(0.17)	11.04

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 4, 2016.

[†] 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, 2017	20.77	769 088	37 021	0.69⁴	0.69	6.73	—
Dec. 31, 2016	18.60	646 773	34 769	0.72	0.72	4.79	—
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
Series F							
Dec. 31, 2017	12.31	31 414	2 553	0.33⁴	0.33	6.73	—
Dec. 31, 2016 ⁵	11.04	7 985	723	0.55	0.55	4.79	—

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 Effective June 30, 2017, the management fees were changed in respect of Series F units of the Fund and the administration fees were changed in respect of Series A units of the Fund. If the changes to the management fees and administration fees would have been in effect throughout 2017, the adjusted MER for each series of the Fund would be: Series A – 0.66% and Series F – 0.21%.

⁵ From July 4, 2016.



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	0.50%	20%	80%
Series F	0.09%	—	100%

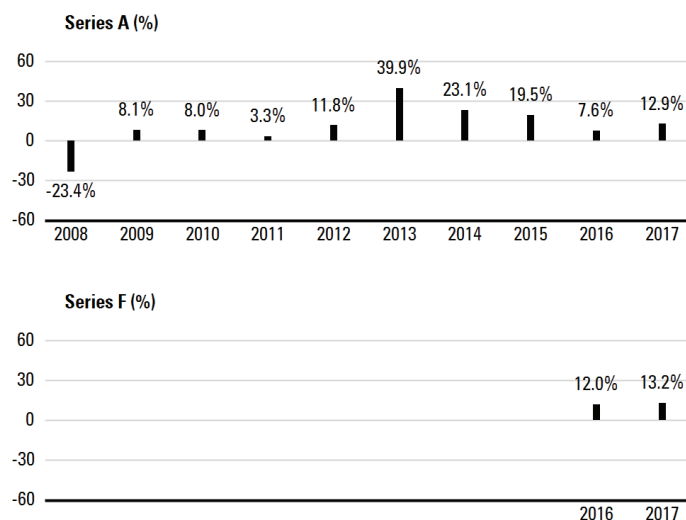
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

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, 2017, compared with the following benchmarks:

The new benchmark (the "New benchmark") is the FTSE USA Index.

The old benchmark (the "Old benchmark") is the S&P 500 Total Return Index (CAD).

The change in benchmark better reflects the composition of the Fund.

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A	12.9	13.2	20.1	10.0	—
New benchmark	14.1	14.3	21.2	11.2	—
Old benchmark	14.1	14.4	21.4	11.1	—
Series F	13.2	—	—	—	17.3
New benchmark	14.1	—	—	—	15.1
Old benchmark	14.1	—	—	—	17.7

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 4, 2016.

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

INDEX DESCRIPTIONS

FTSE USA Index This index is a capitalization-weighted measure of the performance of U.S. large- and small-cap stocks.

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, 2017

Investment Mix

	% of Net Asset Value
Information Technology	24.2
Financials	14.9
Health Care	13.4
Consumer Discretionary	12.8
Industrials	9.5
Consumer Staples	8.0
Energy	6.0
Materials	3.1
Utilities	2.9
Real Estate	2.8
Telecommunication Services	2.1
Cash/Other	0.3

Top 25 Holdings

	% of Net Asset Value
Apple Inc.	3.7
Microsoft Corp.	2.7
Amazon.com, Inc.	2.0
Facebook Inc., Class A	1.7
Johnson & Johnson	1.6
JPMorgan Chase & Co.	1.6
Exxon Mobil Corp.	1.5
Alphabet Inc., Class C	1.3
Alphabet Inc., Class A	1.3
Bank of America Corp.	1.2
Wells Fargo & Company	1.1
Berkshire Hathaway Inc., Class B	1.1
AT&T Inc.	1.0
Chevron Corp.	1.0
The Procter & Gamble Co.	1.0
Home Depot Inc.	1.0
Intel Corp.	0.9
Verizon Communications Inc.	0.9
Pfizer Inc.	0.9
UnitedHealth Group Incorporated	0.9
Visa Inc., Class A	0.9
Citigroup Inc.	0.8
Cisco Systems Inc.	0.8
Comcast Corp., Class A	0.8
The Coca-Cola Co.	0.7
Top 25 Holdings	32.4

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. INDEX CURRENCY NEUTRAL FUND

December 31, 2017

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

Sub-Advisor (for the underlying fund): 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 8, 2018.

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 currently seeks to provide long-term capital growth by tracking the performance of the FTSE USA Hedged 100% to CAD Index and investing primarily in units of the RBC U.S. Equity Index ETF (the “underlying fund”). The Fund may also use derivatives to hedge against the fluctuations in the value of the U.S. dollar relative to 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the “new risk classification methodology”). Pursuant to the new risk classification methodology, certain funds’ risk ratings were changed. RBC GAM reviews each fund’s risk rating on an annual basis or if there has been a material change to a fund’s investment objectives or investment strategies. Any changes to a fund’s risk rating are the result of RBC GAM’s annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund’s risk rating during the reporting period.

Results of Operations

The Fund’s net asset value rose to \$377 million as of December 31, 2017, from \$333 million at the end of 2016. The increase was due to investment returns, partially offset by net redemptions.

Over the past year, the Fund’s Series A units gained 19.1%, which underperformed the 21.2% 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 three best-performing sectors in the S&P 500 Index were Information Technology, Financials and Health Care. The three worst-performing index sectors were Energy, Telecommunication Services and Real Estate.

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 was positive for performance in 2017, as unitholders were not negatively affected by the fall in the U.S. dollar against the Canadian dollar.

Recent Developments

Effective October 3, 2017, the Fund began investing primarily in units of the RBC U.S. Equity Index ETF, which is sub-advised by State Street Global Advisors, Ltd.

Effective June 30, 2017, the Fund’s investment objective was changed to provide the Fund with the ability to invest in other mutual funds managed by RBC GAM or an affiliate of RBC GAM. The investment strategies of the Fund were amended to reflect a change to the index the Fund tracks from the Standard & Poor’s 500 Total Return Index (US\$) to the FTSE USA Hedged 100% to CAD Index, effective on or about September 15, 2017.

Effective June 30, 2017, management fees were reduced as follows: from 0.40% to 0.09% for Series F units. Also effective June 30, 2017, administration fees were reduced as follows: from 0.15% to 0.05% for Series A units; and from 0.10% to 0.05% for 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$95,000 (2016 – \$0) or 99% (2016 – 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, 2017	9.12	1.31	(0.06)	(0.21)	0.71	1.75	(1.14)	(0.03)	—	—	(1.17)	9.70
Dec. 31, 2016	9.23	1.05	(0.07)	—	0.01	0.99	(1.11)	—	—	—	(1.11)	9.12
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
Series F												
Dec. 31, 2017	9.54	1.37	(0.03)	(0.22)	0.78	1.90	(1.25)	(0.03)	—	—	(1.28)	10.14
Dec. 31, 2016 ³	10.00 [†]	0.56	(0.03)	—	0.26	0.79	(1.20)	—	—	—	(1.20)	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 4, 2016.

[†] 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, 2017	9.70	365 492	37 645	0.64⁴	0.64	4.74	0.03
Dec. 31, 2016	9.12	331 264	36 337	0.72	0.72	n/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	—
Series F							
Dec. 31, 2017	10.14	11 625	1 146	0.25⁴	0.25	4.74	0.03
Dec. 31, 2016 ⁵	9.54	2 195	230	0.55	0.55	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 Effective June 30, 2017, the management fees were changed in respect of Series F units of the Fund and the administration fees were changed in respect of Series A and Series F units of the Fund. If the changes to the management fees and administration fees would have been in effect throughout 2017, the adjusted MER for each series of the Fund would be: Series A – 0.51% and Series F – 0.05%.

⁵ From July 4, 2016.



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	0.41%	20%	80%
Series F	0.00%	—	100%

* Effective October 3, 2017, the management fees for Series A units were reduced to 0.41% from 0.50%; and for Series F units were reduced to 0.00% from 0.09% to account for the management fee charged by the underlying fund. Effective June 30, 2017, the management fees for Series F units were reduced to 0.09% from 0.40%.

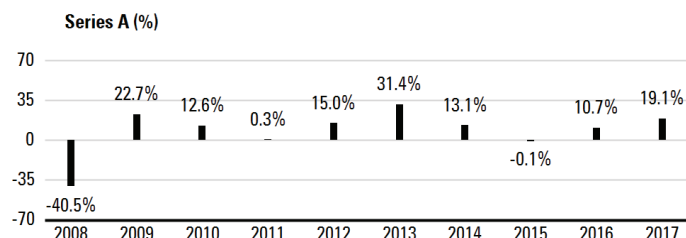
† Includes all costs related to management, trustee, investment advisory services, general administration and profit.

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, 2017, compared with the following benchmarks:

The new benchmark (the "New benchmark") is the FTSE USA Hedged 100% to CAD Index.

The old benchmark (the "Old benchmark") is the S&P 500 Total Return Index (hedged to CAD).

The change in benchmark better reflects the composition of the Fund.

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A	19.1	9.6	14.4	6.4	—
New benchmark	21.2	10.9	15.6	7.8	—
Old benchmark	21.2	11.0	15.8	7.8	—
Series F	19.5	—	—	—	18.1
New benchmark	21.2	—	—	—	17.6
Old benchmark	21.2	—	—	—	19.4

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 4, 2016.

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

INDEX DESCRIPTIONS

FTSE USA Hedged 100% to CAD Index This index is a capitalization-weighted measure of the performance of U.S. large- and small-cap stocks. The index is hedged to Canadian dollars.

S&P 500 Total Return Index (hedged to CAD) This index is a capitalization-weighted index measuring the 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 and is hedged to Canadian dollars.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Information Technology	24.3
Financials	15.0
Health Care	13.4
Consumer Discretionary	12.8
Industrials	9.5
Consumer Staples	8.0
Energy	6.0
Materials	3.0
Utilities	2.9
Real Estate	2.9
Telecommunication Services	2.1
Cash/Other	0.1

Top 25 Holdings*

	% of Net Asset Value
Apple Inc.	3.7
Microsoft Corp.	2.7
Amazon.com Inc.	2.0
Facebook Inc.	1.7
Johnson & Johnson	1.6
JPMorgan Chase & Co.	1.6
Berkshire Hathaway Inc., Class B	1.5
Exxon Mobil Corp.	1.5
Alphabet Inc., Class C	1.3
Alphabet Inc., Class A	1.3
Bank of America Corp.	1.2
Wells Fargo & Co	1.1
AT&T Inc.	1.0
Chevron Corp.	1.0
Procter & Gamble Co.	1.0
Home Depot Inc.	0.9
Intel Corp.	0.9
Verizon Communications Inc.	0.9
Pfizer Inc.	0.9
UnitedHealth Group Inc.	0.9
Visa Inc.	0.9
Citigroup Inc.	0.8
Cisco Systems Inc.	0.8
Comcast Corp.	0.8
Coca-Cola Co.	0.7
Top 25 Holdings	32.7

* The Fund invests substantially all of its assets directly in the RBC U.S. Equity Index ETF. The above are the Top 25 holdings of the RBC U.S. Equity Index ETF.

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 O'SHAUGHNESSY U.S. VALUE FUND

December 31, 2017

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 8, 2018.

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 on the basis of several factors, including valuation, momentum and return of capital to shareholders. Valuation is based on a variety of measures, including a company's market capitalization ratios and financial statement metrics. The Fund also selects securities based on momentum which may include six-month total return and nine-month total return. Return of capital to shareholders may include dividends and buy-backs. 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund's risk rating changed from medium to medium-to-high.

Results of Operations

The Fund's net asset value was \$1.7 billion as of December 31, 2017, unchanged from the end of 2016.

Over the past year, the Fund's Series A units gained 21.4%, which outperformed the 13.0% 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.

U.S. and Canadian stocks rose, but lagged gains in other developed markets as well as emerging markets. The Canadian dollar appreciated in 2017, up roughly 5% relative to the U.S. dollar, with prices for oil and gold both rising during the year.

During the period, overweight exposure to value held back returns, and overweight exposure to yield hurt returns marginally. Earnings growth and momentum overweights contributed positively to performance. Additionally, an underweight allocation to mega-cap stocks marginally contributed positively to returns.

Sector allocation and security selection contributed positively to returns for the year. Security allocation aided performance in the Energy, Information Technology and Financials sectors. Security selection within Industrials, Energy and Consumer Discretionary aided returns. Underweight allocation to and security selection within the Health Care sector hurt returns. An underweight allocation to the Utilities sector also hurt performance. Boeing, Ameriprise Financial and Best Buy were the main contributors to returns. CenturyLink, United Continental Holdings and Kohl's were the stocks that hurt returns 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 positive effect on returns during the period.

Recent Developments

The Fund decreased allocations to the Industrials sector and increased allocations to the Financials sector. The sub-advisor believes that stock selection becomes more important when the overall market is more expensive and that portfolios which are very different from the market are more likely to outperform. Following more positive returns, stocks remain expensive relative to history, but were underpinned by rising profits.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$42,000 (2016 – \$62,000) or 5% (2016 – 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, 2017	15.20	0.36	(0.25)	2.22	0.84	3.17	—	(0.09)	(1.53)	—	(1.62)	16.83
Dec. 31, 2016	13.71	0.35	(0.21)	0.17	1.21	1.52	—	(0.21)	—	—	(0.21)	15.20
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
Advisor Series												
Dec. 31, 2017	15.36	0.36	(0.24)	2.24	0.81	3.17	—	(0.09)	(1.53)	—	(1.62)	17.03
Dec. 31, 2016	13.85	0.36	(0.21)	0.17	1.13	1.45	—	(0.21)	—	—	(0.21)	15.36
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
Series D												
Dec. 31, 2017	15.27	0.36	(0.20)	2.23	0.82	3.21	—	(0.14)	(1.55)	—	(1.69)	16.90
Dec. 31, 2016	13.75	0.35	(0.17)	0.17	1.31	1.66	—	(0.23)	—	—	(0.23)	15.27
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
Series F												
Dec. 31, 2017	15.72	0.37	(0.16)	2.31	1.08	3.60	—	(0.20)	(1.58)	—	(1.78)	17.41
Dec. 31, 2016	14.13	0.37	(0.13)	0.18	1.49	1.91	—	(0.25)	—	—	(0.25)	15.72
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
Series I												
Dec. 31, 2017	15.43	0.36	(0.11)	2.24	0.45	2.94	—	(0.24)	(1.55)	—	(1.79)	17.08
Dec. 31, 2016	13.86	0.36	(0.10)	0.18	1.34	1.78	—	(0.27)	—	—	(0.27)	15.43
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



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, 2017	15.61	0.37	—	2.28	0.88	3.53	(0.01)	(0.35)	(1.58)	—	(1.94)	17.27
Dec. 31, 2016	13.97	0.36	—	0.18	1.51	2.05	—	(0.32)	—	—	(0.32)	15.61
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

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, 2017	16.83	889 259	52 826	1.55	1.55	68.37	0.05
Dec. 31, 2016	15.20	874 284	57 528	1.55	1.55	62.98	0.06
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
Advisor Series							
Dec. 31, 2017	17.03	24 974	1 466	1.49	1.49	68.37	0.05
Dec. 31, 2016	15.36	27 290	1 777	1.49	1.49	62.98	0.06
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
Series D							
Dec. 31, 2017	16.90	87 155	5 159	1.22	1.22	68.37	0.05
Dec. 31, 2016	15.27	88 337	5 786	1.22	1.22	62.98	0.06
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
Series F							
Dec. 31, 2017	17.41	110 270	6 334	0.94	0.94	68.37	0.05
Dec. 31, 2016	15.72	70 197	4 466	0.94	0.94	62.98	0.06
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
Series I							
Dec. 31, 2017	17.08	5 074	297	0.66	0.66	68.37	0.05
Dec. 31, 2016	15.43	8 721	565	0.69	0.69	62.98	0.06
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



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, 2017	17.27	626 174	36 262	0.02	0.02	68.37	0.05
Dec. 31, 2016	15.61	581 220	37 239	0.02	0.02	62.98	0.06
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

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.

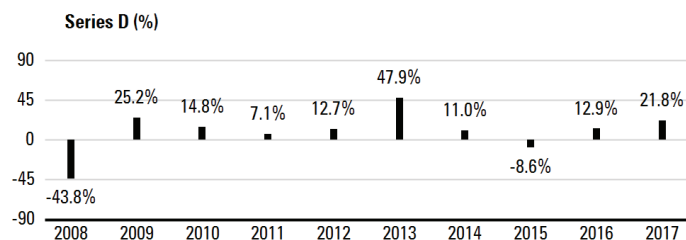
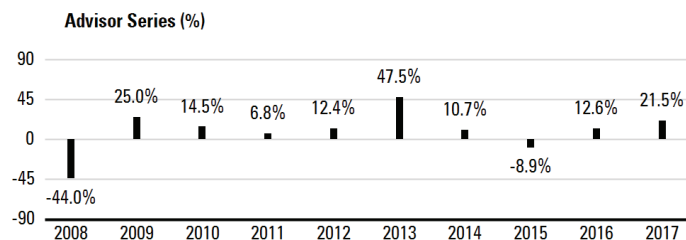
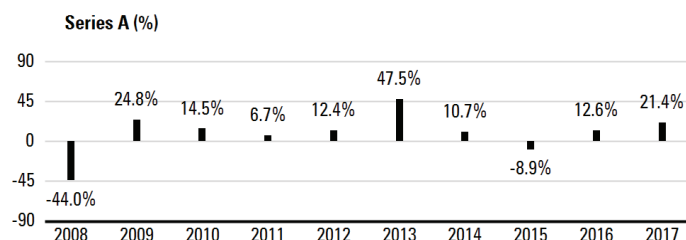


PAST PERFORMANCE

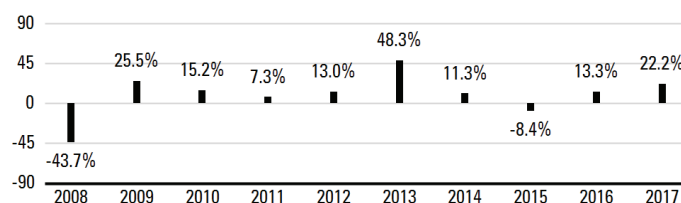
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional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

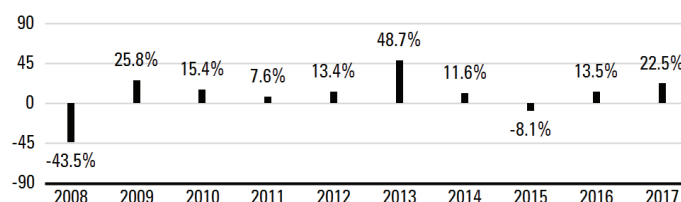
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



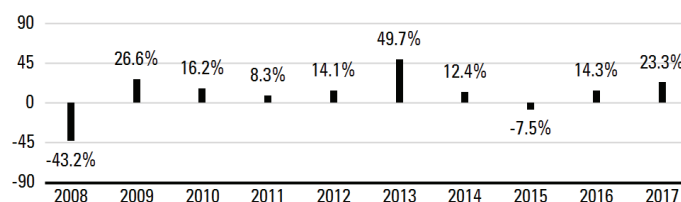
Series F (%)



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, 2017, compared with the following benchmark:

Russell 1000 Value Total Return Net Index (hedged to CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A	21.4	7.6	15.2	6.9	—
Benchmark	13.0	8.1	14.0	6.3	—
Advisor Series	21.5	7.6	15.3	7.0	—
Benchmark	13.0	8.1	14.0	6.3	—
Series D	21.8	7.9	15.6	7.2	—
Benchmark	13.0	8.1	14.0	6.3	—
Series F	22.2	8.2	15.9	7.5	—
Benchmark	13.0	8.1	14.0	6.3	—
Series I	22.5	8.5	16.2	7.8	—
Benchmark	13.0	8.1	14.0	6.3	—
Series O	23.3	9.2	17.0	8.5	—
Benchmark	13.0	8.1	14.0	6.3	—

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.

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

INDEX DESCRIPTION

Russell 1000 Value Total Return Net Index (hedged to CAD) This index measures the performance of companies in the Russell 1000 Index that have lower price-to-book ratios and lower forecasted growth values. The index is hedged to Canadian dollars.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Financials	24.5
Consumer Discretionary	20.8
Information Technology	12.5
Industrials	11.7
Consumer Staples	10.5
Materials	6.4
Energy	5.9
Health Care	5.9
Cash/Other	1.8

Top 25 Holdings

	% of Net Asset Value
LyondellBasell Industries N.V.	5.0
Valero Energy Corp.	5.0
Boeing Co.	4.9
Ameriprise Financial Inc.	4.9
The Procter & Gamble Co.	3.6
Target Corporation	3.4
Wyndham Worldwide Corp.	3.0
Hartford Financial Services Inc.	3.0
McDonald's Corp.	3.0
Corning Inc.	2.8
Best Buy Co. Inc.	2.8
Citigroup Inc.	2.7
XL Group Ltd.	2.5
Discover Financial Services	2.5
American Express Company	2.4
The Western Union Co.	2.4
Sysco Corp.	2.2
McKesson Corp.	1.9
Conagra Brands Inc.	1.8
General Mills Inc.	1.8
Cadence Design Systems Inc.	1.8
Yum! Brands, Inc.	1.7
Gilead Sciences Inc.	1.7
United Continental Holdings Inc.	1.7
Regions Financial Corp.	1.7
Top 25 Holdings	70.2

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. MID-CAP GROWTH EQUITY FUND

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$799 million as of December 31, 2017, from \$673 million at the end of 2016. The increase was due to investment returns.

Over the past year, the Fund's Series A units gained 12.9%, which underperformed the 17.3% 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.

Equity markets recorded further gains during 2017, with many hitting records buoyed by strong economic data and optimism surrounding the Republican tax-reform law. Economically sensitive sectors such as Industrials and Materials performed better toward the end of the year, as it became clear that global economic growth was accelerating. Mid-cap stocks underperformed those with larger market capitalizations.

The Fund's underperformance was due to security selection. Stocks that had a negative impact on relative returns included Acuity Brands, an electronics-manufacturing company, and the financial companies Signature Bank and RLI Corp. The negative impact of these stocks was partially offset by holdings in the medical-device company Align Technology and IPG Photonics, which manufactures lasers. While sector allocation had a neutral impact on overall returns, the Fund benefited from a significant underweight position in the Consumer Discretionary sector.

The Fund's largest overweight allocations for the year were in the Health Care and Industrials sectors, while Consumer Discretionary and Materials were the largest underweights. The portfolio owned 80 stocks as of December 31, 2017. Nine stocks were added to the portfolio during the year and eight were deleted.

Recent Developments

The sub-advisor expects the tax-reform law passed late last year to help keep the U.S. economy expanding in 2018. The sub-advisor believes that many investors were reluctant to acknowledge risks to financial markets during 2017, and any negative developments in geopolitics and/or financial markets, in the view of the sub-advisor, would not be viewed favourably in the new year.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. The sub-advisor earns a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisor is paid by the manager from the management fee paid by 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	27.95	0.17	(0.62)	1.51	2.51	3.57	—	—	(0.79)	—	(0.79)	30.79
Dec. 31, 2016	27.18	0.16	(0.56)	1.42	(0.02)	1.00	—	—	(0.40)	—	(0.40)	27.95
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
Advisor Series												
Dec. 31, 2017	28.02	0.17	(0.62)	1.52	2.53	3.60	—	—	(0.79)	—	(0.79)	30.86
Dec. 31, 2016	27.24	0.16	(0.56)	1.43	(0.15)	0.88	—	—	(0.40)	—	(0.40)	28.02
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
Series D												
Dec. 31, 2017	30.43	0.19	(0.39)	1.65	2.62	4.07	—	—	(0.87)	—	(0.87)	33.80
Dec. 31, 2016	29.31	0.17	(0.35)	1.54	(0.24)	1.12	—	—	(0.42)	—	(0.42)	30.43
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
Series F												
Dec. 31, 2017	32.53	0.20	(0.33)	1.77	2.62	4.26	—	—	(0.93)	—	(0.93)	36.23
Dec. 31, 2016	31.25	0.18	(0.30)	1.64	1.18	2.70	—	—	(0.45)	—	(0.45)	32.53
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
Series O												
Dec. 31, 2017	33.20	0.21	(0.01)	1.81	3.11	5.12	(0.01)	(0.11)	(0.96)	—	(1.08)	37.20
Dec. 31, 2016	31.70	0.19	(0.01)	1.67	0.33	2.18	—	(0.09)	(0.47)	—	(0.56)	33.20
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

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, 2017	30.79	87 333	2 837	2.10	2.10	10.36	0.01
Dec. 31, 2016	27.95	86 645	3 100	2.10	2.10	9.84	0.02
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
Advisor Series							
Dec. 31, 2017	30.86	2 305	75	2.10	2.10	10.36	0.01
Dec. 31, 2016	28.02	2 107	75	2.09	2.09	9.84	0.02
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
Series D							
Dec. 31, 2017	33.80	11 536	341	1.21	1.21	10.36	0.01
Dec. 31, 2016	30.43	9 217	303	1.20	1.20	9.84	0.02
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
Series F							
Dec. 31, 2017	36.23	12 949	357	0.94	0.94	10.36	0.01
Dec. 31, 2016	32.53	8 493	261	0.95	0.95	9.84	0.02
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
Series O							
Dec. 31, 2017	37.20	684 881	18 409	0.02	0.02	10.36	0.01
Dec. 31, 2016	33.20	566 870	17 075	0.02	0.02	9.84	0.02
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

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.

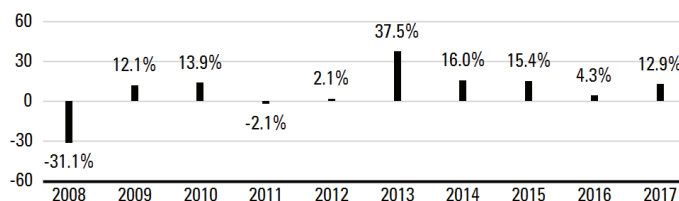
PAST PERFORMANCE

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.

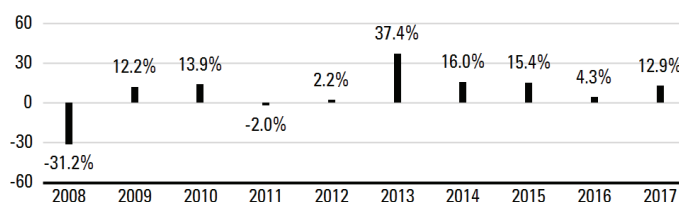
Year-by-Year Returns (%)

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.

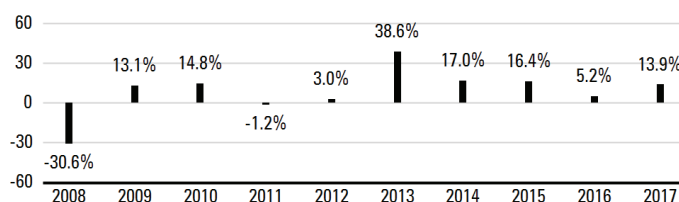
Series A (%)



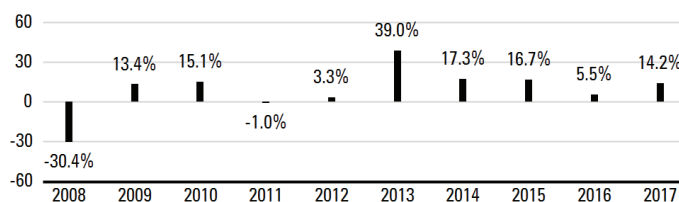
Advisor Series (%)



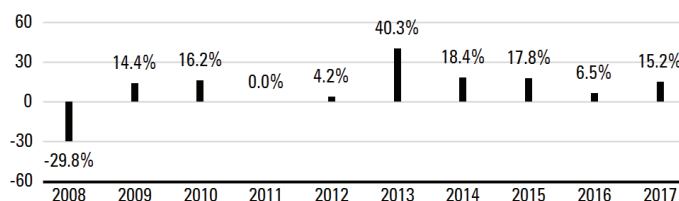
Series D (%)



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, 2017, 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	12.9	10.8	16.7	6.6	—
Benchmark	17.3	13.2	20.9	11.7	—
Advisor Series	12.9	10.8	16.7	6.7	—
Benchmark	17.3	13.2	20.9	11.7	—
Series D	13.9	11.7	17.7	7.6	—
Benchmark	17.3	13.2	20.9	11.7	—
Series F	14.2	12.0	18.0	7.9	—
Benchmark	17.3	13.2	20.9	11.7	—
Series O	15.2	13.1	19.1	8.8	—
Benchmark	17.3	13.2	20.9	11.7	—

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 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, 2017

Investment Mix

	% of Net Asset Value
Information Technology	26.7
Industrials	22.8
Health Care	17.5
Consumer Discretionary	11.6
Financials	8.8
Consumer Staples	5.4
Materials	2.8
Energy	1.9
Real Estate	1.7
Cash/Other	0.8

Top 25 Holdings

	% of Net Asset Value
MercadoLibre Inc.	2.3
Abiomed Inc.	2.1
Dollar Tree Inc.	1.9
Autodesk Inc.	1.9
SynOpsys Inc.	1.8
WEX Inc.	1.8
Roper Technologies Inc.	1.7
Red Hat Inc.	1.7
Waste Connections Inc.	1.7
Ross Stores Inc.	1.7
Raymond James Financial Corp.	1.6
Mettler-Toledo International Inc.	1.6
Waters Corp.	1.6
Aptargroup Inc.	1.6
Ansys Inc.	1.5
Ingredion Inc.	1.5
Fidelity National Information Services Inc.	1.5
IPG Photonics Corp.	1.5
Bright Horizons Family Solutions Inc.	1.5
Arista Networks Inc.	1.4
Align Technology Inc.	1.4
Brown & Brown Inc.	1.4
Tractor Supply Co.	1.4
Globus Medical Inc., Class A	1.4
Woodward Inc.	1.4
Top 25 Holdings	40.9

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



U.S. EQUITY FUND

**RBC U.S. MID-CAP GROWTH EQUITY
CURRENCY NEUTRAL FUND**

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund's risk rating changed from medium to medium-to-high.

Results of Operations

The Fund's net asset value rose to \$13 million as of December 31, 2017, from \$10 million at the end of 2016. The increase was due to investment returns.

Over the past year, the Fund's Series A units gained 19.7%, which underperformed the 25.3% 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.

Equity markets recorded further gains during 2017, with many hitting records buoyed by strong economic data and optimism surrounding the Republican tax-reform law. Economically sensitive sectors such as Industrials and Materials performed better toward the end of the year, as it became clear that global economic growth was accelerating. Mid-cap stocks underperformed those with larger market capitalizations.

The Fund's underperformance was due to security selection. Stocks that had a negative impact on relative returns included Acuity Brands, an electronics-manufacturing company, and the financial companies Signature Bank and RLI Corp. The negative impact of these stocks was partially offset by holdings in the medical-device company Align Technology and IPG Photonics, which manufactures lasers. While sector allocation had a neutral impact on overall returns, the Fund benefited from a significant underweight position in the Consumer Discretionary sector.

The Fund's largest overweight allocations for the year were in the Health Care and Industrials sectors, while Consumer Discretionary and Materials were the largest underweights. The portfolio owned 80 stocks as of December 31, 2017. Nine stocks were added to the portfolio during the year and eight were deleted.

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 positive impact on the Fund during the period, as unitholders were not affected by the U.S. dollar's depreciation against the Canadian dollar during 2017.

Recent Developments

The sub-advisor expects the tax-reform law passed late last year to help keep the U.S. economy expanding in 2018. The sub-advisor believes that many investors were reluctant to acknowledge risks to financial markets during 2017, and any negative developments in geopolitics and/or financial markets, in the view of the sub-advisor, would not be viewed favourably in the new year.

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RBC Global Asset Management (U.S.) Inc. is the sub-advisor and provides investment advice for the Fund. The sub-advisor earns a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisor is paid by the manager from the management fee paid by 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	12.31	0.08	(0.28)	1.16	1.46	2.42	—	—	—	—	—	14.73
Dec. 31, 2016	11.64	0.07	(0.25)	2.49	(1.64)	0.67	—	—	—	—	—	12.31
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
Advisor Series												
Dec. 31, 2017	12.38	0.08	(0.28)	1.16	1.48	2.44	—	—	—	—	—	14.82
Dec. 31, 2016	11.69	0.07	(0.24)	2.53	(1.53)	0.83	—	—	—	—	—	12.38
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
Series D												
Dec. 31, 2017	13.35	0.08	(0.18)	1.26	1.55	2.71	—	—	—	—	—	16.12
Dec. 31, 2016	12.51	0.07	(0.16)	2.76	(1.56)	1.11	—	—	—	—	—	13.35
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
Series F												
Dec. 31, 2017	13.84	0.09	(0.15)	1.31	1.71	2.96	—	—	—	—	—	16.75
Dec. 31, 2016	12.94	0.08	(0.13)	2.83	(1.13)	1.65	—	—	—	—	—	13.84
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

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, 2017	14.73	7 965	541	2.10	2.12	12.15	0.01
Dec. 31, 2016	12.31	7 644	621	2.08	2.10	34.44	0.04
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
Advisor Series							
Dec. 31, 2017	14.82	698	47	2.04	2.06	12.15	0.01
Dec. 31, 2016	12.38	314	25	2.01	2.03	34.44	0.04
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
Series D							
Dec. 31, 2017	16.12	1 449	90	1.19	1.21	12.15	0.01
Dec. 31, 2016	13.35	774	58	1.20	1.22	34.44	0.04
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
Series F							
Dec. 31, 2017	16.75	2 391	143	0.96	0.98	12.15	0.01
Dec. 31, 2016	13.84	1 352	98	0.96	0.98	34.44	0.04
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

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.

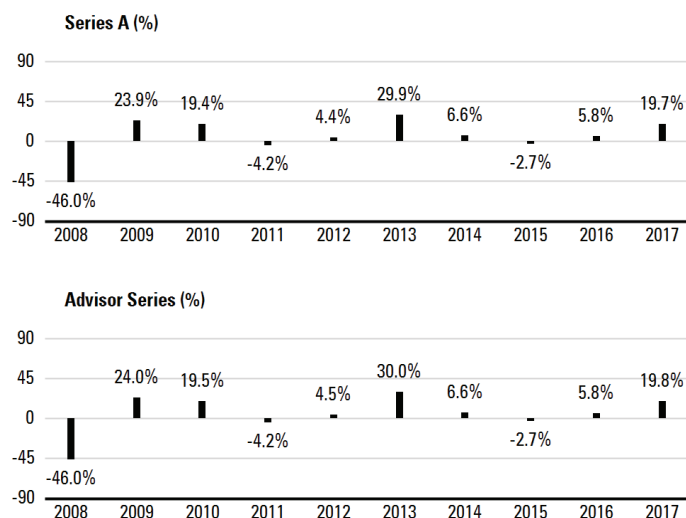


PAST PERFORMANCE

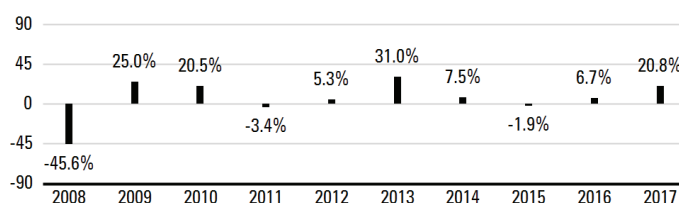
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional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

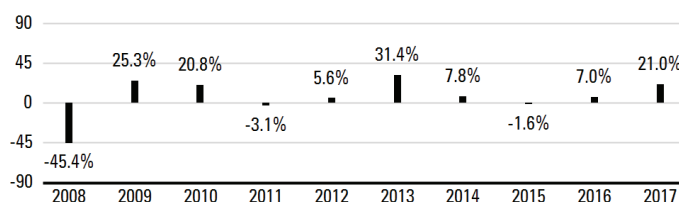
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



Series D (%)



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, 2017, 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	19.7	7.2	11.3	3.1	—
Benchmark	25.3	10.3	15.3	9.1	—
Advisor Series	19.8	7.3	11.3	3.2	—
Benchmark	25.3	10.3	15.3	9.1	—
Series D	20.8	8.1	12.2	4.0	—
Benchmark	25.3	10.3	15.3	9.1	—
Series F	21.0	8.4	12.5	4.3	—
Benchmark	25.3	10.3	15.3	9.1	—

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

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, 2017

Investment Mix

	% of Net Asset Value
Information Technology	26.0
Industrials	22.0
Health Care	16.9
Consumer Discretionary	11.2
Financials	8.5
Consumer Staples	5.2
Materials	2.7
Real Estate	1.8
Energy	1.8
Cash/Other	3.9

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	2.8
MercadoLibre Inc.	2.3
Abiomed Inc.	2.1
Dollar Tree Inc.	1.9
Autodesk Inc.	1.8
WEX Inc.	1.7
SynOpsys Inc.	1.7
Red Hat Inc.	1.6
Roper Technologies Inc.	1.6
Waste Connections Inc.	1.6
Mettler-Toledo International Inc.	1.6
Ross Stores Inc.	1.5
Waters Corp.	1.5
Raymond James Financial Corp.	1.5
Aptargroup Inc.	1.5
IPG Photonics Corp.	1.4
Ansys Inc.	1.4
Ingredion Inc.	1.4
Align Technology Inc.	1.4
Fidelity National Information Services Inc.	1.4
Bright Horizons Family Solutions Inc.	1.4
Arista Networks Inc.	1.4
Brown & Brown Inc.	1.4
Affiliated Managers Group Inc.	1.4
Woodward Inc.	1.4
Top 25 Holdings	40.7

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 VALUE EQUITY FUND

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$635 million as of December 31, 2017, from \$579 million at the end of 2016. The increase was due to net inflows, partially offset by investment losses.

Over the past year, the Fund's Series A units lost 5.1%, which underperformed the 6.1% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

Equity markets recorded further gains during 2017, with many hitting records buoyed by strong economic data and optimism surrounding the Republican tax-reform law. The Fund's underperformance in 2017 was due primarily to stock selection, while sector allocation had a neutral impact on performance. Mid-cap stocks underperformed those with larger market capitalizations during the year.

Stock selection in the Financials, Consumer Discretionary and Industrials sectors outweighed the positive impact of holdings in the Information Technology and Real Estate sectors. Insurers AmTrust Financial Services and National General Holdings were among the worst performers. Foot Locker, the shoe retailer, and Newell Brands, a consumer brands company, also hurt returns. Individual stocks that had a positive impact on performance included semiconductor manufacturers Lam Research and ON Semiconductor. A moderate overweight position in the poorly performing Energy sector held back performance, partially offset by the benefit of being significantly overweight Information Technology.

Portfolio turnover is high for the Fund as the sub-advisor attempts to generate better returns through active fund management.

Recent Developments

The Fund seeks to invest in stocks of companies with attractive business fundamentals whose stocks are trading at a discount. In 2018, the sub-advisor's primary goals will be to reduce portfolio volatility and lessen risks associated with specific sectors and/or specific holdings.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. The sub-advisor earns a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisor is paid by the manager from the management fee paid by 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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

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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, 2017	13.39	0.15	(0.26)	0.33	(0.96)	(0.74)	—	—	(0.81)	—	(0.81)	11.91
Dec. 31, 2016	12.39	0.13	(0.25)	0.40	0.53	0.81	—	—	(0.18)	—	(0.18)	13.39
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
Advisor Series												
Dec. 31, 2017	13.41	0.15	(0.26)	0.33	(1.04)	(0.82)	—	—	(0.81)	—	(0.81)	11.94
Dec. 31, 2016	12.42	0.13	(0.25)	0.40	(0.96)	(0.68)	—	—	(0.18)	—	(0.18)	13.41
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
Series D												
Dec. 31, 2017	14.08	0.16	(0.17)	0.35	(0.95)	(0.61)	—	—	(0.84)	—	(0.84)	12.64
Dec. 31, 2016	12.93	0.14	(0.16)	0.42	0.30	0.70	—	—	(0.19)	—	(0.19)	14.08
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
Series F												
Dec. 31, 2017	14.33	0.17	(0.13)	0.35	(1.19)	(0.80)	—	(0.02)	(0.86)	—	(0.88)	12.89
Dec. 31, 2016	13.13	0.14	(0.13)	0.43	0.94	1.38	—	(0.01)	(0.19)	—	(0.20)	14.33
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
Series O												
Dec. 31, 2017	14.49	0.17	(0.02)	0.36	(0.97)	(0.46)	—	(0.13)	(0.88)	—	(1.01)	13.03
Dec. 31, 2016	13.27	0.14	(0.01)	0.43	1.21	1.77	—	(0.12)	(0.20)	—	(0.32)	14.49
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

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, 2017	11.91	20 944	1 758	2.03	2.03	125.51	0.23
Dec. 31, 2016	13.39	23 881	1 784	2.09 ⁴	2.09	167.50	0.32
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
Advisor Series							
Dec. 31, 2017	11.94	12 296	1 030	2.03	2.03	125.51	0.23
Dec. 31, 2016	13.41	13 787	1 028	2.15 ⁴	2.15	167.50	0.32
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
Series D							
Dec. 31, 2017	12.64	5 384	426	1.21	1.21	125.51	0.23
Dec. 31, 2016	14.08	8 441	599	1.27 ⁴	1.27	167.50	0.32
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
Series F							
Dec. 31, 2017	12.89	12 145	943	0.93	0.93	125.51	0.23
Dec. 31, 2016	14.33	16 112	1 124	0.99 ⁴	0.99	167.50	0.32
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
Series O							
Dec. 31, 2017	13.03	583 841	44 818	0.11	0.11	125.51	0.23
Dec. 31, 2016	14.49	516 568	35 639	0.11	0.11	167.50	0.32
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

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 Effective June 30, 2016, the management fees were changed in respect of Series A, Advisor Series, Series D and Series F units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 2.03%, Advisor Series – 2.07%, Series D – 1.21% and Series F – 0.93%.



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%	54%	46%
Advisor Series	1.75%	54%	46%
Series D	1.00%	23%	77%
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.

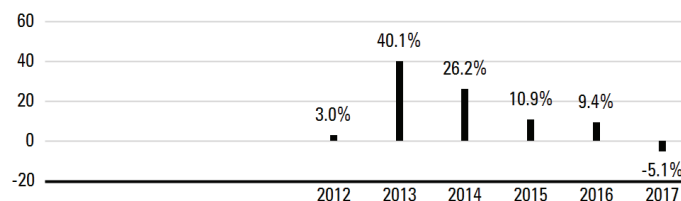
PAST PERFORMANCE

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.

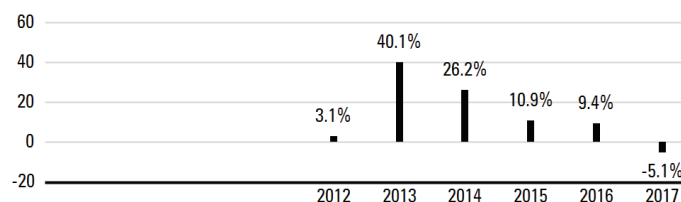
Year-by-Year Returns (%)

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.

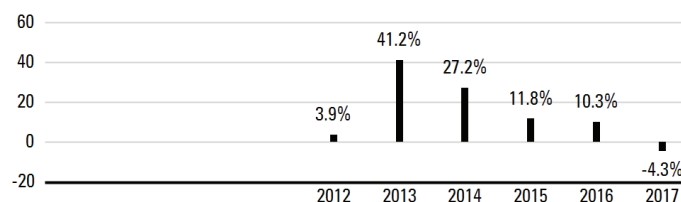
Series A (%)



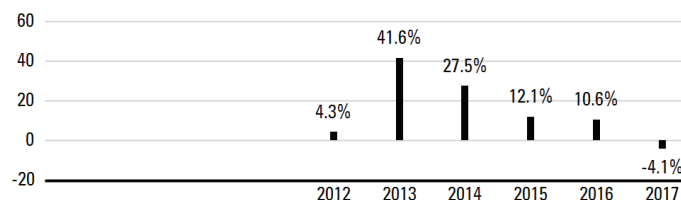
Advisor Series (%)



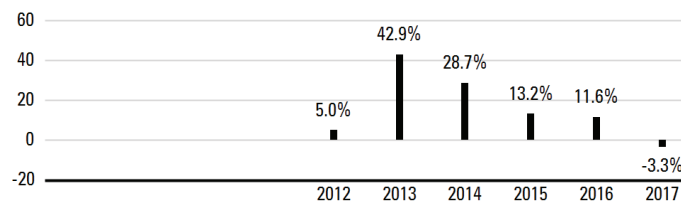
Series D (%)



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, 2017, 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	-5.1	4.8	15.3	—	13.3
Benchmark	6.1	11.9	20.2	—	19.1
Advisor Series	-5.1	4.8	15.3	—	13.3
Benchmark	6.1	11.9	20.2	—	19.1
Series D	-4.3	5.7	16.2	—	14.3
Benchmark	6.1	11.9	20.2	—	19.1
Series F	-4.1	6.0	16.5	—	14.6
Benchmark	6.1	11.9	20.2	—	19.1
Series O	-3.3	6.9	17.6	—	15.6
Benchmark	6.1	11.9	20.2	—	19.1

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 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, 2017

Investment Mix

	% of Net Asset Value
Financials	19.7
Consumer Discretionary	16.0
Information Technology	10.6
Real Estate	10.4
Industrials	10.0
Utilities	9.0
Energy	8.5
Health Care	7.1
Materials	4.9
Consumer Staples	2.8
Telecommunications	0.4
Cash/Other	0.6

Top 25 Holdings

	% of Net Asset Value
National General Holdings Corp.	3.5
Synchrony Financial	3.0
Jazz Pharmaceuticals Plc.	2.9
Andeavor	2.8
Mohawk Industries Inc.	2.5
Citizens Financial Group Inc.	2.3
Newell Brands Inc.	2.3
Steel Dynamics Inc.	2.2
Alaska Airgroup Inc.	2.1
Invitation Homes Inc. Real Estate Investment Trust	2.1
Coherent Inc.	2.0
Signature Bank	1.9
Microsemi Corp.	1.8
SVB Financial Group	1.8
The J.M. Smucker Company	1.8
CMS Energy Corp.	1.7
DTE Energy Company	1.7
Edison International	1.7
Gardner Denver Holdings Inc.	1.6
Foot Locker Inc.	1.6
Envision Healthcare Corp.	1.6
Cypress Semiconductor Corp.	1.5
Dycom Industries Inc.	1.5
Texas Capital Bancshares Inc.	1.5
Parsley Energy Inc.	1.5
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.



U.S. EQUITY FUND

**RBC U.S. SMALL-CAP
CORE EQUITY FUND**

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$232 million as of December 31, 2017, from \$192 million at the end of 2016. The increase was due mainly to net inflows.

Over the past year, the Fund's Series A units gained 2.7%, which underperformed the 7.3% 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.

Equity markets recorded further gains during 2017, with many hitting records buoyed by strong economic data and optimism surrounding the Republican tax-reform law. The Fund's underperformance in 2017 was due primarily to stock selection, while sector-allocation decisions had a modestly negative impact on performance. Returns were held back by a below-benchmark allocation to the strongly performing Health Care sector, partially offset by significant exposure to the relatively strong Industrials sector. Small-cap stocks underperformed those with larger market capitalizations during the year.

Returns were hurt by stock selection in the Industrials, Financials and Consumer Discretionary sectors, partially offset by favourable stock selection in the Telecommunication Services, Materials and Energy sectors. Among the worst performers were steel manufacturer Insteel Industries and electrical-engineering company AZZ, and two insurance companies: AmTrust Financial Services and National General Holdings. Individual stocks that had a positive impact on performance included communications provider Vonage Holdings and Ferro Corp., which makes products ranging from ceramics to pigments and enamels used in an array of products.

Recent Developments

The sub-advisor is optimistic about the portfolio's positioning, particularly a preference for economically sensitive sectors, given the tax-reform law enacted in late 2017. The reduction in corporate taxes will boost earnings in general, and especially for small-cap companies due to their domestic focus.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. The sub-advisor earns a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisor is paid by the manager from the management fee paid by 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	21.13	0.20	(0.42)	1.35	(0.69)	0.44	—	—	(0.50)	—	(0.50)	21.21
Dec. 31, 2016	17.49	0.21	(0.37)	1.08	2.41	3.33	—	—	—	—	—	21.13
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
Advisor Series												
Dec. 31, 2017	21.17	0.20	(0.42)	1.35	(0.88)	0.25	—	—	(0.50)	—	(0.50)	21.24
Dec. 31, 2016	17.51	0.21	(0.37)	1.08	2.30	3.22	—	—	—	—	—	21.17
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
Series D												
Dec. 31, 2017	22.03	0.20	(0.26)	1.41	(0.69)	0.66	—	—	(0.53)	—	(0.53)	22.29
Dec. 31, 2016	18.08	0.22	(0.23)	1.12	2.74	3.85	—	—	—	—	—	22.03
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
Series F												
Dec. 31, 2017	22.26	0.21	(0.20)	1.42	(0.36)	1.07	—	—	(0.53)	—	(0.53)	22.59
Dec. 31, 2016	18.23	0.22	(0.18)	1.12	1.43	2.59	—	—	—	—	—	22.26
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
Series O												
Dec. 31, 2017	22.39	0.21	(0.02)	1.44	(0.44)	1.19	—	(0.16)	(0.54)	—	(0.70)	22.77
Dec. 31, 2016	18.29	0.22	(0.02)	1.14	2.79	4.13	—	(0.15)	—	—	(0.15)	22.39
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

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, 2017	21.21	13 495	636	2.06	2.06	32.36	0.07
Dec. 31, 2016	21.13	14 570	689	2.11 ⁴	2.11	24.45	0.04
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
Advisor Series							
Dec. 31, 2017	21.24	3 739	176	2.06	2.06	32.36	0.07
Dec. 31, 2016	21.17	4 468	211	2.11 ⁴	2.11	24.45	0.04
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
Series D							
Dec. 31, 2017	22.29	7 743	347	1.22	1.22	32.36	0.07
Dec. 31, 2016	22.03	7 706	350	1.27 ⁴	1.27	24.45	0.04
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
Series F							
Dec. 31, 2017	22.59	12 255	542	0.93	0.93	32.36	0.07
Dec. 31, 2016	22.26	7 915	356	1.01 ⁴	1.01	24.45	0.04
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
Series O							
Dec. 31, 2017	22.77	194 521	8 545	0.12	0.12	32.36	0.07
Dec. 31, 2016	22.39	156 995	7 012	0.11	0.11	24.45	0.04
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

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 Effective June 30, 2016, the management fees were changed in respect of Series A, Advisor Series, Series D and Series F units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 2.05%, Advisor Series – 2.05%, Series D – 1.21% and Series F – 0.94%.



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%	54%	46%
Advisor Series	1.75%	54%	46%
Series D	1.00%	23%	77%
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.

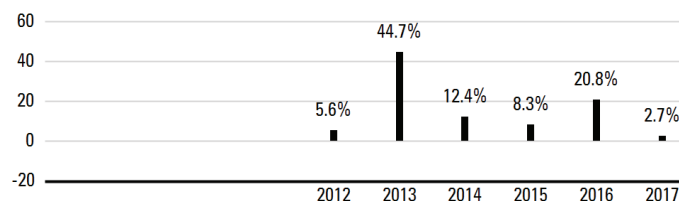
PAST PERFORMANCE

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.

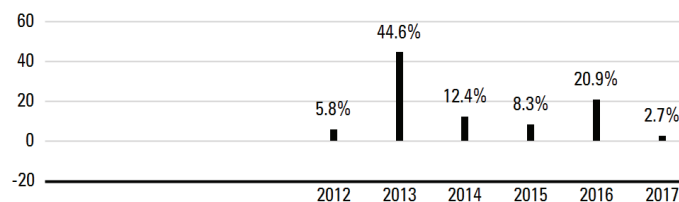
Year-by-Year Returns (%)

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.

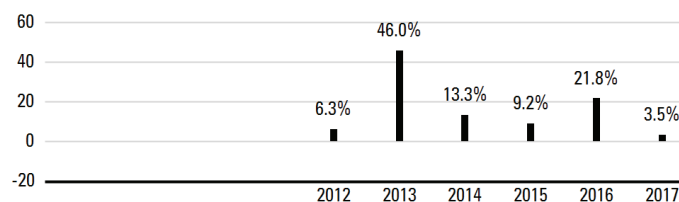
Series A (%)



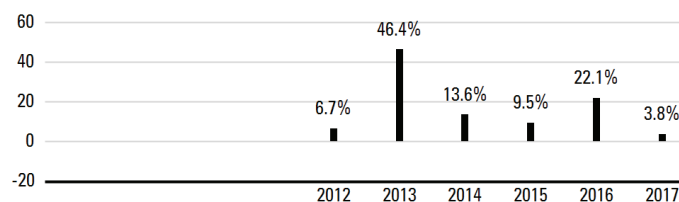
Advisor Series (%)



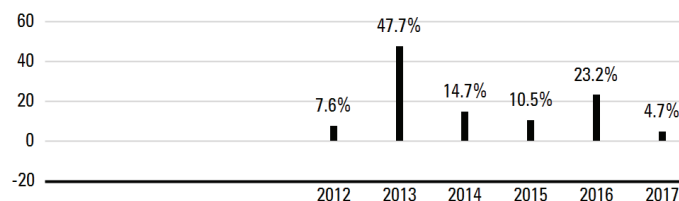
Series D (%)



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, 2017, compared with the following benchmark:

Russell 2000 Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A	2.7	10.3	16.9	—	15.2
Benchmark	7.3	12.9	19.6	—	17.8
Advisor Series	2.7	10.4	16.9	—	15.2
Benchmark	7.3	12.9	19.6	—	17.8
Series D	3.5	11.3	17.9	—	16.1
Benchmark	7.3	12.9	19.6	—	17.8
Series F	3.8	11.6	18.2	—	16.5
Benchmark	7.3	12.9	19.6	—	17.8
Series O	4.7	12.6	19.3	—	17.5
Benchmark	7.3	12.9	19.6	—	17.8

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 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 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, 2017

Investment Mix

	% of Net Asset Value
Industrials	28.4
Consumer Discretionary	21.5
Financials	18.1
Information Technology	10.7
Health Care	7.1
Materials	5.0
Energy	4.2
Telecommunication Services	1.4
Utilities	1.3
Real Estate	0.8
Consumer Staples	0.3
Cash/Other	1.2

Top 25 Holdings

	% of Net Asset Value
Patrick Industries Inc.	5.0
Compass Diversified Holdings	3.6
Columbus McKinnon Corp.	3.6
Grand Canyon Education Inc.	2.9
LCI Industries	2.9
ACCO Brands Corp.	2.6
MKS Instruments Inc.	2.6
InterDigital Inc.	2.6
Gray Television Inc.	2.5
Emergent Biosolutions Inc.	2.5
NN Inc.	2.5
Coherent Inc.	2.4
The Greenbrier Co. Inc.	2.3
Amerisafe Inc.	2.1
Pacific Premier Bancorp Inc.	2.0
Chemical Financial Corp.	1.9
Universal Electronics Inc.	1.9
Astronics Corp.	1.9
Ring Energy Inc.	1.9
Wintrust Financial Corp.	1.8
Texas Capital Bancshares Inc.	1.8
Nexstar Media Group Inc.	1.7
Callon Petroleum Co.	1.6
West Pharmaceutical Services Inc.	1.6
Zagg Inc.	1.6
Top 25 Holdings	59.8

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. SMALL-CAP
VALUE EQUITY FUND**

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$73 million as of December 31, 2017, from \$71 million at the end of 2016. The increase was due to investment returns, partially offset by net redemptions.

Over the past year, the Fund's Series A units gained 3.2%, which outperformed the 1.0% 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.

Equity markets recorded further gains during 2017, with many hitting records buoyed by strong economic data and optimism surrounding the Republican tax-reform law. The Fund's significant overweight in the strong-performing Industrials sector boosted returns. Small-cap stocks underperformed those with larger market capitalizations during the year.

The Fund's relative outperformance in 2017 was driven by strong stock and sector allocation. Favourable stock selection in the Information Technology and Real Estate sectors contributed the most to returns, offset to a degree by the negative impact of stock selection in the Consumer Discretionary and Consumer Staples sectors. Stocks that had a positive impact on returns included Novanta, which makes lasers, and Take-Two Interactive, publisher of Grand Theft Auto gaming software. Stocks that had a negative impact on returns included Libbey Inc., a glass-tableware maker that faced increased competition, and Dean Foods, a food and beverage company.

Recent Developments

The sub-advisor is optimistic about the portfolio's positioning, particularly a preference for economically sensitive sectors, given the tax-reform law enacted in late 2017. The reduction in corporate taxes will boost earnings in general, and especially for small-cap companies due to their domestic focus.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. The sub-advisor earns a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisor is paid by the manager from the management fee paid by 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	12.95	0.19	(0.26)	0.69	(0.30)	0.32	—	—	—	—	—	13.37	
Dec. 31, 2016	10.45	0.20	(0.23)	0.11	3.10	3.18	—	—	(0.11)	—	(0.11)	12.95	
Dec. 31, 2015 ³	10.00 [†]	0.19	(0.07)	0.28	0.97	1.37	—	—	(0.10)	—	(0.10)	10.45	
Advisor Series													
Dec. 31, 2017	12.97	0.19	(0.25)	0.69	(0.89)	(0.26)	—	—	—	—	—	13.40	
Dec. 31, 2016	10.46	0.18	(0.28)	0.10	3.04	3.04	—	—	(0.11)	—	(0.11)	12.97	
Dec. 31, 2015 ³	10.00 [†]	0.31	(0.06)	0.47	1.63	2.35	—	—	(0.10)	—	(0.10)	10.46	
Series D													
Dec. 31, 2017	13.08	0.19	(0.15)	0.70	(0.88)	(0.14)	—	(0.02)	—	—	(0.02)	13.60	
Dec. 31, 2016	10.47	0.19	(0.15)	0.11	3.91	4.06	—	(0.02)	(0.10)	—	(0.12)	13.08	
Dec. 31, 2015 ³	10.00 [†]	0.14	(0.04)	0.20	0.71	1.01	—	—	(0.10)	—	(0.10)	10.47	
Series F													
Dec. 31, 2017	13.09	0.19	(0.12)	0.69	—	0.76	—	(0.06)	—	—	(0.06)	13.61	
Dec. 31, 2016	10.49	0.19	(0.12)	0.11	3.68	3.86	—	(0.05)	(0.11)	—	(0.16)	13.09	
Dec. 31, 2015 ³	10.00 [†]	0.11	(0.04)	0.16	0.56	0.79	—	—	(0.10)	—	(0.10)	10.49	
Series O													
Dec. 31, 2017	13.08	0.19	—	0.70	(0.17)	0.72	—	(0.17)	—	—	(0.17)	13.61	
Dec. 31, 2016	10.48	0.20	—	0.11	2.77	3.08	—	(0.17)	(0.11)	—	(0.28)	13.08	
Dec. 31, 2015 ³	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, 2017	13.37	2 042	153	2.04	2.04	31.70	0.07
Dec. 31, 2016	12.95	1 655	128	2.04 ⁴	2.04	27.54	0.11
Dec. 31, 2015 ⁵	10.45	229	22	2.20	2.21	10.83	0.22
Advisor Series							
Dec. 31, 2017	13.40	171	13	1.93	1.93	31.70	0.07
Dec. 31, 2016	12.97	527	41	2.19 ⁴	2.19	27.54	0.11
Dec. 31, 2015 ⁵	10.46	1	—	2.20	2.21	10.83	0.22
Series D							
Dec. 31, 2017	13.60	1 066	78	1.18	1.18	31.70	0.07
Dec. 31, 2016	13.08	3 772	288	1.24 ⁴	1.24	27.54	0.11
Dec. 31, 2015 ⁵	10.47	119	11	1.36	1.36	10.83	0.22
Series F							
Dec. 31, 2017	13.61	1 679	123	0.94	0.94	31.70	0.07
Dec. 31, 2016	13.09	892	68	0.96 ⁴	0.96	27.54	0.11
Dec. 31, 2015 ⁵	10.49	27	3	1.07	1.08	10.83	0.22
Series O							
Dec. 31, 2017	13.61	68 155	5 009	0.02	0.02	31.70	0.07
Dec. 31, 2016	13.08	63 754	4 875	0.03	0.03	27.54	0.11
Dec. 31, 2015 ⁵	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 Effective June 30, 2016, the management fees were changed in respect of Series A, Advisor Series, Series D and Series F units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 2.00%, Advisor Series – 1.94%, Series D – 1.18% and Series F – 0.89%.

⁵ 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	1.75%	57%	43%
Advisor Series	1.75%	57%	43%
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 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, 2017, compared with the following benchmark:

Russell 2000 Value Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A	3.2	—	—	—	14.3
Benchmark	1.0	—	—	—	14.2
Advisor Series	3.3	—	—	—	14.5
Benchmark	1.0	—	—	—	14.2
Series D	4.1	—	—	—	15.3
Benchmark	1.0	—	—	—	14.2
Series F	4.4	—	—	—	15.6
Benchmark	1.0	—	—	—	14.2
Series O	5.3	—	—	—	16.7
Benchmark	1.0	—	—	—	14.2

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, Advisor Series, Series D, Series F and Series O units have been available for sale to unitholders since September 14, 2015.

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

INDEX DESCRIPTION

Russell 2000 Value Index (CAD) This index is a measure of the Canadian-dollar performance of U.S. small-cap companies with lower price-to-book ratios and lower forecasted growth values.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Financials	27.1
Industrials	19.3
Consumer Discretionary	11.8
Real Estate	8.8
Information Technology	8.4
Materials	6.3
Energy	5.6
Utilities	5.4
Health Care	4.3
Consumer Staples	1.4
Cash/Other	1.6

Top 25 Holdings

	% of Net Asset Value
Compass Diversified Holdings	2.4
Spire Inc.	2.3
Chemical Financial Corp.	2.1
Synovus Financial Corp.	2.0
Portland General Electric Co.	2.0
Texas Capital Bancshares Inc.	1.8
Columbus McKinnon Corp.	1.8
Novanta Inc.	1.8
Omnova Solutions Inc.	1.8
Reliance Steel & Aluminum Co.	1.7
Pacific Premier Bancorp Inc.	1.7
Heritage Financial Corp.	1.7
EnerSys	1.7
Gray Television Inc.	1.6
The Greenbrier Co. Inc.	1.6
Delek US Holdings Inc.	1.6
Casella Waste Systems Inc., Class A	1.6
ACCO Brands Corp.	1.6
Steven Madden Ltd.	1.6
PC Connection Inc.	1.6
Coherent Inc.	1.6
United Community Banks Inc.	1.5
NN Inc.	1.5
Patrick Industries Inc.	1.5
Sterling Bancorp	1.5
Top 25 Holdings	43.6

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



U.S. EQUITY FUND

**RBC O'SHAUGHNESSY
U.S. GROWTH FUND**

December 31, 2017

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 8, 2018.

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 securities on the basis of several factors including valuation, momentum and return of capital to shareholders. Valuation is based on a variety of measures, including a company's market capitalization ratios and financial statement metrics. The Fund also selects securities based on momentum which may include six-month total return and nine-month total return. Return of capital to shareholders may include dividends and buybacks. 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value fell to \$118 million as of December 31, 2017, from \$128 million at the end of 2016. The decrease was due to net redemptions, partially offset by investment returns.

Over the past year, the Fund's Series A units gained 10.1%, which underperformed the 21.5% 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.

U.S. and Canadian stocks rose, but lagged gains in other developed markets as well as emerging markets. The Canadian dollar appreciated in 2017, up roughly 5% relative to the U.S. dollar, with prices for oil and gold both rising during the year.

Overweight exposure to momentum stocks was the largest contributor to returns, as was overweight exposure to large-capitalization companies. Conversely, overweight exposure to value and yield held back relative returns, as did allocations to companies with quality characteristics.

Allocation among sectors and security selection both held back returns. An overweight allocation to and security selection in the Materials sector aided performance. Additionally, security selection in the Consumer Discretionary and Materials sectors contributed to performance. Allocations and security selection within the Health Care, Industrials and Financials sectors hurt returns, as did security selection in Information Technology. Novanta, SodaStream and Advanced Energy Industries were the main positive contributors to returns. Horizon Global, Kite Pharma and Nektar Therapeutics were the stocks with the most negative impact on returns.

It is the policy of the Fund to maintain currency hedges at all times in order to neutralize exchange-rate movements between the U.S. dollar and the Canadian dollar. This policy had a positive 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 Fund decreased allocations to the Industrials sector in 2017 and increased allocations to the Health Care sector. The sub-advisor believes that stock selection becomes more important when the overall market is more expensive and that portfolios which are very different from the market are more likely to outperform. Following more positive returns, stocks remain expensive relative to history, but were underpinned by rising profits.

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.

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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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$10,000 (2016 – \$20,000) or 7% (2016 – 13%) 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, 2017	15.53	0.14	(0.25)	2.98	(1.36)	1.51	—	—	—	—	—	17.09
Dec. 31, 2016	13.29	0.18	(0.21)	0.01	2.09	2.07	—	—	—	—	—	15.53
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
Series D												
Dec. 31, 2017	16.02	0.15	(0.20)	3.08	(1.38)	1.65	—	—	—	—	—	17.69
Dec. 31, 2016	13.66	0.19	(0.17)	0.01	2.25	2.28	—	—	—	—	—	16.02
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
Series F												
Dec. 31, 2017	17.18	0.16	(0.17)	3.29	(1.72)	1.56	—	—	—	—	—	19.02
Dec. 31, 2016	14.61	0.20	(0.14)	0.01	2.36	2.43	—	—	—	—	—	17.18
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
Series O												
Dec. 31, 2017	17.91	0.16	—	3.46	(4.23)	(0.61)	—	—	—	—	—	20.02
Dec. 31, 2016	15.10	0.21	—	0.01	5.96	6.18	—	—	—	—	—	17.91
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

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, 2017	17.09	102 626	6 004	1.54	1.54	101.78	0.12
Dec. 31, 2016	15.53	112 224	7 226	1.55	1.55	80.39	0.13
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
Series D							
Dec. 31, 2017	17.69	8 366	473	1.21	1.21	101.78	0.12
Dec. 31, 2016	16.02	7 768	485	1.21	1.21	80.39	0.13
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
Series F							
Dec. 31, 2017	19.02	6 699	352	0.94	0.94	101.78	0.12
Dec. 31, 2016	17.18	7 573	441	0.94	0.94	80.39	0.13
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
Series O							
Dec. 31, 2017	20.02	1	—	0.02	0.02	101.78	0.12
Dec. 31, 2016	17.91	5	—	0.02	0.02	80.39	0.13
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

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%
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.

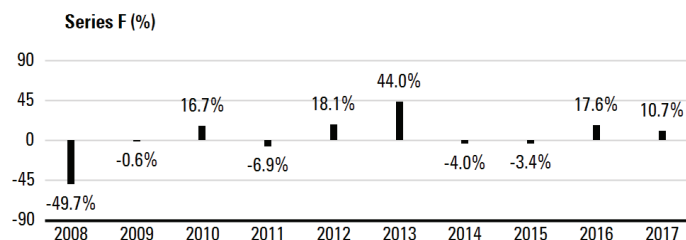
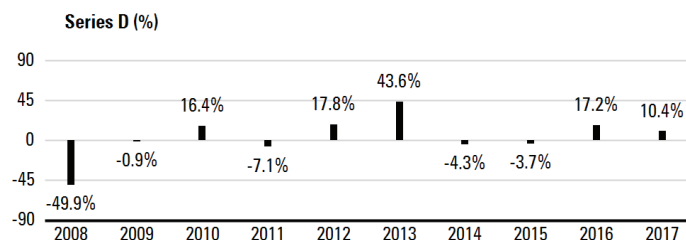
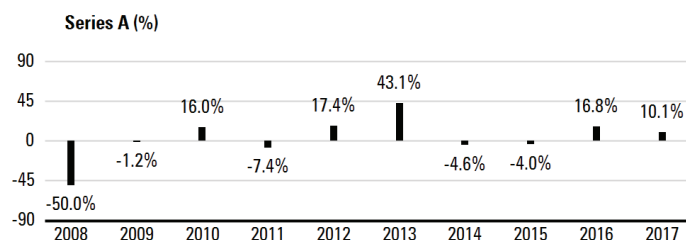


PAST PERFORMANCE

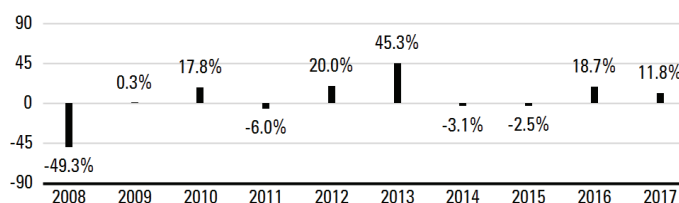
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional 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, 2017, compared with the following benchmark:

Russell 2000 Growth Total Return Net Index (hedged to CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A	10.1	7.3	11.0	0.5	—
Benchmark	21.5	9.9	15.2	8.2	—
Series D	10.4	7.6	11.4	0.8	—
Benchmark	21.5	9.9	15.2	8.2	—
Series F	10.7	7.9	11.7	1.1	—
Benchmark	21.5	9.9	15.2	8.2	—
Series O	11.8	9.0	12.7	2.1	—
Benchmark	21.5	9.9	15.2	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.

Series O units have been available for sale to unitholders since January 1, 2008.

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

INDEX DESCRIPTION

Russell 2000 Growth Total Return Net Index (hedged to CAD) This index measures the 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. The index is hedged to Canadian dollars.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Information Technology	24.6
Industrials	18.0
Health Care	16.5
Consumer Discretionary	15.7
Financials	11.8
Materials	5.6
Consumer Staples	2.7
Energy	1.2
Real Estate	1.1
Telecommunication Services	0.7
Cash/Other	2.1

Top 25 Holdings

	% of Net Asset Value
Inogen Inc.	1.9
Cabot Microelectronics Corp.	1.8
Blucora Inc.	1.7
Penn National Gaming Inc.	1.6
Novanta Inc.	1.6
Quaker Chemical Corp.	1.5
Alamo Group Inc.	1.5
Stamps.com Inc.	1.5
New York Times Co.	1.4
Medifast Inc.	1.3
OraSure Technologies Inc.	1.2
KMG Chemicals Inc.	1.2
Fox Factory Holding Corp.	1.1
SP Plus Corp.	1.1
Sanderson Farms Inc.	1.1
Chase Corp.	1.1
SodaStream International Ltd.	1.0
CommerceHub Inc.	1.0
Zagg Inc.	1.0
Atrion Corp.	1.0
Phibro Animal Health Corp.	1.0
National Research Corp., Class A	0.9
Tropicana Entertainment Inc.	0.9
Aaron's Inc.	0.9
PRA Health Sciences Inc.	0.9
Top 25 Holdings	31.2

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 O'SHAUGHNESSY
U.S. GROWTH FUND II**

December 31, 2017

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 8, 2018.

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 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 securities on the basis of several factors including valuation, momentum and return of capital to shareholders. Valuation is based on a variety of measures, including a company's market capitalization ratios and financial statement metrics. The Fund also selects securities based on momentum which may include six-month total return and nine-month total return. Return of capital to shareholders may include dividends and buybacks. 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value fell to \$38 million as of December 31, 2017, from \$39 million at the end of 2016. The decrease was due to net redemptions, partially offset by investment returns.

Over the past year, the Fund's Series A units gained 11.8%, which underperformed the 23.8% 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. and Canadian stocks rose, but lagged gains in other developed markets as well as emerging markets. The Canadian dollar appreciated in 2017, up roughly 5% relative to the U.S. dollar, with prices for oil and gold both rising during the year.

Overweight exposure to momentum was the largest contributor to returns. Exposure to the large companies also marginally aided performance. Conversely, overweight exposure to value held back relative performance, as did an overweight allocation to yield.

Sector allocation and security selection held back returns. Security selection in the Consumer Staples and Energy sectors contributed to returns, as did an underweight allocation to Real Estate. Security selection in the Financials, Information Technology and Industrials sectors had a negative impact on returns. Allocations in the Health Care, Consumer Staples and Energy sectors also hurt performance. Novanta, Weibo and Tivity were the largest contributors to returns. Horizon Global, Meta Financial Group and Stock Yards Bancorp were the stocks that hurt returns 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 positive 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 Fund decreased allocations to the Financials sector in 2017 and increased allocations to the Information Technology sector. The sub-advisor believes that stock selection becomes more important when the overall market is more expensive and that portfolios which are very different from the market are more likely to outperform. Following more positive returns, stocks remain expensive relative to history, but were underpinned by rising profits.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$2,000 (2016 – \$3,000) or 6% (2016 – 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, 2017	10.11	0.10	(0.23)	1.60	(0.29)	1.18	—	—	(1.36)	—	(1.36)	9.96
Dec. 31, 2016	9.00	0.15	(0.20)	0.60	0.47	1.02	—	—	—	—	—	10.11
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
Advisor Series												
Dec. 31, 2017	10.18	0.10	(0.23)	1.61	(0.28)	1.20	—	—	(1.36)	—	(1.36)	10.04
Dec. 31, 2016	9.05	0.15	(0.20)	0.60	0.48	1.03	—	—	—	—	—	10.18
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
Series D												
Dec. 31, 2017	10.93	0.11	(0.15)	1.74	(0.30)	1.40	—	—	(1.48)	—	(1.48)	10.87
Dec. 31, 2016	9.64	0.16	(0.13)	0.65	0.55	1.23	—	—	—	—	—	10.93
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
Series F												
Dec. 31, 2017	11.20	0.11	(0.12)	1.78	(0.44)	1.33	—	—	(1.52)	—	(1.52)	11.17
Dec. 31, 2016	9.85	0.17	(0.10)	0.66	0.66	1.39	—	—	—	—	—	11.20
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

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, 2017	9.96	30 425	3 055	2.21	2.22	94.13	0.09
Dec. 31, 2016	10.11	32 273	3 192	2.21	2.22	83.55	0.08
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
Advisor Series							
Dec. 31, 2017	10.04	942	94	2.17	2.18	94.13	0.09
Dec. 31, 2016	10.18	876	86	2.18	2.19	83.55	0.08
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
Series D							
Dec. 31, 2017	10.87	3 631	334	1.32	1.33	94.13	0.09
Dec. 31, 2016	10.93	2 869	262	1.31	1.32	83.55	0.08
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
Series F							
Dec. 31, 2017	11.17	2 665	239	1.02	1.03	94.13	0.09
Dec. 31, 2016	11.20	2 873	256	1.02	1.03	83.55	0.08
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

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%

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

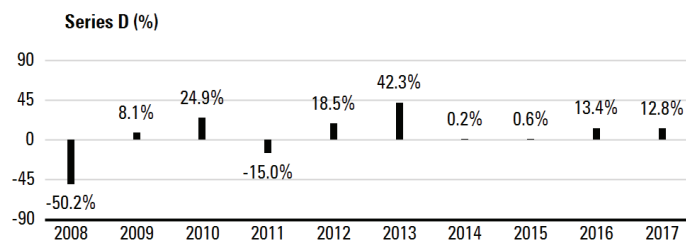
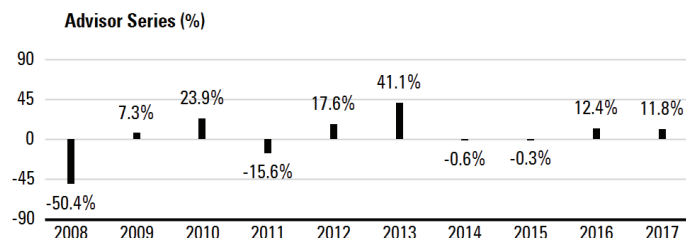
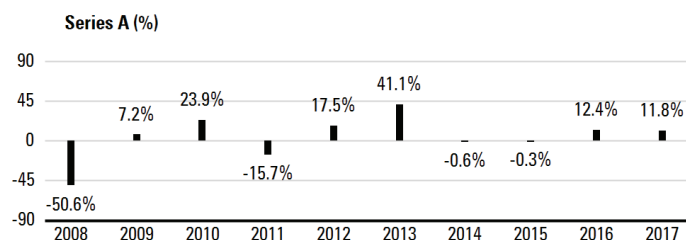


PAST PERFORMANCE

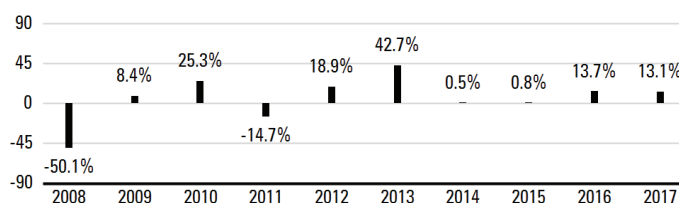
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional 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, 2017, compared with the following benchmark:

Russell 2500 Growth Total Return Net Index (hedged to CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A	11.8	7.8	11.9	—	1.3
Benchmark	23.8	10.5	15.5	—	9.6
Advisor Series	11.8	7.8	11.9	—	1.4
Benchmark	23.8	10.5	15.5	—	9.6
Series D	12.8	8.7	12.9	—	2.2
Benchmark	23.8	10.5	15.5	—	9.6
Series F	13.1	9.1	13.2	—	2.5
Benchmark	23.8	10.5	15.5	—	9.6

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 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 DESCRIPTION

Russell 2500 Growth Total Return Net Index (hedged to CAD) This index measures the 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. The index is hedged to Canadian dollars.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Information Technology	26.5
Industrials	19.0
Consumer Discretionary	17.3
Health Care	13.8
Financials	10.2
Materials	5.4
Consumer Staples	2.7
Energy	2.1
Real Estate	0.9
Telecommunication Services	0.3
Cash/Other	1.8

Top 25 Holdings

	% of Net Asset Value
Cadence Design Systems Inc.	1.9
Sanderson Farms Inc.	1.6
Novanta Inc.	1.5
Blucora Inc.	1.5
Chemed Corp.	1.5
NVR Inc.	1.4
VMware Inc.	1.4
Thor Industries Inc.	1.4
Graco Inc.	1.3
Cabot Microelectronics Corp.	1.3
Varian Medical Systems Inc.	1.3
PRA Health Sciences Inc.	1.3
New York Times Co.	1.2
Phibro Animal Health Corp.	1.2
Toro Co.	1.2
Progress Software Corp.	1.1
Medifast Inc.	1.1
Chase Corp.	1.1
Cooper Co. Inc.	1.1
Darden Restaurants Inc.	1.0
Liberty Ventures	1.0
Verisign Inc.	1.0
Werner Enterprises Inc.	1.0
TriNet Group Inc.	1.0
Visteon Corp.	1.0
Top 25 Holdings	31.4

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 LIFE SCIENCE AND TECHNOLOGY FUND

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund's risk rating changed from high to medium.

Results of Operations

The Fund's net asset value rose to \$253 million as of December 31, 2017, from \$189 million at the end of 2016. The increase was due to a combination of net inflows and investment returns.

Over the past year, the Fund's Series A units gained 22.1%, matching the rise in the benchmark. The broad-based index rose 14.1%. 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.

The portfolio manager's decision to hold an overweight position in the Information Technology sector relative to Health Care was positive for the Fund's relative performance. Information Technology was the best performing of the S&P 500's 11 sectors and vastly outperformed Health Care, whose returns also exceeded the index.

Areas in the Information Technology sector that performed best were semiconductors, internet software and computer hardware. Semiconductor stocks benefited from strong demand in the automotive, gaming and real estate (data centres) industries. Apple Inc. climbed on expectations that new versions of the company's iPhone will continue to sell well. Returns were also boosted by robust demand for gaming stocks and for advertising on social-media sites such as Facebook. Key contributors to the Fund's performance included Shopify and Broadcom, while Qualcomm and Oracle Corp. had a negative impact.

The Republican Party's vow to end the Affordable Care Act ("Obamacare") dominated the health-care discussion during 2017. However, it was President Trump's promise to tackle the high cost of prescription drugs that may have had a bigger impact on health-related stocks. The prospect of the government imposing restrictions on drug costs had a negative impact on biotechnology and pharmaceuticals companies, while areas that are less price-sensitive – equipment and supplies, tools and diagnostics, and managed care – outperformed significantly. Contributors to the Fund's performance included Intuitive Surgical, which makes gear for non-invasive surgery, and UnitedHealth, a managed-care provider. A lack of exposure to Align Technology, which performed well, held back returns. A holding in Alexion was a negative for performance amid competitive threats and management turnover.

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 outlook for the Information Technology sector continues to strengthen given the passage of U.S. tax reform, which will enable companies to more easily bring back cash held outside the U.S., and expectations of higher capital spending. However, Information Technology stocks have had a strong run and could be susceptible to declines if economic conditions are not optimal.

Uncertainty around potential legislative changes to Obamacare's drug-reimbursement process seems lower than it was at the beginning of 2017. The easing of this risk, along with a possible acceleration in the level of mergers and acquisitions, particularly in the biotechnology industry, could boost the performance of the Health Care sector in 2018.



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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$0 (2016 – \$3,000) or 0% (2016 – 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, 2017	13.98	0.24	(0.33)	0.11	3.06	3.08	—	—	—	—	—	17.06
Dec. 31, 2016	14.10	0.14	(0.28)	0.65	(0.75)	(0.24)	—	—	—	—	—	13.98
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
Series D												
Dec. 31, 2017	15.32	0.26	(0.21)	0.12	3.14	3.31	—	—	—	—	—	18.87
Dec. 31, 2016	15.31	0.15	(0.17)	0.70	(1.09)	(0.41)	—	—	—	—	—	15.32
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
Series F												
Dec. 31, 2017	17.29	0.30	(0.19)	0.14	3.33	3.58	—	—	—	—	—	21.35
Dec. 31, 2016	17.23	0.17	(0.16)	0.80	(0.90)	(0.09)	—	—	—	—	—	17.29
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

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, 2017	17.06	165 785	9 716	2.09	2.09	10.33	0.01
Dec. 31, 2016	13.98	139 183	9 958	2.15 ⁴	2.15	305.23	0.11
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



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, 2017	18.87	70 557	3 740	1.21	1.21	10.33	0.01
Dec. 31, 2016	15.32	44 536	2 907	1.21	1.21	305.23	0.11
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
Series F							
Dec. 31, 2017	21.35	16 665	781	0.94	0.94	10.33	0.01
Dec. 31, 2016	17.29	5 333	309	0.95	0.95	305.23	0.11
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

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 Effective June 30, 2016, the management fees were changed in respect of Series A units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 2.09%.

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%	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.

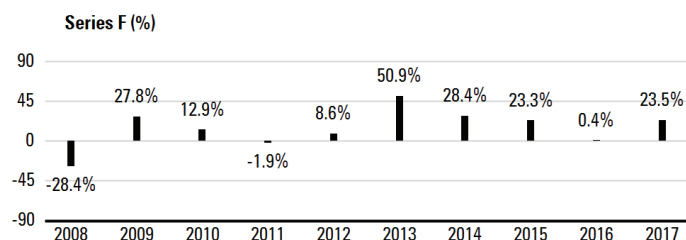
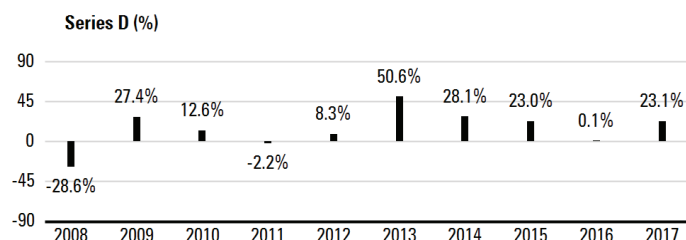
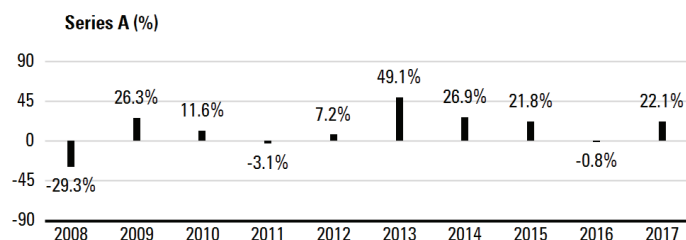


PAST PERFORMANCE

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, 2017, 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	22.1	13.8	22.8	11.2	—
Benchmark	22.1	16.7	25.2	14.4	—
Broad-based index	14.1	14.4	21.4	11.1	—
Series D	23.1	14.9	23.9	12.2	—
Benchmark	22.1	16.7	25.2	14.4	—
Broad-based index	14.1	14.4	21.4	11.1	—
Series F	23.5	15.2	24.3	12.5	—
Benchmark	22.1	16.7	25.2	14.4	—
Broad-based index	14.1	14.4	21.4	11.1	—

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.

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, 2017

Investment Mix

	% of Net Asset Value
Software	15.0
Internet Software and Services	13.5
Pharmaceuticals	11.2
IT Services	11.0
Technology Hardware, Storage and Peripherals	10.8
Semiconductor and Semiconductor Equipment	10.1
Biotechnology	6.7
Health Care Providers and Services	6.5
Health Care Equipment and Supplies	5.8
Communications Equipment	2.9
Electronic Equipment and Instruments	1.5
Life Sciences Tools and Services	1.5
Cash/Other	3.5

Top 25 Holdings

	% of Net Asset Value
Apple Inc.	9.8
Microsoft Corp.	7.9
Alphabet Inc., Class A	7.5
Facebook Inc., Class A	5.1
Johnson & Johnson	3.8
Cash & Cash Equivalents	3.2
UnitedHealth Group Incorporated	2.8
Visa Inc., Class A	2.7
Cisco Systems Inc.	2.4
Pfizer Inc.	2.4
Intel Corp.	2.2
Mastercard Inc.	1.9
Oracle Corporation	1.8
AbbVie Inc.	1.6
Broadcom Ltd.	1.6
Amgen Inc.	1.4
Accenture Plc., Class A	1.4
Texas Instruments Inc.	1.4
Merck & Co. Inc.	1.4
International Business Machines	1.4
Adobe Systems Inc.	1.3
Nvidia Corp.	1.3
Bristol-Myers Squibb Co.	1.2
Salesforce.com Inc.	1.2
PayPal Holdings Inc.	1.1
Top 25 Holdings	69.8

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



INTERNATIONAL EQUITY FUND

**RBC INTERNATIONAL DIVIDEND
GROWTH FUND**

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$57 million as of December 31, 2017, from \$34 million at the end of 2016. The increase was due to a combination of net inflows and investment returns.

Over the past year, the Fund's Series A units gained 20.8%, which outperformed the 16.8% 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.

Equity markets in the developed markets of Europe and Asia extended their years-long rally in 2017. In Asia, stock selection in China and Taiwan had a positive impact on returns. In Europe, U.K. stocks were hampered by the ruling party's failure to win a majority in June elections, which weakened the U.K.'s position in Brexit negotiations. The economic environment remained robust in Germany, improved in France, boosted by the election result in May,

and also improved in periphery countries such as Spain, Italy and Portugal. Leading indicators, credit conditions and unemployment levels all moved in a positive direction.

All 11 industry sectors posted gains, with Information Technology, Industrials and Materials among the top performers. Health Care, Telecommunication Services and Energy were the worst performers.

Among the Fund's top performers was the Chinese internet company Tencent, which continued to build on its dominant social media and gaming platforms in China. AIA Group, a life-insurance company focused on China, performed well driven by strong premium growth. Drillisch, a German mobile-services provider, and Rubis, a French fuel vendor, also performed well. Stocks that had a negative impact on returns were BT Group, the U.K. telecoms provider, and Skanska, a global construction and real estate development company.

Recent Developments

The backdrop for Asian economies remains constructive, while investors in Europe have become more optimistic about corporate earnings following signs of an economic recovery and the alleviation of political risk in the Eurozone. Asian economies remain in decent shape, led by local consumption and supportive government policies. Continued weakness in the U.S. dollar would benefit export-led Asian economies. Following Prime Minister Abe's election win in October, the sub-advisor expects the continued implementation of accommodative fiscal and monetary policies in Japan. Italian elections scheduled for March will be a test of whether populist policies are receding in Europe.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. The sub-advisors earn a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisors are paid by the manager from the management fee paid by 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 and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by the Fund.

Registrar

RBC IS is the registrar of the Fund and keeps records of who owns the units of the Fund. The registrar earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$5,000 (2016 – \$25,000) or 5% (2016 – 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		
Series A												
Dec. 31, 2017	9.54	0.21	(0.23)	0.18	1.54	1.70	—	(0.03)	—	—	(0.03)	11.49
Dec. 31, 2016 ³	10.50 [†]	0.25	(0.20)	(0.53)	(0.06)	(0.54)	—	(0.07)	—	—	(0.07)	9.54
Advisor Series												
Dec. 31, 2017	9.54	0.22	(0.23)	0.19	1.78	1.96	—	(0.03)	—	—	(0.03)	11.49
Dec. 31, 2016	11.21	0.28	(0.21)	(0.58)	(1.06)	(1.57)	—	(0.07)	—	—	(0.07)	9.54
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
Series T5												
Dec. 31, 2017	9.15	0.19	(0.21)	0.16	1.19	1.33	—	(0.01)	—	(0.45)	(0.46)	10.58
Dec. 31, 2016 ³	10.50 [†]	0.25	(0.18)	(0.52)	(0.30)	(0.75)	—	(0.05)	—	(0.43)	(0.48)	9.15
Series D												
Dec. 31, 2017	9.14	0.21	(0.13)	0.17	1.00	1.25	—	(0.05)	—	—	(0.05)	11.07
Dec. 31, 2016 ³	10.00 [†]	0.24	(0.11)	(0.51)	0.19	(0.19)	—	(0.10)	—	—	(0.10)	9.14
Series F												
Dec. 31, 2017	9.79	0.22	(0.11)	0.19	1.83	2.13	—	(0.06)	—	—	(0.06)	11.89
Dec. 31, 2016	11.42	0.28	(0.10)	(0.59)	(0.97)	(1.38)	—	(0.12)	—	—	(0.12)	9.79
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
Series FT5												
Dec. 31, 2017	9.44	0.20	(0.10)	0.17	1.27	1.54	—	(0.10)	—	(0.37)	(0.47)	11.03
Dec. 31, 2016 ³	10.71 [†]	0.26	(0.08)	(0.55)	(1.15)	(1.52)	—	(0.11)	—	(0.39)	(0.50)	9.44
Series O												
Dec. 31, 2017	9.83	0.23	—	0.20	1.76	2.19	—	(0.09)	—	—	(0.09)	12.02
Dec. 31, 2016	11.44	0.28	—	(0.58)	(0.26)	(0.56)	—	(0.16)	—	—	(0.16)	9.83
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

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 25, 2016.

[†] 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, 2017	11.49	15 172	1 320	2.10	2.11	36.74	0.24
Dec. 31, 2016 ⁴	9.54	4 645	487	2.15 ⁵	2.15	184.20	0.65
Advisor Series							
Dec. 31, 2017	11.49	16 098	1 401	2.10	2.11	36.74	0.24
Dec. 31, 2016	9.54	14 269	1 495	2.15 ⁵	2.16	184.20	0.65
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
Series T5							
Dec. 31, 2017	10.58	1 500	142	2.02	2.03	36.74	0.24
Dec. 31, 2016 ⁴	9.15	10	1	2.01 ⁵	2.02	184.20	0.65
Series D							
Dec. 31, 2017	11.07	1 713	155	1.26	1.27	36.74	0.24
Dec. 31, 2016 ⁴	9.14	425	46	1.26	1.27	184.20	0.65
Series F							
Dec. 31, 2017	11.89	21 575	1 815	1.01	1.02	36.74	0.24
Dec. 31, 2016	9.79	14 685	1 500	0.99	1.00	184.20	0.65
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
Series FT5							
Dec. 31, 2017	11.03	483	44	0.95	0.96	36.74	0.24
Dec. 31, 2016 ⁴	9.44	54	6	0.94	0.95	184.20	0.65
Series O							
Dec. 31, 2017	12.02	225	19	0.02	0.03	36.74	0.24
Dec. 31, 2016	9.83	350	36	0.02	0.03	184.20	0.65
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

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

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

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

⁴ From January 25, 2016.

⁵ Effective June 30, 2016, the management fees were changed in respect of Series A, Advisor Series and Series T5 units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 2.15%, Advisor Series – 2.09% and Series T5 – 2.15%.



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%	57%	43%
Advisor Series	1.75%	62%	38%
Series T5	1.75%	57%	43%
Series D	1.00%	25%	75%
Series F	0.75%	—	100%
Series FT5	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

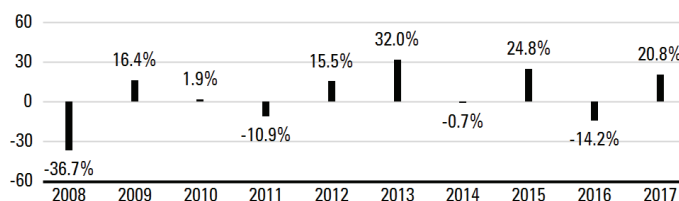
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional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



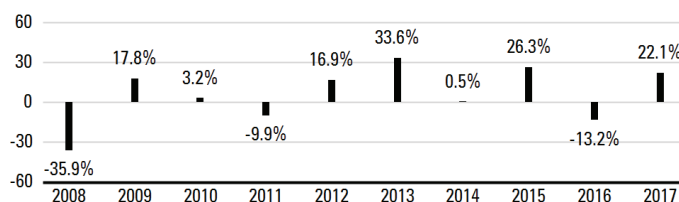
Series T5 (%)



Series D (%)



Series F (%)

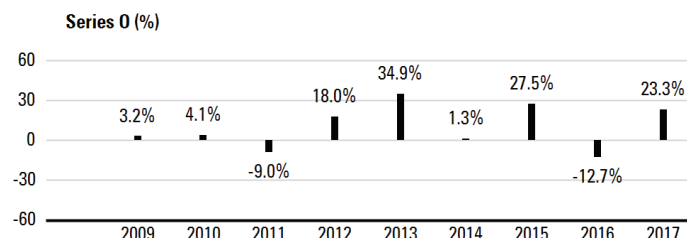


Series FT5 (%)





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, 2017, 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	20.8	—	—	—	5.3
Benchmark	16.8	—	—	—	10.6
Advisor Series	20.8	8.9	11.1	2.7	—
Benchmark	16.8	10.7	13.0	4.4	—
Series T5	20.9	—	—	—	5.5
Benchmark	16.8	—	—	—	10.6
Series D	21.8	—	—	—	6.3
Benchmark	16.8	—	—	—	10.6
Series F	22.1	10.2	12.4	4.0	—
Benchmark	16.8	10.7	13.0	4.4	—
Series FT5	22.2	—	—	—	6.6
Benchmark	16.8	—	—	—	10.6
Series O	23.3	11.1	13.4	—	9.9
Benchmark	16.8	10.7	13.0	—	8.4

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 A, Series T5, Series D and Series FT5 units have been available for sale to unitholders since January 25, 2016, and Series O units since October 26, 2009.

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, 2017

Investment Mix

	% of Net Asset Value
United Kingdom	24.0
Japan	16.9
Germany	9.1
Australia	7.7
Netherlands	6.8
Denmark	5.5
Ireland	4.9
China	4.4
Switzerland	4.1
Sweden	3.8
France	2.9
Hong Kong	2.8
Finland	2.1
Spain	2.0
Indonesia	1.1
Cash/Other	1.9

Top 25 Holdings

	% of Net Asset Value
Novo Nordisk A/S	3.9
CSL Ltd.	3.8
Tencent Holdings Ltd.	3.4
Relx N.V.	3.2
Royal Dutch Shell Plc., A Shares	3.2
Unilever Plc.	3.2
AIA Group Ltd.	2.8
Mitsubishi UFJ Financial Group Inc.	2.7
Bridgestone Corp.	2.7
Nitori Co. Ltd.	2.6
Paddy Power Betfair Plc.	2.4
SoftBank Group Corp.	2.4
Japan Tobacco Inc.	2.2
SMC Corp.	2.2
Sampo OYJ	2.1
Cash & Cash Equivalents	2.1
London Stock Exchange Group Plc.	2.1
Sysmex Corp.	2.0
Heineken N.V.	2.0
The Sage Group Plc.	2.0
Roche Holdings AG Genusscheine	2.0
LVMH Louis Vuitton Moët-Hennessy	2.0
Continental AG	1.9
Cochlear Limited	1.9
Fresenius Medical Care AG & Co. KGaA	1.9
Top 25 Holdings	62.7

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



INTERNATIONAL EQUITY FUND

RBC INTERNATIONAL EQUITY FUND

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$1.1 billion as of December 31, 2017, from \$787 million at the end of 2016. The increase was due to a combination of net inflows and investment returns.

Over the past year, the Fund's Series A units gained 18.4%, which outperformed the 16.8% 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.

Equity markets in the developed markets of Europe and Asia extended their years-long rally in 2017. In Asia, stock selection in China and Taiwan had a positive impact on returns. In Europe, U.K. stocks were hampered by the ruling party's failure to win a majority in June elections, which weakened the U.K.'s position in Brexit negotiations. The economic environment remained robust in Germany, improved in France, boosted by the election result in May,

and also improved in periphery countries such as Spain, Italy and Portugal. Leading indicators, credit conditions and unemployment levels all moved in a positive direction.

All 11 industry sectors posted gains, with Information Technology, Industrials and Materials among the top performers. Health Care, Telecommunication Services and Energy were the worst performers.

Among the Fund's top performers was the Chinese internet company Tencent, which continued to build on its dominant social media and gaming platforms in China. MediaTek, the Taiwanese semiconductor company, also performed strongly as it continued to diversify away from its loss-making mobile platform into growth areas such as the "internet of things," voice-assisted devices and automotive chips. Sika, the Swiss construction-materials company, and Novo Nordisk, the Danish pharmaceutical company, were also among the biggest contributors. The stocks that had the most negative impact were Daily Mail & General Trust, the U.K. media company, and BT Group, the U.K. telecoms operator.

Recent Developments

The backdrop for Asian economies remains constructive, while investors in Europe have become more optimistic about corporate earnings following signs of an economic recovery and the alleviation of political risk in the Eurozone. Asian economies remain in decent shape, led by local consumption and supportive government policies. Continued weakness in the U.S. dollar would benefit export-led Asian economies. Following Prime Minister Abe's election win in October, the sub-advisor expects the continued implementation of accommodative fiscal and monetary policies in Japan. Italian elections scheduled for March will be a test of whether populist policies are receding in Europe.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. The sub-advisors earn a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisors are paid by the manager from the management fee paid by 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 and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$74,000 (2016 – \$103,000) or 4% (2016 – 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, 2017	18.21	0.43	(0.43)	0.10	3.26	3.36	—	—	—	—	—	21.57	
Dec. 31, 2016	20.08	0.43	(0.41)	(0.31)	(1.59)	(1.88)	—	—	—	—	—	18.21	
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	
Advisor Series													
Dec. 31, 2017	18.07	0.43	(0.43)	0.10	3.10	3.20	—	—	—	—	—	21.41	
Dec. 31, 2016	19.93	0.43	(0.40)	(0.30)	(1.34)	(1.61)	—	—	—	—	—	18.07	
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	
Series T5													
Dec. 31, 2017³	18.71[†]	0.34	(0.37)	0.08	1.83	1.88	—	—	—	(0.78)	(0.78)	20.77	
Series D													
Dec. 31, 2017	18.70	0.45	(0.26)	0.10	3.33	3.62	—	(0.13)	—	—	(0.13)	22.22	
Dec. 31, 2016	20.60	0.44	(0.24)	(0.32)	(1.56)	(1.68)	—	(0.16)	—	—	(0.16)	18.70	
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	
Series F													
Dec. 31, 2017	20.29	0.48	(0.22)	0.11	3.43	3.80	—	(0.21)	—	—	(0.21)	24.10	
Dec. 31, 2016	22.35	0.48	(0.21)	(0.34)	(2.01)	(2.08)	—	(0.22)	—	—	(0.22)	20.29	
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	
Series FT5													
Dec. 31, 2017³	20.89[†]	0.38	(0.19)	0.08	3.70	3.97	—	(0.19)	—	(0.68)	(0.87)	23.42	



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, 2017	19.32	0.46	—	0.10	3.43	3.99	—	(0.42)	—	—	(0.42)	22.96
Dec. 31, 2016	21.29	0.46	—	(0.33)	(1.36)	(1.23)	—	(0.41)	—	—	(0.41)	19.32
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

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 15, 2017.

[†] 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, 2017	21.57	139 463	6 465	2.15	2.15	33.73	0.18
Dec. 31, 2016	18.21	126 418	6 942	2.20 ⁴	2.20	46.19	0.26
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
Advisor Series							
Dec. 31, 2017	21.41	4 664	218	2.14	2.14	33.73	0.18
Dec. 31, 2016	18.07	3 948	218	2.18 ⁴	2.18	46.19	0.26
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
Series T5							
Dec. 31, 2017⁵	20.77	113	5	2.14	2.14	33.73	0.18
Series D							
Dec. 31, 2017	22.22	71 534	3 220	1.26	1.26	33.73	0.18
Dec. 31, 2016	18.70	56 801	3 037	1.25	1.25	46.19	0.26
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
Series F							
Dec. 31, 2017	24.10	41 074	1 704	0.97	0.97	33.73	0.18
Dec. 31, 2016	20.29	20 944	1 032	1.01	1.01	46.19	0.26
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
Series FT5							
Dec. 31, 2017⁵	23.42	114	5	0.96	0.96	33.73	0.18



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data (cont.)

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series O							
Dec. 31, 2017	22.96	863 374	37 608	0.02	0.02	33.73	0.18
Dec. 31, 2016	19.32	578 709	29 950	0.02	0.02	46.19	0.26
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

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 Effective June 30, 2016, the management fees were changed in respect of Series A and Advisor Series units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 2.15% and Advisor Series – 2.13%.

⁵ From February 15, 2017.

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%	62%	38%
Advisor Series	1.75%	62%	38%
Series T5	1.75%	57%	43%
Series D	1.00%	25%	75%
Series F	0.75%	—	100%
Series FT5	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.

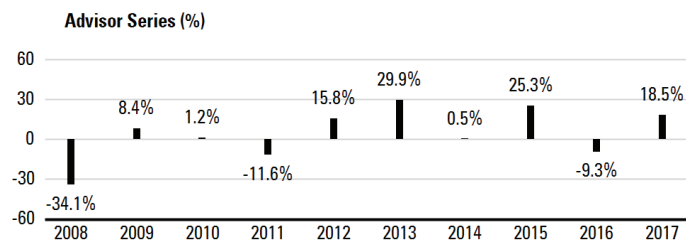
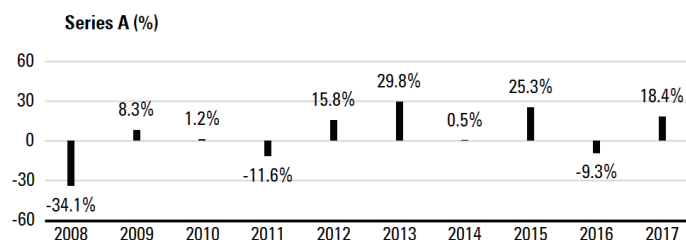


PAST PERFORMANCE

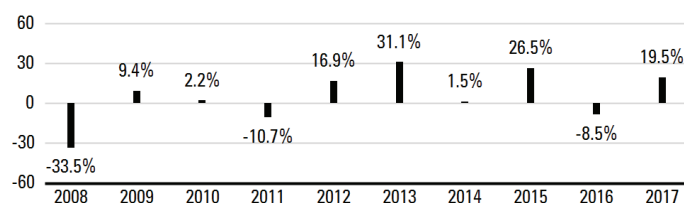
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional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

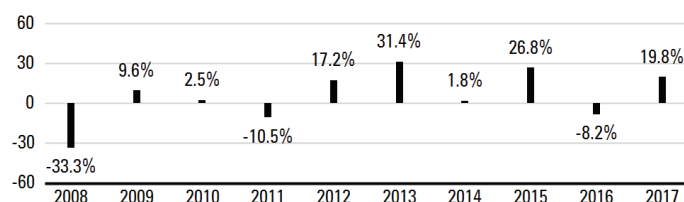
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



Series D (%)



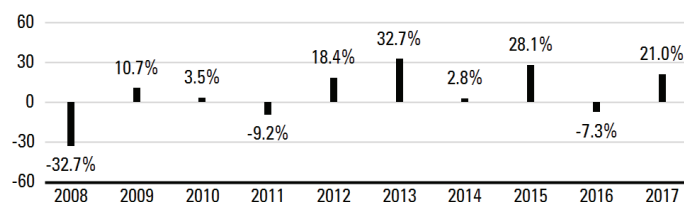
Series F (%)



Series FT5 (%)



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, 2017, 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	18.4	10.4	11.9	2.6	—
Benchmark	16.8	10.7	13.0	4.4	—
Advisor Series	18.5	10.4	11.9	2.7	—
Benchmark	16.8	10.7	13.0	4.4	—
Series T5	—	—	—	—	15.3
Benchmark	—	—	—	—	14.8
Series D	19.5	11.4	13.0	3.6	—
Benchmark	16.8	10.7	13.0	4.4	—
Series F	19.8	11.7	13.3	3.9	—
Benchmark	16.8	10.7	13.0	4.4	—
Series FT5	—	—	—	—	16.5
Benchmark	—	—	—	—	14.8
Series O	21.0	12.8	14.4	5.0	—
Benchmark	16.8	10.7	13.0	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 T5 and Series FT5 units have been available for sale to unitholders since February 15, 2017, and Series O units since January 1, 2008.

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, 2017

Investment Mix

	% of Net Asset Value
United Kingdom	24.7
Japan	17.2
Germany	9.1
Netherlands	6.9
Australia	6.4
Denmark	5.3
Switzerland	4.8
Ireland	4.8
Sweden	3.8
France	2.8
Taiwan	2.5
Finland	2.3
Other Countries	8.8
Cash/Other	0.6

Top 25 Holdings

	% of Net Asset Value
Novo Nordisk A/S	3.4
Unilever Plc.	3.3
Royal Dutch Shell Plc., A Shares	3.3
Relx N.V.	3.1
Mitsubishi UFJ Financial Group Inc.	2.6
CSL Ltd.	2.5
Roche Holdings AG Genussscheine	2.3
Sampo OYJ	2.3
SoftBank Group Corp.	2.3
London Stock Exchange Group Plc.	2.2
Tencent Holdings Ltd.	2.1
Paddy Power Betfair Plc.	2.1
Heineken N.V.	2.1
LVMH Louis Vuitton Moët-Hennessy	2.0
The Sage Group Plc.	2.0
Diageo Plc.	1.9
Bayer AG	1.9
Antofagasta Plc.	1.9
Fresenius Medical Care AG & Co. KGaA	1.9
Sika AG	1.7
Henkel KGaA, Preferred Non-Voting	1.7
Schroders Plc.	1.7
SMC Corp.	1.7
Bridgestone Corp.	1.6
Symex Corp.	1.6
Top 25 Holdings	55.2

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 INTERNATIONAL EQUITY
CURRENCY NEUTRAL FUND**

December 31, 2017

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 8, 2018.

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

The Fund has multiple risks, which are similar to the risks of investing in the underlying fund. 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the “new risk classification methodology”). Pursuant to the new risk classification methodology, certain funds’ risk ratings were changed. RBC GAM reviews each fund’s risk rating on an annual basis or if there has been a material change to a fund’s investment objectives or investment strategies. Any changes to a fund’s risk rating are the result of RBC GAM’s annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund’s risk rating during the reporting period.

Results of Operations

The Fund’s net asset value rose to \$61 million as of December 31, 2017, from \$46 million at the end of 2016. The increase was due to a combination of net inflows and investment returns.

Over the past year, the Fund’s Series A units gained 17.6%, 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.

Equity markets in the developed countries of Europe and Asia extended their years-long rally in 2017. In Asia, stock selection in China and Taiwan had a positive impact on returns. In Europe, U.K. stocks were hampered by the ruling party’s failure to win a majority in June elections, which weakened the U.K.’s position in Brexit negotiations. The economic environment remained robust in Germany, brightened in France, boosted by the election result in May, and also improved in peripheral countries such as Spain, Italy and Portugal. Leading indicators, credit conditions and unemployment levels all moved in a positive direction. All 11 industry sectors posted gains, with Information Technology, Industrials and Materials among the top performers. Health Care, Telecommunication Services and Energy were the worst performers.

Among the Fund’s top performers was the Chinese internet company Tencent, which continued to build on its dominant social media and gaming platforms in China. MediaTek, the Taiwanese semiconductor company, also performed strongly as it diversified away from its loss-making mobile platform into growth areas such as the “internet of things,” voice-assisted devices and automotive chips. Sika, the Swiss construction-materials company, and Novo Nordisk, the Danish pharmaceutical company, were also among the biggest contributors. The stocks that had the most negative impact were Daily Mail & General Trust, the U.K. media company, and BT Group, the U.K. telecommunications operator.

It is the policy of the Fund to maintain currency hedges at all times in order to neutralize exchange-rate movements between the Canadian dollar and other currencies. This policy had a negative impact on the Fund during the period, as investors did not benefit from the appreciation of the euro and British pound versus the Canadian dollar.

Recent Developments

The backdrop for Asian economies remains constructive, while investors in Europe have become more optimistic about corporate earnings following signs of an economic recovery and the alleviation of political risk in the Eurozone. Asian economies remain in decent shape, led by local consumption and supportive government policies.



Continued weakness in the U.S. dollar would benefit export-led Asian economies. Following Prime Minister Abe's election win in October, the sub-advisor expects the continued implementation of accommodative fiscal and monetary policies in Japan. Italian elections scheduled for March will be a test of whether populist policies are receding in Europe.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. The sub-advisors earn a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisors are paid by the manager from the management fee paid by 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	11.27	0.25	(0.26)	0.44	1.54	1.97	—	—	—	—	—	13.25
Dec. 31, 2016	11.60	0.26	(0.24)	0.49	(0.80)	(0.29)	—	—	—	—	—	11.27
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, 2017	11.27	0.24	(0.27)	0.44	1.49	1.90	—	—	—	—	—	13.26
Dec. 31, 2016	11.61	0.26	(0.24)	0.49	(0.90)	(0.39)	—	—	—	—	—	11.27
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 D												
Dec. 31, 2017	11.38	0.25	(0.16)	0.45	1.55	2.09	—	(0.09)	—	—	(0.09)	13.42
Dec. 31, 2016	11.71	0.26	(0.14)	0.49	(0.55)	0.06	—	(0.09)	—	—	(0.09)	11.38
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, 2017	11.35	0.25	(0.13)	0.44	1.25	1.81	—	(0.12)	—	—	(0.12)	13.38
Dec. 31, 2016	11.67	0.26	(0.11)	0.49	(0.06)	0.58	—	(0.12)	—	—	(0.12)	11.35
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 O												
Dec. 31, 2017	11.39	0.25	—	0.45	1.58	2.28	—	(0.25)	—	—	(0.25)	13.43
Dec. 31, 2016	11.72	0.26	—	0.49	(0.62)	0.13	—	(0.23)	—	—	(0.23)	11.39
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, 2017	13.25	6 170	466	2.13	2.13	22.62	0.18
Dec. 31, 2016	11.27	3 668	326	2.18 ⁴	2.19	37.11	0.25
Dec. 31, 2015	11.60	3 628	313	2.23	2.25	33.81	0.28
Dec. 31, 2014 ⁵	10.46	923	88	2.29	2.30	5.57	0.39
Advisor Series							
Dec. 31, 2017	13.26	102	8	2.17	2.17	22.62	0.18
Dec. 31, 2016	11.27	7	1	2.23 ⁴	2.24	37.11	0.25
Dec. 31, 2015	11.61	89	8	2.13	2.14	33.81	0.28
Dec. 31, 2014 ⁵	10.46	1	—	2.12	2.13	5.57	0.39
Series D							
Dec. 31, 2017	13.42	2 766	206	1.28	1.28	22.62	0.18
Dec. 31, 2016	11.38	1 656	145	1.29	1.30	37.11	0.25
Dec. 31, 2015	11.71	875	75	1.28	1.29	33.81	0.28
Dec. 31, 2014 ⁵	10.51	139	13	1.25	1.26	5.57	0.39
Series F							
Dec. 31, 2017	13.38	3 647	273	1.00	1.00	22.62	0.18
Dec. 31, 2016	11.35	581	51	0.97	0.97	37.11	0.25
Dec. 31, 2015	11.67	35	3	0.97	0.98	33.81	0.28
Dec. 31, 2014 ⁵	10.46	1	—	0.96	0.97	5.57	0.39
Series O							
Dec. 31, 2017	13.43	48 783	3 632	0.04	0.04	22.62	0.18
Dec. 31, 2016	11.39	39 669	3 482	0.04	0.05	37.11	0.25
Dec. 31, 2015	11.72	31 057	2 651	0.04	0.06	33.81	0.28
Dec. 31, 2014 ⁵	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 Effective June 30, 2016, the management fees were changed in respect of Series A and Advisor Series units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 2.13% and Advisor Series – 2.17%.

⁵ 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	1.75%	54%	46%
Advisor Series	1.75%	54%	46%
Series D	1.00%	25%	75%
Series F	0.75%	—	100%

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

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

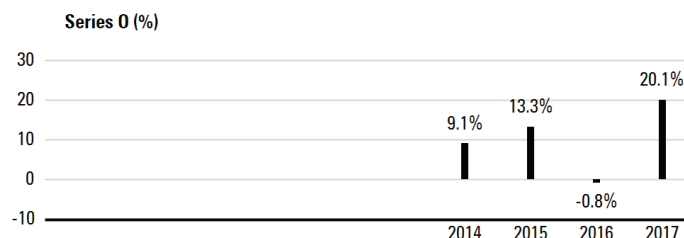
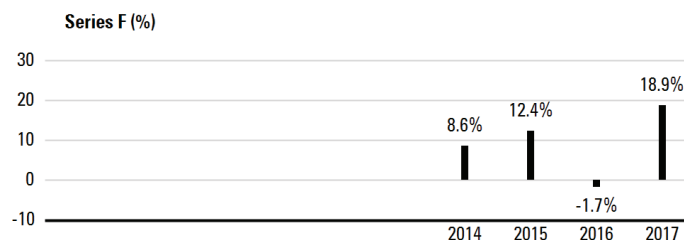
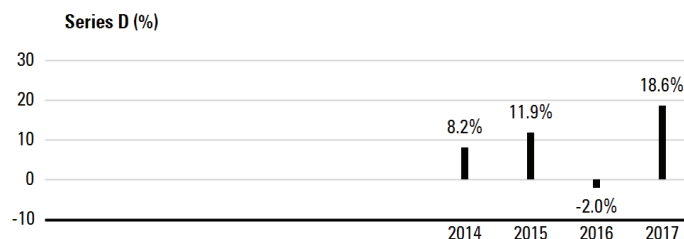
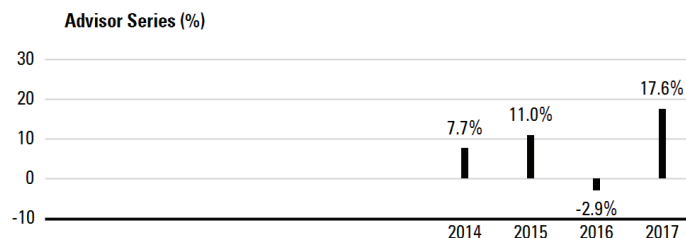
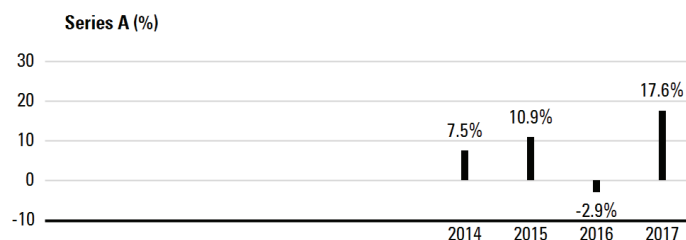


PAST PERFORMANCE

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

Year-by-Year Returns (%)

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





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2017, 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	17.6	8.2	—	—	8.8
Benchmark	16.5	9.0	—	—	9.2
Advisor Series	17.6	8.2	—	—	8.8
Benchmark	16.5	9.0	—	—	9.2
Series D	18.6	9.2	—	—	9.8
Benchmark	16.5	9.0	—	—	9.2
Series F	18.9	9.5	—	—	10.2
Benchmark	16.5	9.0	—	—	9.2
Series O	20.1	10.5	—	—	11.1
Benchmark	16.5	9.0	—	—	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 A, Advisor Series, Series D, Series F 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, 2017

Investment Mix

	% of Net Asset Value
United Kingdom	24.7
Japan	17.2
Germany	9.1
Netherlands	6.9
Australia	6.4
Denmark	5.3
Switzerland	4.8
Ireland	4.8
Sweden	3.8
France	2.8
Taiwan	2.5
Finland	2.3
Other Countries	8.8
Cash/Other	0.6

Top 25 Holdings*

	% of Net Asset Value
Novo Nordisk A/S	3.4
Unilever Plc.	3.3
Royal Dutch Shell Plc., A Shares	3.3
Relx N.V.	3.1
Mitsubishi UFJ Financial Group Inc.	2.6
CSL Ltd.	2.5
Roche Holdings AG Genusscheine	2.3
Sampo OYJ	2.3
SoftBank Group Corp.	2.3
London Stock Exchange Group Plc.	2.2
Tencent Holdings Ltd.	2.1
Paddy Power Betfair Plc.	2.1
Heineken N.V.	2.1
LVMH Louis Vuitton Moët-Hennessy	2.0
The Sage Group Plc.	2.0
Diageo Plc.	1.9
Bayer AG	1.9
Antofagasta Plc.	1.9
Fresenius Medical Care AG & Co. KGaA	1.9
Sika AG	1.7
Henkel KGaA, Preferred Non-Voting	1.7
Schroders Plc.	1.7
SMC Corp.	1.7
Bridgestone Corp.	1.6
Sysmex Corp.	1.6
Top 25 Holdings	55.2

* 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, 2017

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

Sub-Advisor (for the underlying fund): 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 8, 2018.

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 FTSE Developed ex North America Hedged 100% to CAD Index and investing primarily in units of the RBC International Equity Index ETF (the “underlying fund”). The Fund may also use derivatives to hedge against the fluctuations in the value of foreign currencies relative to 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the “new risk classification methodology”). Pursuant to the new risk classification methodology, certain funds’ risk ratings were changed. RBC GAM reviews each fund’s risk rating on an annual basis or if there has been a material change to a fund’s investment objectives or investment strategies. Any changes to a fund’s risk rating are the result of RBC GAM’s annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund’s risk rating during the reporting period.

Results of Operations

The Fund’s net asset value rose to \$414 million as of December 31, 2017, from \$346 million at the end of 2016. The increase was due mainly to investment returns.

Over the past year, the Fund’s Series A units gained 14.9%, which underperformed the 17.0% 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 three best-performing sectors in the S&P 500 Index were Information Technology, Financials and Health Care. The three worst-performing sectors were Energy, Telecommunication Services and Real Estate.

The Fund’s currency-hedging strategy had a negative impact on performance.

Recent Developments

Effective October 11, 2017, the Fund began investing primarily in units of the RBC International Equity Index ETF, which is sub-advised by State Street Global Advisors, Ltd.

Effective June 30, 2017, the Fund’s investment objective was amended to provide the Fund with the ability to invest in other mutual funds managed by RBC GAM or an affiliate of RBC GAM. The investment strategies of the Fund were amended to reflect a change to the index the Fund tracks from the Morgan Stanley Capital International – Europe, Australasia and Far East Total Return Index (in local currencies) to the FTSE Developed ex North America Hedged 100% to CAD Index, effective on or about September 15, 2017.

Effective June 30, 2017, management fees were reduced as follows: from 0.40% to 0.20% for Series F units. Also effective June 30, 2017, administration fees were reduced as follows: from 0.14% to 0.05% for Series A units; and from 0.10% to 0.05% for 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$5,000 (2016 – \$0) or 4% (2016 – 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, 2017	11.03	1.49	(0.07)	(0.16)	0.38	1.64	(1.40)	(0.03)	—	—	(1.43)	11.26
Dec. 31, 2016	10.54	0.61	(0.07)	—	—	0.54	(0.12)	—	—	—	(0.12)	11.03
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
Series F												
Dec. 31, 2017	11.25	1.52	(0.04)	(0.16)	0.33	1.65	(1.47)	(0.03)	—	—	(1.50)	11.47
Dec. 31, 2016 ³	10.00 [†]	0.32	(0.03)	—	1.43	1.72	(0.14)	—	—	—	(0.14)	11.25

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

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

³ From July 4, 2016.

[†] 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, 2017	11.26	403 160	35 812	0.60⁴	0.60	1.49	0.03
Dec. 31, 2016	11.03	343 561	31 149	0.71	0.71	n/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	—
Series F							
Dec. 31, 2017	11.47	10 822	944	0.30⁴	0.30	1.49	0.03
Dec. 31, 2016 ⁵	11.25	2 888	257	0.56	0.56	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 Effective June 30, 2017, the management fees were changed in respect of Series F units of the Fund and the administration fees were changed in respect of Series A and Series F units of the Fund. If the changes to the management fees and administration fees would have been in effect throughout 2017, the adjusted MER for each series of the Fund would be: Series A – 0.39% and Series F – 0.06%.

⁵ From July 4, 2016.



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	0.30%	20%	80%
Series F	0.00%	—	100%

* Effective October 11, 2017, the management fees for Series A units were reduced to 0.30% from 0.50%; and for Series F units were reduced to 0.00% from 0.20% to account for the management fee charged by the underlying fund. Effective June 30, 2017, the management fees for Series F units were reduced to 0.20% from 0.40%.

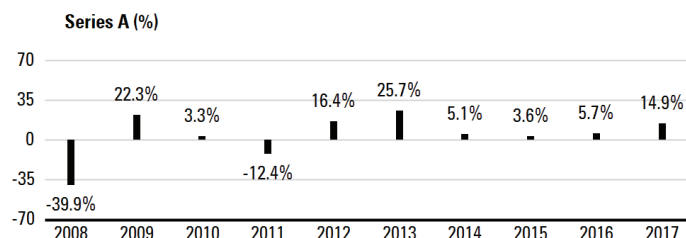
† Includes all costs related to management, trustee, investment advisory services, general administration and profit.

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, 2017, compared with the following benchmarks:

The new benchmark (the "New benchmark") is the FTSE Developed ex North America Index (Local).

The old benchmark (the "Old benchmark") is the MSCI EAFE Total Return Net Index (hedged to CAD).

The change in benchmark better reflects the composition of the Fund.

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A	14.9	8.0	10.7	2.6	—
New benchmark	17.0	9.6	11.9	4.0	—
Old benchmark	16.5	9.0	11.9	3.2	—
Series F	15.2	—	—	—	20.0
New benchmark	17.0	—	—	—	20.4
Old benchmark	16.5	—	—	—	20.2

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 4, 2016.

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

INDEX DESCRIPTIONS

FTSE Developed ex North America Index (Local) This index is a broad measure of the performance of large- and mid-cap stocks in developed markets excluding the U.S. and Canada.

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, 2017

Investment Mix

	% of Net Asset Value
Financials	20.2
Industrials	14.2
Consumer Discretionary	12.2
Consumer Staples	10.7
Health Care	9.6
Materials	8.1
Information Technology	6.9
Energy	5.0
Telecommunication Services	3.6
Real Estate	3.3
Index Funds	3.2
Utilities	3.0

Top 25 Holdings*

	% of Net Asset Value
iShares MSCI South Korea Fund	3.2
Nestlé S.A.	1.6
HSBC Holdings Plc. (U.K. Reg.)	1.3
Novartis AG	1.1
Roche Holding AG	1.1
Toyota Motor Corp.	1.0
British American Tobacco Plc.	0.9
Royal Dutch Shell Plc., A Shares	0.9
BP Plc.	0.8
Royal Dutch Shell Plc., B Shares	0.8
Total S.A.	0.7
Commonwealth Bank of Australia	0.7
Siemens AG	0.6
Allianz SE	0.6
BCO Santander Central Hispano S.A.	0.6
Bayer AG	0.6
AIA Group Ltd.	0.6
SAP SE	0.6
BASF AG	0.6
Samsung Electronics Co. Ltd.	0.6
Diageo Plc.	0.6
Novo Nordisk A/S	0.6
Sanofi	0.6
Mitsubishi UFJ Financial Group Inc.	0.6
AstraZeneca Plc.	0.5
Top 25 Holdings	21.8

* The Fund invests substantially all of its assets directly in the RBC International Equity Index ETF.
The above are the Top 25 holdings of the RBC International Equity Index ETF.

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 O'SHAUGHNESSY
INTERNATIONAL EQUITY FUND**

December 31, 2017

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 8, 2018.

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 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 securities on the basis of several factors, including valuation, momentum and return of capital to shareholders. Valuation is based on a variety of measures, including a company's market capitalization ratios and financial statement metrics. The Fund also select securities based on momentum which may include six-month total return and nine-month total return. Return of capital to shareholders may include dividends and buybacks. 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value fell to \$379 million as of December 31, 2017, from \$390 million at the end of 2016. The decrease was due to net redemptions, partially offset by investment returns.

Over the past year, the Fund's Series A units gained 15.1%, which underperformed the 16.8% 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. and Canadian stocks rose, but lagged gains in other developed markets as well as emerging markets. The Canadian dollar appreciated in 2017, up roughly 5% relative to the U.S. dollar, with prices for oil and gold both rising during the year.

During the period, one of the stronger contributors to relative performance was the Fund's greater exposure to smaller-market-cap stocks. Additionally, the Fund's slight underweight allocation to momentum stocks was a positive. The Fund's overweight allocation to yield had a negative effect. Additionally, an underweight exposure to the quality factor also hurt returns.

Sector allocation contributed to returns while security selection had a negative impact. Allocation in the Energy, Health Care and Industrials sectors aided returns. Additionally, security selection effects within Materials, Real Estate and Consumer Discretionary contributed to performance. Allocations in the Telecommunication Services and Information Technology sectors were negatives for returns. Additionally, security selection in the Consumer Staples and Utilities sectors hurt returns. AMG Advanced Metallurgical, Tatsuta Electric and Mitsubishi Gas were the largest contributors to returns. Bezeq, Telstra Corp. and Centrica were the stocks with the most negative impact on performance.

Allocations among countries held back performance, while security selection among countries contributed to returns. Security selection in the Netherlands and Japan were the main contributors to returns. Allocations to the U.K. and Switzerland also aided performance. This was partially offset by the impact of exposure to Israel and New Zealand and security selection in Sweden and Norway.

Recent Developments

The Fund decreased allocations to the Utilities sectors in 2017 and increased allocations to the Health Care sector. The sub-advisor believes that stock selection becomes more important when the overall market is more expensive and that portfolios which are very different from the market are more likely to outperform. Following more positive returns, stocks remain expensive relative to history, but were underpinned by rising profits.

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.

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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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	9.89	0.41	(0.24)	0.85	0.51	1.53	—	(0.18)	—	—	(0.18)	11.19
Dec. 31, 2016	10.67	0.40	(0.23)	(0.28)	(0.54)	(0.65)	—	(0.20)	—	—	(0.20)	9.89
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
Advisor Series												
Dec. 31, 2017	9.74	0.40	(0.23)	0.84	0.49	1.50	—	(0.19)	—	—	(0.19)	11.03
Dec. 31, 2016	10.52	0.39	(0.22)	(0.28)	(0.53)	(0.64)	—	(0.21)	—	—	(0.21)	9.74
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
Series D												
Dec. 31, 2017	10.00	0.41	(0.15)	0.87	0.50	1.63	—	(0.29)	—	—	(0.29)	11.31
Dec. 31, 2016	10.79	0.41	(0.14)	(0.29)	(0.53)	(0.55)	—	(0.30)	—	—	(0.30)	10.00
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
Series F												
Dec. 31, 2017	9.23	0.38	(0.11)	0.81	0.36	1.44	—	(0.30)	—	—	(0.30)	10.45
Dec. 31, 2016	9.97	0.38	(0.10)	(0.27)	(0.43)	(0.42)	—	(0.30)	—	—	(0.30)	9.23
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
Series I												
Dec. 31, 2017	10.82	0.44	(0.10)	0.92	0.36	1.62	—	(0.39)	—	—	(0.39)	12.24
Dec. 31, 2016	11.67	0.44	(0.09)	(0.31)	(0.49)	(0.45)	—	(0.38)	—	—	(0.38)	10.82
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



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, 2017	8.84	0.37	—	0.77	0.46	1.60	(0.01)	(0.39)	—	—	(0.40)	10.00
Dec. 31, 2016	9.56	0.36	—	(0.26)	(0.44)	(0.34)	—	(0.40)	—	—	(0.40)	8.84
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

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, 2017	11.19	301 159	26 907	2.25	2.25	67.66	0.13
Dec. 31, 2016	9.89	314 474	31 812	2.25	2.25	72.80	0.14
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
Advisor Series							
Dec. 31, 2017	11.03	4 940	448	2.19	2.19	67.66	0.13
Dec. 31, 2016	9.74	4 948	508	2.19	2.19	72.80	0.14
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
Series D							
Dec. 31, 2017	11.31	21 488	1 899	1.37	1.37	67.66	0.13
Dec. 31, 2016	10.00	18 978	1 899	1.37	1.37	72.80	0.14
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
Series F							
Dec. 31, 2017	10.45	33 663	3 222	1.09	1.09	67.66	0.13
Dec. 31, 2016	9.23	20 439	2 214	1.09	1.09	72.80	0.14
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
Series I							
Dec. 31, 2017	12.24	2 826	231	0.81	0.81	67.66	0.13
Dec. 31, 2016	10.82	16 140	1 492	0.81	0.81	72.80	0.14
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



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, 2017	10.00	15 268	1 527	0.02	0.02	67.66	0.13
Dec. 31, 2016	8.84	15 047	1 702	0.02	0.02	72.80	0.14
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

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.

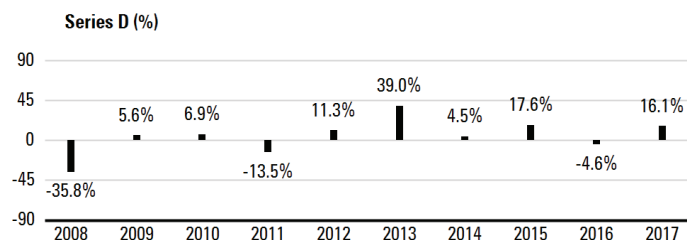
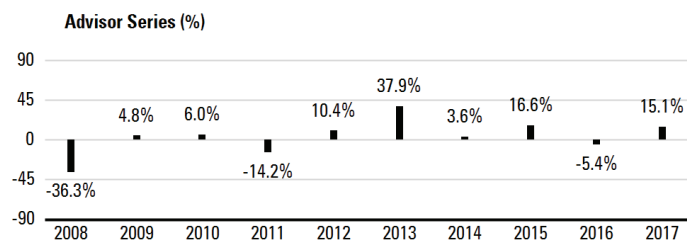
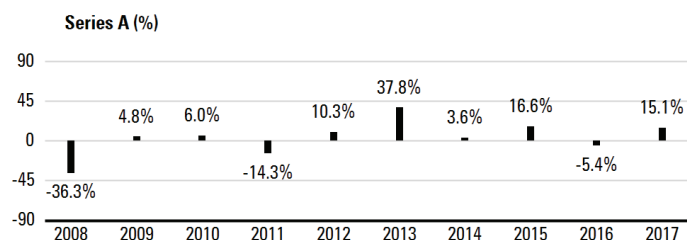


PAST PERFORMANCE

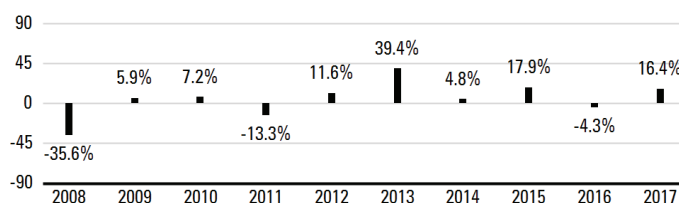
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional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

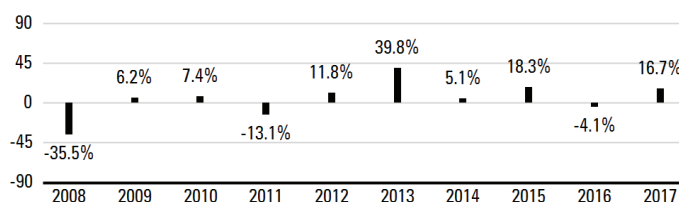
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



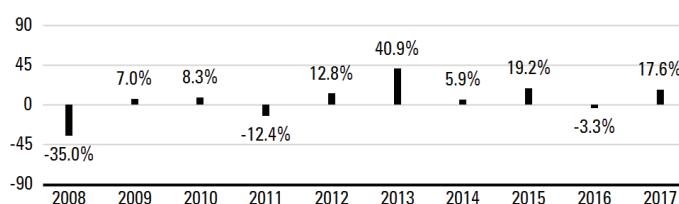
Series F (%)



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, 2017, 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	15.1	8.3	12.6	1.9	—
Benchmark	16.8	10.7	13.0	4.4	—
Advisor Series	15.1	8.3	12.7	2.0	—
Benchmark	16.8	10.7	13.0	4.4	—
Series D	16.1	9.2	13.6	2.8	—
Benchmark	16.8	10.7	13.0	4.4	—
Series F	16.4	9.5	13.9	3.1	—
Benchmark	16.8	10.7	13.0	4.4	—
Series I	16.7	9.8	14.2	3.4	—
Benchmark	16.8	10.7	13.0	4.4	—
Series O	17.6	10.7	15.1	4.2	—
Benchmark	16.8	10.7	13.0	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

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, 2017

Investment Mix

	% of Net Asset Value
Japan	27.6
United Kingdom	13.9
France	9.3
Germany	6.8
Australia	5.8
Norway	4.8
Israel	4.8
Sweden	3.8
Switzerland	2.0
New Zealand	1.5
Finland	1.5
Other Countries	17.2
Cash/Other	1.0

Top 25 Holdings

	% of Net Asset Value
Novo Nordisk A/S	2.1
Legal & General Group Plc.	1.9
Engie	1.8
Fiat Chrysler Automobiles N.V.	1.7
Zurich Insurance Group AG	1.6
Telenor ASA	1.5
Harel Insurance Investments & Financial Services Ltd.	1.4
SSE Plc.	1.4
Aurizon Holdings Ltd.	1.4
Tatsuta Electric Wire and Cable Co. Ltd.	1.2
Sanofi	1.2
Bezeq Israeli Telecommunication Corporation Ltd.	1.2
Skandinaviska Enskilda Banken	1.1
Neste OYJ	1.1
GN Store Nord A/S	1.1
Cash & Cash Equivalents	1.1
Energias de Portugal S.A.	1.1
Danske Bank A/S	1.1
Schouw & Co.	1.0
Saras S.p.A.	1.0
Crown Ltd.	1.0
Nordbanken Holding AB	1.0
TOKAI Holdings Corp.	1.0
Derichebourg	1.0
Arakawa Chemical Industries Ltd.	1.0
Top 25 Holdings	32.0

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 EUROPEAN DIVIDEND FUND

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$163 million as of December 31, 2017, from \$126 million at the end of 2016. The increase was due to a combination of net inflows and investment returns.

Over the past year, the Fund's Series A units gained 12.7%, which underperformed the 17.3% 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.

European equities rallied in the first half of 2017, spurred by strong earnings growth and relief that in May French voters did not elect an anti-trade, anti-immigration government. A small decline in regional equity markets occurred in the third quarter on concern that euro strength, from a multiyear low early in the year, could hold back earnings. The euro stopped rising in the fourth quarter and, combined with renewed strength in European equity markets, resulted in robust gains in the final quarter of 2017 and for the year as a whole.

U.K. stocks were hampered by the ruling party's failure to win a majority in June elections. The outcome caused concern that the government would have a weaker negotiating position regarding talks to remove Britain from the European Union after the previous year's Brexit vote. The economic environment remained robust in Germany, and improved in France and "peripheral" countries such as Spain, Italy and Portugal. Leading indicators, credit conditions and unemployment all moved in the right direction.

All sectors posted positive returns, both in the market and the Fund. The strongest of those were Information Technology, Industrials and Materials. The defensive areas of Health Care, Telecommunication Services and Energy were the laggards. Sector allocation was marginally positive for the Fund's relative performance.

The best-performing stocks in the portfolio were Drillisch, a German mobile-services provider; and Rubis, a French fuel vendor. The stocks that hurt returns the most were BT Group, the British telecoms provider; and Skanska, a global construction and development company.

Recent Developments

Investors have turned more optimistic about corporate earnings due to signs of economic recovery and the alleviation of political risks across the region. The focus of the Fund remains on highly profitable, cash-generating businesses with attractive valuations. However, valuations crept up across Europe over 2017, and the sub-advisor expects to carefully add stocks with attractive valuations over the near term.

The sub-advisor recognizes that the macroeconomic environment poses both challenges and opportunities. The Fund's focus remains on the discipline of long-term investing in companies with strong competitive positions, low capital intensity, sustainable and/or improving profitability, and the right management strategy and corporate governance.



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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. The sub-advisor earns a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisor is paid by the manager from the management fee paid by 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$9,000 (2016 – \$14,000) or 4% (2016 – 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, 2017	10.56	0.41	(0.24)	(0.25)	1.38	1.30	—	(0.21)	—	—	(0.21)	11.69
Dec. 31, 2016	12.46	0.43	(0.24)	(0.34)	(1.44)	(1.59)	—	(0.31)	—	—	(0.31)	10.56
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, 2017	10.57	0.41	(0.24)	(0.25)	1.17	1.09	—	(0.21)	—	—	(0.21)	11.70
Dec. 31, 2016	12.47	0.42	(0.25)	(0.34)	(1.58)	(1.75)	—	(0.30)	—	—	(0.30)	10.57
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 D												
Dec. 31, 2017	10.63	0.42	(0.14)	(0.25)	1.21	1.24	—	(0.28)	—	—	(0.28)	11.79
Dec. 31, 2016	12.47	0.43	(0.15)	(0.34)	(1.63)	(1.69)	—	(0.33)	—	—	(0.33)	10.63
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, 2017	10.68	0.40	(0.12)	(0.24)	0.67	0.71	—	(0.31)	—	—	(0.31)	11.85
Dec. 31, 2016	12.50	0.43	(0.12)	(0.34)	(2.14)	(2.17)	—	(0.34)	—	—	(0.34)	10.68
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 O												
Dec. 31, 2017	11.02	0.43	(0.01)	(0.26)	1.31	1.47	—	(0.41)	—	—	(0.41)	12.25
Dec. 31, 2016	12.80	0.44	(0.01)	(0.35)	(1.63)	(1.55)	—	(0.38)	—	—	(0.38)	11.02
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, 2017	11.69	31 332	2 680	2.09	2.09	33.80	0.16
Dec. 31, 2016	10.56	24 866	2 354	2.15 ⁴	2.15	55.54	0.24
Dec. 31, 2015	12.46	30 184	2 422	2.20	2.20	17.62	0.33
Dec. 31, 2014 ⁵	10.16	3 667	361	2.26	2.27	29.25	0.82
Advisor Series							
Dec. 31, 2017	11.70	1 211	104	2.11	2.11	33.80	0.16
Dec. 31, 2016	10.57	982	93	2.19 ⁴	2.19	55.54	0.24
Dec. 31, 2015	12.47	1 705	137	2.26	2.26	17.62	0.33
Dec. 31, 2014 ⁵	10.16	75	7	2.26	2.27	29.25	0.82
Series D							
Dec. 31, 2017	11.79	3 462	294	1.26	1.26	33.80	0.16
Dec. 31, 2016	10.63	2 762	260	1.33 ⁴	1.33	55.54	0.24
Dec. 31, 2015	12.47	4 313	346	1.36	1.36	17.62	0.33
Dec. 31, 2014 ⁵	10.17	535	53	1.41	1.42	29.25	0.82
Series F							
Dec. 31, 2017	11.85	11 429	964	0.99	0.99	33.80	0.16
Dec. 31, 2016	10.68	2 560	240	1.06 ⁴	1.06	55.54	0.24
Dec. 31, 2015	12.50	4 623	370	1.06	1.06	17.62	0.33
Dec. 31, 2014 ⁵	10.19	726	71	1.13	1.14	29.25	0.82
Series O							
Dec. 31, 2017	12.25	115 522	9 431	0.06	0.06	33.80	0.16
Dec. 31, 2016	11.02	94 843	8 604	0.06	0.06	55.54	0.24
Dec. 31, 2015	12.80	102 829	8 032	0.06	0.06	17.62	0.33
Dec. 31, 2014 ⁶	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 Effective June 30, 2016, the management fees were changed in respect of Series A, Advisor Series, Series D and Series F units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 2.09%, Advisor Series – 2.12%, Series D – 1.27% and Series F – 0.99%.

⁵ From August 11, 2014.

⁶ 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	1.75%	54%	46%
Advisor Series	1.75%	54%	46%
Series D	1.00%	23%	77%
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.

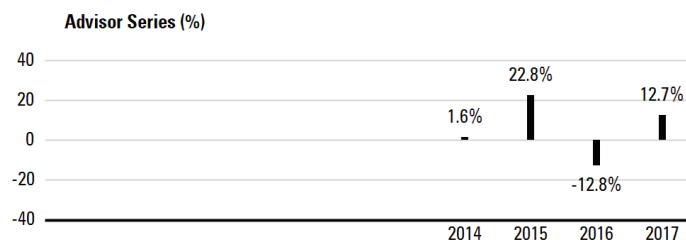
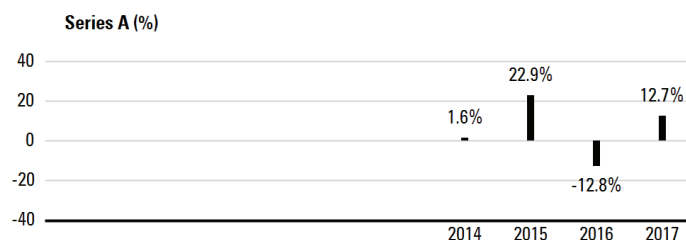


PAST PERFORMANCE

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, 2017, 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	12.7	6.5	—	—	6.2
Benchmark	17.3	9.5	—	—	8.3
Advisor Series	12.7	6.5	—	—	6.2
Benchmark	17.3	9.5	—	—	8.3
Series D	13.7	7.4	—	—	7.1
Benchmark	17.3	9.5	—	—	8.3
Series F	14.0	7.7	—	—	7.4
Benchmark	17.3	9.5	—	—	8.3
Series O	15.0	8.7	—	—	8.5
Benchmark	17.3	9.5	—	—	8.3

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 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, 2017

Investment Mix

	% of Net Asset Value
United Kingdom	38.1
Netherlands	13.8
Switzerland	12.4
France	8.0
Germany	7.8
Sweden	5.7
Italy	4.4
Finland	3.4
Denmark	2.9
Spain	1.1
Norway	1.1
Cash/Other	1.3

Top 25 Holdings

	% of Net Asset Value
British American Tobacco Plc.	4.6
ING Groep N.V.	4.4
Roche Holdings AG Genussscheine	4.3
Relx N.V.	4.0
Unilever N.V.	4.0
Novartis AG	3.4
Royal Dutch Shell Plc., B Shares	3.4
Rubis SCA	2.7
Playtech Plc.	2.5
Banca Generali S.p.A.	2.5
Rio Tinto Plc.	2.5
Continental AG	2.4
Siemens AG	2.4
Reckitt Benckiser Plc.	2.3
UBS Group AG	2.3
Legal & General Group Plc.	2.3
Sampo OYJ	2.2
BASF AG	2.0
Total S.A.	2.0
London Stock Exchange Group Plc.	1.9
Nordbanken Holding AB	1.8
BT Group Plc.	1.8
Micro Focus International Plc.	1.8
The Sage Group Plc.	1.8
Berkeley Group Holdings Plc.	1.8
Top 25 Holdings	67.1

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



INTERNATIONAL EQUITY FUND

RBC EUROPEAN EQUITY FUND

December 31, 2017

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 8, 2018.

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

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MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$7.0 billion as of December 31, 2017, from \$6.1 billion at the end of 2016. The increase was due to investment returns, partially offset by net redemptions.

Over the past year, the Fund's Series A units gained 18.3%, which outperformed the 17.3% 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.

European equities rallied in the first half of 2017, spurred by strong earnings growth and relief that in May French voters did not elect an anti-trade, anti-immigration government. A small decline in regional equity markets occurred in the third quarter on concern that euro strength, from a multiyear low early in the year, could hold back earnings. The euro stopped rising in the fourth quarter and, combined with renewed strength in European equity markets, resulted in robust gains in the final quarter of 2017 and for the year as a whole.

U.K. stocks were hampered by the ruling party's failure to win a majority in June elections. The outcome caused concern that the government would have a weaker negotiating position regarding talks to remove Britain from the European Union after the previous year's Brexit vote. The economic environment remained robust in Germany, and improved in France and "peripheral" countries such as Spain, Italy and Portugal. Leading indicators, credit conditions and unemployment all moved in the right direction.

All sectors posted positive returns, both in the market and the Fund. The strongest of those were Information Technology, Industrials and Materials. The defensive areas of Health Care, Telecommunication Services and Energy were the laggards. Sector allocation was marginally positive for the Fund's relative performance.

The best-performing stocks in the portfolio were Sika, the Swiss construction-materials company, and Novo Nordisk, the Danish maker of diabetes drugs. The stocks that held back returns the most were Daily Mail & General Trust, the media company, and BT Group, the U.K.'s long-time telecoms operator.

Recent Developments

Investors have turned more optimistic about corporate earnings due to signs of economic recovery and the alleviation of political risks across the region. The focus of the Fund remains on highly profitable, cash-generating businesses with attractive valuations. However, valuations crept up across Europe over 2017, and the sub-advisor expects to carefully add stocks with attractive valuations over the near term.

The sub-advisor recognizes that the macroeconomic environment poses both challenges and opportunities. The Fund's focus remains on the discipline of long-term investing in companies with strong competitive positions, low capital intensity, sustainable and/or improving profitability, and the right management strategy and corporate governance.



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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. The sub-advisor earns a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisor is paid by the manager from the management fee paid by 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 and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$527,000 (2016 – \$1,188,000) or 4% (2016 – 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, 2017	20.55	0.56	(0.49)	1.24	2.48	3.79	—	(0.04)	(0.78)	—	(0.82)	23.52
Dec. 31, 2016	23.87	0.55	(0.48)	0.32	(3.47)	(3.08)	—	(0.04)	(0.26)	—	(0.30)	20.55
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
Advisor Series												
Dec. 31, 2017	20.85	0.57	(0.48)	1.26	2.28	3.63	—	(0.05)	(0.79)	—	(0.84)	23.87
Dec. 31, 2016	24.21	0.56	(0.47)	0.32	(3.81)	(3.40)	—	(0.06)	(0.26)	—	(0.32)	20.85
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
Series T5												
Dec. 31, 2017³	21.02[†]	0.47	(0.41)	1.03	(0.45)	0.64	—	(0.06)	(0.38)	(0.44)	(0.88)	23.43
Series D												
Dec. 31, 2017	20.81	0.57	(0.30)	1.26	2.33	3.86	—	(0.25)	(0.79)	—	(1.04)	23.81
Dec. 31, 2016	24.16	0.56	(0.28)	0.32	(3.57)	(2.97)	—	(0.23)	(0.27)	—	(0.50)	20.81
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
Series F												
Dec. 31, 2017	22.14	0.61	(0.24)	1.35	2.44	4.16	—	(0.35)	(0.85)	—	(1.20)	25.31
Dec. 31, 2016	25.69	0.59	(0.22)	0.34	(3.67)	(2.96)	—	(0.31)	(0.28)	—	(0.59)	22.14
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
Series FT5												
Dec. 31, 2017³	22.68[†]	0.50	(0.20)	1.12	(0.30)	1.12	(0.01)	(0.25)	(1.24)	—	(1.50)	24.99



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, 2017	20.99	0.58	(0.01)	1.28	2.56	4.41	—	(0.57)	(0.81)	—	(1.38)	23.99
Dec. 31, 2016	24.38	0.56	—	0.32	(3.40)	(2.52)	—	(0.50)	(0.28)	—	(0.78)	20.99
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

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 15, 2017.

[†] 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, 2017	23.52	261 879	11 136	2.15	2.15	45.32	0.19
Dec. 31, 2016	20.55	243 312	11 838	2.21 ⁴	2.21	39.18	0.27
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
Advisor Series							
Dec. 31, 2017	23.87	8 753	367	2.06	2.06	45.32	0.19
Dec. 31, 2016	20.85	6 951	333	2.12 ⁴	2.12	39.18	0.27
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
Series T5							
Dec. 31, 2017⁵	23.43	23	1	2.12	2.12	45.32	0.19
Series D							
Dec. 31, 2017	23.81	31 908	1 340	1.27	1.27	45.32	0.19
Dec. 31, 2016	20.81	23 828	1 145	1.27	1.27	39.18	0.27
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
Series F							
Dec. 31, 2017	25.31	69 135	2 731	0.96	0.96	45.32	0.19
Dec. 31, 2016	22.14	38 212	1 726	0.96	0.96	39.18	0.27
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
Series FT5							
Dec. 31, 2017⁵	24.99	87	3	0.95	0.95	45.32	0.19



FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data (cont.)

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series O							
Dec. 31, 2017	23.99	6 633 225	276 457	0.02	0.02	45.32	0.19
Dec. 31, 2016	20.99	5 836 619	278 098	0.02	0.02	39.18	0.27
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

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 Effective June 30, 2016, the management fees were changed in respect of Series A and Advisor Series units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 2.15% and Advisor Series – 2.06%.

⁵ From February 15, 2017.

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%	62%	38%
Advisor Series	1.75%	62%	38%
Series T5	1.75%	57%	43%
Series D	1.00%	25%	75%
Series F	0.75%	—	100%
Series FT5	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.

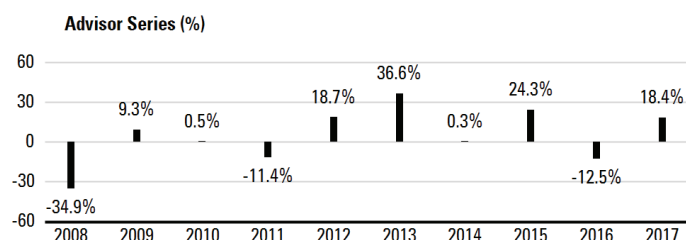
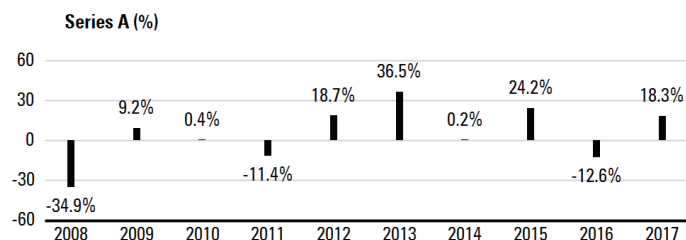


PAST PERFORMANCE

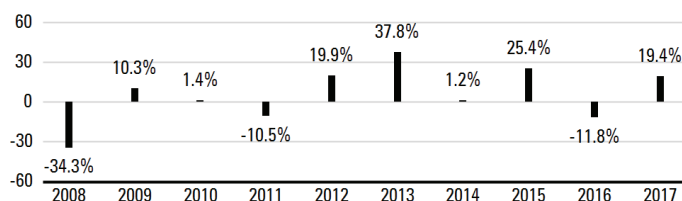
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional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

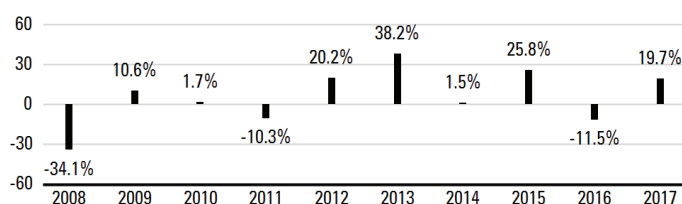
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



Series D (%)



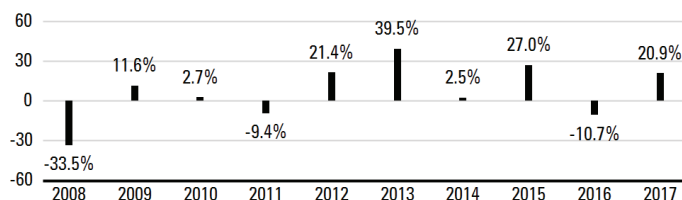
Series F (%)



Series FT5 (%)



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, 2017, 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	18.3	8.7	11.9	2.8	—
Benchmark	17.3	9.5	12.4	3.8	—
Advisor Series	18.4	8.8	12.0	2.9	—
Benchmark	17.3	9.5	12.4	3.8	—
Series T5	—	—	—	—	15.8
Benchmark	—	—	—	—	16.6
Series D	19.4	9.7	13.0	3.8	—
Benchmark	17.3	9.5	12.4	3.8	—
Series F	19.7	10.1	13.3	4.1	—
Benchmark	17.3	9.5	12.4	3.8	—
Series FT5	—	—	—	—	16.9
Benchmark	—	—	—	—	16.6
Series O	20.9	11.1	14.4	5.1	—
Benchmark	17.3	9.5	12.4	3.8	—

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 T5 and Series FT5 units have been available for sale to unitholders since February 15, 2017, and Series O units since January 1, 2008.

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, 2017

Investment Mix

	% of Net Asset Value
United Kingdom	36.3
Germany	12.7
Netherlands	9.5
Denmark	8.1
Ireland	7.6
Switzerland	6.9
Sweden	5.5
France	4.0
Finland	3.5
Spain	2.5
Italy	1.8
Cash/Other	1.6

Top 25 Holdings

	% of Net Asset Value
Novo Nordisk A/S	5.3
Royal Dutch Shell Plc., A Shares	5.0
Unilever Plc.	4.7
Relx N.V.	4.3
Sampo OYJ	3.5
London Stock Exchange Group Plc.	3.4
Roche Holdings AG Genussscheine	3.4
Heineken N.V.	3.1
Paddy Power Betfair Plc.	3.1
The Sage Group Plc.	3.0
Antofagasta Plc.	3.0
LVMH Louis Vuitton Moët-Hennessy	2.9
Diageo Plc.	2.9
Schroders Plc.	2.7
Bayer AG	2.7
Ryanair Holdings Plc. ADR	2.7
Henkel KGaA, Preferred Non-Voting	2.5
Sika AG	2.4
Continental AG	2.4
Burberry Group Plc.	2.1
Barratt Developments Plc.	2.1
Ashtead Group Plc.	2.0
SAP SE	2.0
Fresenius Medical Care AG & Co. KGaA	1.9
CRH Plc.	1.8
Top 25 Holdings	74.9

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



INTERNATIONAL EQUITY FUND

**RBC EUROPEAN MID-CAP
EQUITY FUND**

December 31, 2017

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 8, 2018.

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 European mid-cap companies. The Fund provides exposure to growth opportunities in the European economy and diversification benefits beyond North America.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund's risk rating changed from medium to medium-to-high.

Results of Operations

The Fund's net asset value rose to \$11 million as of December 31, 2017, from \$4 million at the end of 2016. The increase was due to net inflows.

Over the past year, the Fund's Series A units gained 23.3%, which outperformed the 21.7% 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.

European equities rallied in the first half of 2017, spurred by strong earnings growth and relief that in May French voters did not elect an anti-trade, anti-immigration government. A small decline in regional equity markets occurred in the third quarter on concern that euro strength, from a multiyear low early in the year, could hold back earnings. The euro stopped rising in the fourth quarter and, combined with renewed strength in European equity markets, resulted in robust gains in the final quarter of 2017 and for the year as a whole. Mid-cap stocks outperformed large caps in the overall market.

Stocks were hampered in the U.K. by the ruling party's failure to win a majority in June elections. The outcome caused concern that the government would have a weaker negotiating position regarding talks to remove Britain from the European Union after the previous year's Brexit vote. The economic environment remained robust in Germany, and improved in France and "peripheral" countries such as Spain, Italy and Portugal. Leading indicators, credit conditions and unemployment all moved in the right direction.

At a sector level, all sectors posted positive returns – the strongest of those were Information Technology, Industrials and Materials. The defensive areas of Health Care, Telecommunication Services and Energy were the laggards.

The best-performing stocks in the portfolio were Fever-Tree, the U.K. soft-drinks manufacturer, and Recordati, the Italian pharmaceuticals company. On the negative side, Norwegian construction firm Veidekke was the biggest drag on performance, followed by Danish jewellery maker Pandora.

Recent Developments

Investors have turned more optimistic about corporate earnings due to signs of economic recovery and the alleviation of political risks across the region. The focus of the Fund remains on highly profitable, cash-generating businesses with attractive valuations. However, valuations crept up across Europe over 2017, and the sub-advisor expects to carefully add stocks with attractive valuations over the near term.

The sub-advisor recognizes that the macroeconomic environment poses both challenges and opportunities. The Fund's focus remains on the discipline of long-term investing in companies with strong competitive positions, low capital intensity, sustainable and/or improving profitability, and the right management strategy and corporate governance.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. The sub-advisor earns a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisor is paid by the manager from the management fee paid by 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$1,000 (2016 – \$1,000) or 6% (2016 – 17%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the 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, 2017	9.44	0.20	(0.24)	—	1.60	1.56	—	—	—	—	—	11.64
Dec. 31, 2016 ³	10.00 [†]	0.04	(0.05)	0.02	(0.03)	(0.02)	—	—	—	—	—	9.44
Advisor Series												
Dec. 31, 2017	9.45	0.22	(0.22)	—	1.93	1.93	—	—	—	—	—	11.67
Dec. 31, 2016 ³	10.00 [†]	0.04	(0.05)	0.02	(0.56)	(0.55)	—	—	—	—	—	9.45
Series D												
Dec. 31, 2017	9.46	0.21	(0.14)	—	1.99	2.06	—	—	—	—	—	11.77
Dec. 31, 2016 ³	10.00 [†]	0.04	(0.03)	0.02	0.31	0.34	—	—	—	—	—	9.46
Series F												
Dec. 31, 2017	9.47	0.18	(0.11)	—	1.88	1.95	—	—	—	—	—	11.82
Dec. 31, 2016 ³	10.00 [†]	0.04	(0.02)	0.02	(0.57)	(0.53)	—	—	—	—	—	9.47
Series O												
Dec. 31, 2017	8.86	0.21	(0.01)	—	1.90	2.10	—	(0.04)	—	—	(0.04)	11.12
Dec. 31, 2016 ⁴	9.78 [†]	0.18	—	0.10	(1.26)	(0.98)	—	—	—	—	—	8.86

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 26, 2016.

⁴ Although Series O units of the Fund were created in October 2012, units were not offered for sale under a simplified prospectus until June 30, 2016.

[†] 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, 2017	11.64	496	43	2.18	2.22	2.60	0.24
Dec. 31, 2016 ⁴	9.44	11	1	2.15	2.18	13.61	0.18
Advisor Series							
Dec. 31, 2017	11.67	120	10	2.01	2.05	2.60	0.24
Dec. 31, 2016 ⁴	9.45	1	—	2.15	2.18	13.61	0.18
Series D							
Dec. 31, 2017	11.77	490	42	1.25	1.29	2.60	0.24
Dec. 31, 2016 ⁴	9.46	50	5	1.30	1.33	13.61	0.18
Series F							
Dec. 31, 2017	11.82	294	25	0.96	1.00	2.60	0.24
Dec. 31, 2016 ⁴	9.47	1	—	1.02	1.05	13.61	0.18
Series O							
Dec. 31, 2017	11.12	9 399	845	0.02	0.06	2.60	0.24
Dec. 31, 2016 ⁵	8.86	4 128	466	0.02	0.05	13.61	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 26, 2016.

⁵ Although Series O units of the Fund were created in October 2012, units were not offered for sale under a simplified prospectus until June 30, 2016.

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 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, 2017, compared with the following benchmark:

MSCI Europe Mid Cap Total Return Net Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A	23.3	—	—	—	12.8
Benchmark	21.7	—	—	—	16.7
Advisor Series	23.5	—	—	—	13.0
Benchmark	21.7	—	—	—	16.7
Series D	24.4	—	—	—	13.8
Benchmark	21.7	—	—	—	16.7
Series F	24.8	—	—	—	14.2
Benchmark	21.7	—	—	—	16.7
Series O	25.9	—	—	—	18.7
Benchmark	21.7	—	—	—	20.1

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 A, Advisor Series, Series D and Series F units have been available for sale to unitholders since September 26, 2016, and Series O units since June 30, 2016.

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

INDEX DESCRIPTION

MSCI Europe Mid Cap Total Return Net Index (CAD) This index is a broad measure of the Canadian-dollar performance of mid-cap stocks in major equity markets in Europe. The 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, 2017

Investment Mix

	% of Net Asset Value
United Kingdom	39.1
Denmark	10.3
Switzerland	9.8
Ireland	6.7
Germany	5.8
France	5.1
Sweden	4.6
Italy	4.5
Norway	4.1
Spain	4.1
Netherlands	0.9
Belgium	0.4
Cash/Other	4.6

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	4.7
Paddy Power Betfair Plc.	3.1
Cranswick Plc.	2.9
Pandora A/S	2.8
Ashtead Group Plc.	2.6
VAT Group AG	2.6
Recordati S.p.A.	2.5
London Stock Exchange Group Plc.	2.4
InterContinental Hotels Group Plc.	2.4
Cie Generale D'Optique Essilor International S.A.	2.3
Sika AG	2.3
Stabilus S.A.	2.3
Red Electrica Corp. S.A.	2.3
Partners Group Holding AG	2.2
Topdanmark A/S	2.2
Playtech Plc.	2.2
Novozymes A/S	2.2
Christian Hansen Holding A/S	2.1
Howden Joinery Group Plc.	2.1
Fevertree Drinks Plc.	2.1
DCC Plc.	2.0
Moncler S.p.A.	1.9
Ibstock Plc.	1.9
Kerry Group Plc.	1.9
Grifols S.A.	1.9
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 at www.rbcgam.com/funds.



INTERNATIONAL EQUITY FUND

RBC ASIAN EQUITY FUND

December 31, 2017

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 8, 2018.

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

The Fund has multiple risks, which 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the “new risk classification methodology”). Pursuant to the new risk classification methodology, certain funds’ risk ratings were changed. RBC GAM reviews each fund’s risk rating on an annual basis or if there has been a material change to a fund’s investment objectives or investment strategies. Any changes to a fund’s risk rating are the result of RBC GAM’s annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund’s risk rating changed from medium-to-high to medium.

Results of Operations

The Fund’s net asset value rose to \$75 million as of December 31, 2017, from \$64 million at the end of 2016. The increase was due mainly to investment returns.

Over the past year, the Fund’s Series A units gained 24.4%, which outperformed the 23.0% 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.

Asian stock markets performed well in 2017 on improving global economic data and solid regional economic performance, particularly in China. For much of the year, global investors remained confident about the prospects for stocks and other “riskier” assets, leading global investors to increase investments in the region. The Chinese economy extended more than two decades of growth exceeding 6%. China’s currency, the renminbi, appreciated in 2017, contrary to the expectations of many investors. The rise of the Chinese currency reduced the likelihood that the U.S. would impose trade tariffs. Japanese stocks, meanwhile, were supported by government spending and central-bank policies that held interest rates at exceptionally low levels. Prime Minister Shinzo Abe won snap elections in October, allowing the government to continue with its “three arrows” policy of monetary easing, fiscal stimulus and structural reform. Surveys showed further improvements in Japanese business conditions toward the end of the year, and tight labour markets and busy factories gave companies some ability to raise prices.

The allocations to both Japanese equities and Asian equities outside Japan had a positive impact on the portfolio’s returns, led by the portion that excluded Japan.

Recent Developments

A surge of volatility in November 2017, due in part to the flattening U.S. yield curve, has worried investors given strong returns in Asia since early 2016. The curve flattening, in which short-term interest rates have risen relative to longer-term rates, is viewed by some investors as a precursor of economic weakness and, therefore, a possible negative for equity prices. Geopolitical risks related to North Korea and the Middle East have largely been shrugged off by investors.

The portfolio manager expects Japan to stick with growth-friendly fiscal and monetary policies. Economic statistics indicate growing confidence among Japanese companies, as capacity shortages bode well for capital expenditures. The Japanese economy is operating at close to full employment, with a 2.8% unemployment rate among the lowest level in 20 years. While wage growth remains disappointing, paychecks could get a boost as inflation appears to be picking up. Strength in the Japanese economy faces threats such as U.S. trade protectionism and nuclear tensions between the U.S. and North Korea.



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.

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RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. The sub-advisor earns a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisor is paid by the manager from the management fee paid by the Fund.

Distributors

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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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	10.02	0.17	(0.22)	0.46	2.06	2.47	—	—	—	—	—	12.47
Dec. 31, 2016	10.18	0.15	(0.20)	0.42	(0.53)	(0.16)	—	—	—	—	—	10.02
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
Advisor Series												
Dec. 31, 2017	10.06	0.17	(0.23)	0.47	2.03	2.44	—	—	—	—	—	12.52
Dec. 31, 2016	10.21	0.15	(0.20)	0.42	(0.61)	(0.24)	—	—	—	—	—	10.06
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
Series D												
Dec. 31, 2017	10.20	0.18	(0.13)	0.47	2.02	2.54	—	—	—	—	—	12.79
Dec. 31, 2016	10.26	0.15	(0.12)	0.43	(0.53)	(0.07)	—	—	—	—	—	10.20
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
Series F												
Dec. 31, 2017	11.07	0.19	(0.11)	0.52	2.08	2.68	—	—	—	—	—	13.92
Dec. 31, 2016	11.11	0.16	(0.10)	0.47	(0.91)	(0.38)	—	—	—	—	—	11.07
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
Series O												
Dec. 31, 2017	10.16	0.18	—	0.48	1.91	2.57	—	—	—	—	—	12.89
Dec. 31, 2016	10.11	0.14	—	0.41	(3.61)	(3.06)	—	—	—	—	—	10.16
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

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, 2017	12.47	60 456	4 847	2.00	2.00	7.52	0.28
Dec. 31, 2016	10.02	54 687	5 456	2.06 ⁴	2.06	14.83	0.29
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
Advisor Series							
Dec. 31, 2017	12.52	398	32	2.01	2.01	7.52	0.28
Dec. 31, 2016	10.06	313	31	2.06 ⁴	2.06	14.83	0.29
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
Series D							
Dec. 31, 2017	12.79	8 805	688	1.18	1.18	7.52	0.28
Dec. 31, 2016	10.20	6 401	628	1.18	1.18	14.83	0.29
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
Series F							
Dec. 31, 2017	13.92	5 426	390	0.90	0.90	7.52	0.28
Dec. 31, 2016	11.07	2 129	192	0.90	0.90	14.83	0.29
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
Series O							
Dec. 31, 2017	12.89	27	2	0.04	0.04	7.52	0.28
Dec. 31, 2016	10.16	6	1	0.05	0.05	14.83	0.29
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

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 Effective June 30, 2016, the management fees were changed in respect of Series A and Advisor Series units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 2.00% and Advisor Series – 2.01%.



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%	62%	38%
Advisor Series	1.75%	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.

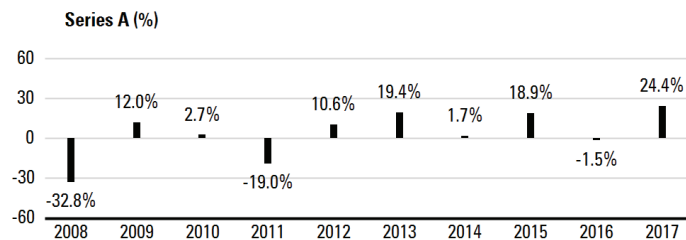
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

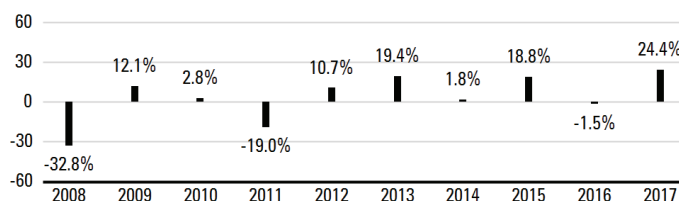
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional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

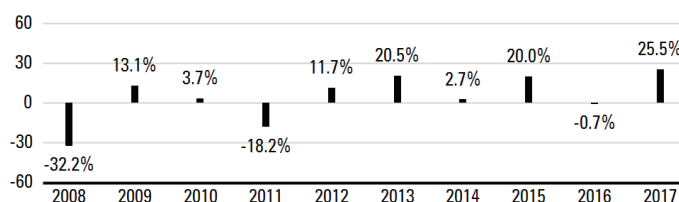
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



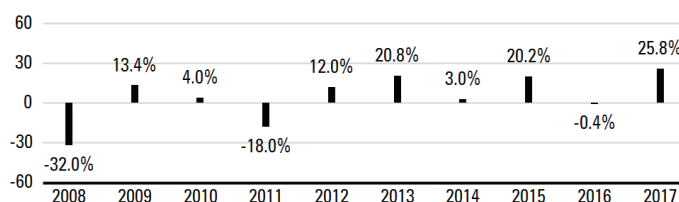
Advisor Series (%)



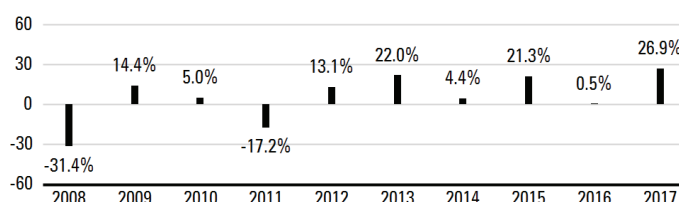
Series D (%)



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, 2017, 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	24.4	13.4	12.1	2.0	—
Benchmark	23.0	13.6	13.8	6.0	—
Advisor Series	24.4	13.4	12.1	2.1	—
Benchmark	23.0	13.6	13.8	6.0	—
Series D	25.5	14.4	13.1	3.0	—
Benchmark	23.0	13.6	13.8	6.0	—
Series F	25.8	14.6	13.4	3.3	—
Benchmark	23.0	13.6	13.8	6.0	—
Series O	26.9	15.7	14.5	4.3	—
Benchmark	23.0	13.6	13.8	6.0	—

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 January 1, 2008.

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, 2017

Investment Mix

	% of Net Asset Value
Asian (excluding Japan) Equity Funds	62.2
Japanese Equity Funds	37.8

Top 25 Holdings*

	% of Net Asset Value
RBC Asia Pacific ex-Japan Equity Fund	62.1
RBC Japanese Equity Fund	37.8
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, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$2.0 billion as of December 31, 2017, from \$1.6 billion at the end of 2016. The increase was due to investment returns, partially offset by net redemptions.

Over the past year, the Fund's Series A units gained 27.2%, which underperformed the 28.0% 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.

Equity markets across Asia performed well on improving global economic data and solid regional economic performance, particularly in China. For much of the year, global investors remained confident about the prospects for stocks and other "riskier" assets, leading global investors to increase investments to the region. The Chinese economy extended more than two decades of growth exceeding 6%. China's currency, the renminbi, appreciated in 2017, contrary to the expectations of many investors. The rise of the Chinese currency reduced the likelihood that the U.S. would impose trade tariffs.

The largest contributor to returns came from the Fund's holdings in China, South Korea and Australia. South Korea semiconductor maker SK Hynix performed well on surging prices for memory cards amid tight supply. Shares of Tencent climbed on robust revenue growth in games, advertisements and overall usage of the company's social and content platforms. In Australia, strong demand for CSL's plasma products drove the share price higher.

An underweight position in Samsung Electronics, which makes memory cards, hurt performance. PP Persero, an Indonesian construction company, also underperformed, as the country's economy was weaker than expected. The Fund's lack of exposure to real estate also held back the Fund's performance.

During the year, the Fund initiated a position in Ping An Insurance, a Chinese financial firm, which has one of the fastest-growth insurance units in China. The portfolio manager is confident about the company's long-term growth prospects given a steady increase in demand for insurance across China and rising consumer purchases of long-term policies, in particular. Ping An is also a leader in adapting technology for use in the financial industry (fintech).

Recent Developments

A surge of volatility in November 2017, due in part to the flattening U.S. yield curve, has worried investors given strong returns in Asia since early 2016. The curve flattening, in which short-term interest rates have risen relative to longer-term rates, is viewed by some investors as a precursor of economic weakness and, therefore, a possible negative for equity prices. Geopolitical risks relating to North Korea and the Middle East have largely been shrugged off by investors.

The backdrop for Asian economies remains positive. The U.S. Federal Reserve's plan to raise rates and shrink its balance sheet suggests economic strength, and Asian economies remain in decent shape, led by consumption and supportive government policies. Further weakening in the U.S. dollar would benefit export-led Asian economies and keep inflation benign. Provided inflation in Asia remains low, governments can continue to maintain growth-friendly monetary conditions.



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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. The sub-advisor earns a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisor is paid by the manager from the management fee paid by 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	10.64	0.21	(0.27)	0.76	2.02	2.72	—	—	(0.31)	—	(0.31)	13.22
Dec. 31, 2016	10.97	0.18	(0.23)	(0.22)	(0.01)	(0.28)	—	—	—	—	—	10.64
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, 2017	10.68	0.22	(0.28)	0.77	2.40	3.11	—	—	(0.31)	—	(0.31)	13.26
Dec. 31, 2016	11.01	0.18	(0.24)	(0.22)	(0.24)	(0.52)	—	—	—	—	—	10.68
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 D												
Dec. 31, 2017	10.73	0.22	(0.18)	0.77	1.94	2.75	—	(0.01)	(0.33)	—	(0.34)	13.42
Dec. 31, 2016	11.01	0.18	(0.15)	(0.22)	0.04	(0.15)	—	(0.03)	—	—	(0.03)	10.73
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, 2017	10.76	0.22	(0.14)	0.78	2.07	2.93	—	(0.06)	(0.33)	—	(0.39)	13.45
Dec. 31, 2016	11.04	0.18	(0.12)	(0.22)	0.03	(0.13)	—	(0.06)	—	—	(0.06)	10.76
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 O												
Dec. 31, 2017	10.67	0.22	—	0.77	2.22	3.21	—	(0.20)	(0.32)	—	(0.52)	13.35
Dec. 31, 2016	10.95	0.18	—	(0.22)	(0.03)	(0.07)	—	(0.18)	—	—	(0.18)	10.67
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, 2017	13.22	5 238	396	2.19	2.19	60.86	0.33
Dec. 31, 2016	10.64	2 334	219	2.17	2.17	61.05	0.33
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, 2017	13.26	80	6	2.22	2.22	60.86	0.33
Dec. 31, 2016	10.68	15	1	2.23	2.23	61.05	0.33
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 D							
Dec. 31, 2017	13.42	2 368	177	1.41	1.41	60.86	0.33
Dec. 31, 2016	10.73	1 017	95	1.39	1.39	61.05	0.33
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, 2017	13.45	2 434	181	1.10	1.10	60.86	0.33
Dec. 31, 2016	10.76	1 143	106	1.11	1.11	61.05	0.33
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 O							
Dec. 31, 2017	13.35	1 995 965	149 543	0.02	0.02	60.86	0.33
Dec. 31, 2016	10.67	1 642 250	153 883	0.02	0.02	61.05	0.33
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 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.

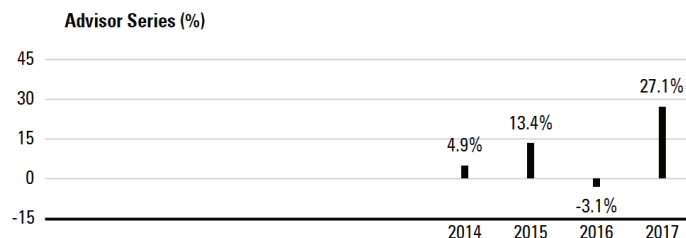
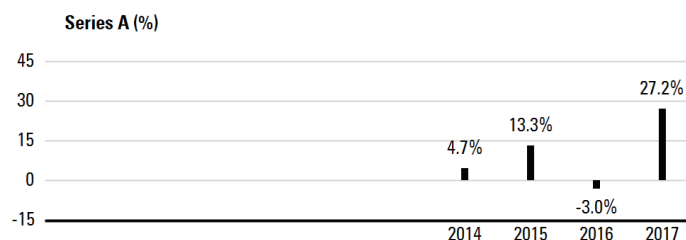


PAST PERFORMANCE

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 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, 2017, 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	27.2	11.8	—	—	10.5
Benchmark	28.0	12.8	—	—	12.2
Advisor Series	27.1	11.8	—	—	10.6
Benchmark	28.0	12.8	—	—	12.2
Series D	28.1	12.7	—	—	11.4
Benchmark	28.0	12.8	—	—	12.2
Series F	28.5	13.0	—	—	11.7
Benchmark	28.0	12.8	—	—	12.2
Series O	29.9	14.2	—	—	12.9
Benchmark	28.0	12.8	—	—	12.2

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, Advisor Series, Series D, Series F 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, 2017

Investment Mix

	% of Net Asset Value
China	21.9
Australia	17.2
South Korea	16.7
India	12.8
Taiwan	8.9
Indonesia	6.8
Hong Kong	5.8
Thailand	5.5
New Zealand	1.9
Philippines	0.8
Cash/Other	1.7

Top 25 Holdings

	% of Net Asset Value
Tencent Holdings Ltd.	5.9
Ping An Insurance Group Company of China Ltd.	4.3
CSL Ltd.	4.3
Samsung Electronics Co. Ltd.	4.2
Alibaba Group Holding Ltd. ADR	3.6
AIA Group Ltd.	3.3
Taiwan Semiconductor Manufacturing Co. Ltd.	3.3
Commonwealth Bank of Australia	3.3
Shinhan Financial Group Co. Ltd.	2.6
Catcher Technology Co. Ltd.	2.6
CP All PCL	2.5
Korea Electric Power Corp.	2.5
HDFC Bank Ltd. ADR	2.4
HDFC Bank Ltd.	2.2
James Hardie Industries Plc., Subscription Receipts	2.0
Netease.com ADR	2.0
Samsung Fire & Marine Insurance Co. Ltd.	1.9
Shenzhou International Group Holdings Ltd.	1.7
IMAX China Holding Inc.	1.7
Largan Precision Co. Ltd.	1.6
Voltas Ltd.	1.6
Oil Search Ltd.	1.6
Kasikornbank PCL	1.6
PT Bank Central Asia Tbk	1.5
PT Surya Citra Media Tbk	1.5
Top 25 Holdings	65.7

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



INTERNATIONAL EQUITY FUND

RBC JAPANESE EQUITY FUND

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund's risk rating changed from medium-to-high to medium.

Results of Operations

The Fund's net asset value rose to \$1.2 billion as of December 31, 2017, from \$1.0 billion at the end of 2016. The increase was due to investment returns, partially offset by net redemptions.

Over the past year, the Fund's Series A units gained 19.9%, which outperformed the 15.8% 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.

Japanese stock markets rose during 2017, reflecting an improved economy supported by government spending and central-bank policies that held interest rates at exceptionally low levels. The Bank of Japan (the "BOJ") continued to maintain its target of keeping 10-year bond yields at zero. Prime Minister Shinzo Abe won snap elections in October, allowing the government to continue with its "three arrows" policy of monetary easing, fiscal stimulus and

structural reform. Surveys showed further improvements in business conditions toward the end of the year. Tight labour markets and busy factories gave companies some ability to raise prices.

Both sector allocation and stock selection contributed to relative performance. The top contributor to returns was SoftBank Group, an investment firm with stakes in companies including Alibaba, the Chinese internet company. Stock selection in the Health Care sector also aided portfolio performance, as holdings in SanBio and PeptiDream performed strongly. The Fund's lack of exposure to the Real Estate sector also contributed to relative performance amid concerns that office rents would fall in 2018.

The Fund's underweight position in Toyota, the global auto company, hurt the Fund's relative performance. Toyota benefited from an improvement in operating profits boosted by the undervalued yen and cost-cutting. An underweight position in the Materials sector also held back performance as sectors tied to faster economy growth rallied.

Recent Developments

The sub-advisor expects Prime Minister Abe and BOJ Governor Haruhiko Kuroda to stick with growth-friendly fiscal and monetary policies. Economic statistics indicate growing confidence among Japanese companies, as capacity shortages bode well for capital expenditures in 2018. The Japanese economy is operating at close to full employment, with a 2.8% unemployment rate among the lowest level in 20 years. While wage growth remains disappointing, paychecks could get a boost as inflation appears to be picking up.

Strength in the Japanese economy faces threats such as U.S. trade protectionism and nuclear tensions between the U.S. and North Korea, which has been sending test missiles over Japan.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. The sub-advisor earns a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisor is paid by the manager from the management fee paid by 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	10.89	0.17	(0.26)	0.53	1.62	2.06	—	—	(0.36)	—	(0.36)	12.71
Dec. 31, 2016	11.89	0.18	(0.26)	1.15	(1.09)	(0.02)	—	—	(1.04)	—	(1.04)	10.89
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, 2017	10.93	0.17	(0.28)	0.53	1.51	1.93	—	—	(0.37)	—	(0.37)	12.74
Dec. 31, 2016	11.92	0.18	(0.25)	1.14	(1.13)	(0.06)	—	—	(1.04)	—	(1.04)	10.93
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 D												
Dec. 31, 2017	11.18	0.17	(0.17)	0.55	1.71	2.26	—	—	(0.38)	—	(0.38)	13.15
Dec. 31, 2016	12.06	0.19	(0.16)	1.17	(1.53)	(0.33)	—	—	(1.02)	—	(1.02)	11.18
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, 2017	11.19	0.17	(0.14)	0.55	1.70	2.28	—	(0.03)	(0.37)	—	(0.40)	13.17
Dec. 31, 2016	12.07	0.19	(0.13)	1.17	0.13	1.36	—	(0.05)	(1.01)	—	(1.06)	11.19
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 O												
Dec. 31, 2017	11.14	0.17	—	0.55	1.80	2.52	—	(0.18)	(0.37)	—	(0.55)	13.11
Dec. 31, 2016	12.08	0.19	—	1.18	(1.05)	0.32	—	(0.17)	(1.09)	—	(1.26)	11.14
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, 2017	12.71	4 614	363	2.22	2.22	67.99	0.19
Dec. 31, 2016	10.89	3 658	336	2.23	2.23	82.47	0.22
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, 2017	12.74	820	64	2.27	2.27	67.99	0.19
Dec. 31, 2016	10.93	233	21	2.12	2.12	82.47	0.22
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 D							
Dec. 31, 2017	13.15	3 564	271	1.38	1.38	67.99	0.19
Dec. 31, 2016	11.18	2 728	244	1.38	1.38	82.47	0.22
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, 2017	13.17	2 434	185	1.13	1.13	67.99	0.19
Dec. 31, 2016	11.19	1 324	118	1.06	1.06	82.47	0.22
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 O							
Dec. 31, 2017	13.11	1 216 355	92 809	0.02	0.02	67.99	0.19
Dec. 31, 2016	11.14	1 031 002	92 591	0.02	0.02	82.47	0.22
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.

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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.

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	Management Fees	Breakdown of Services	
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* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

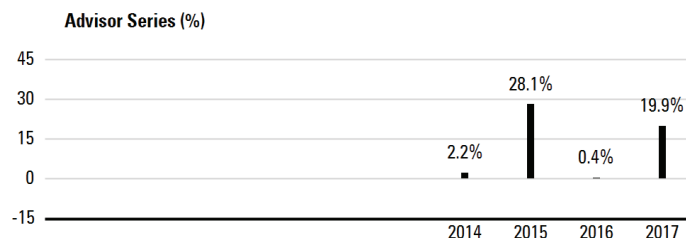
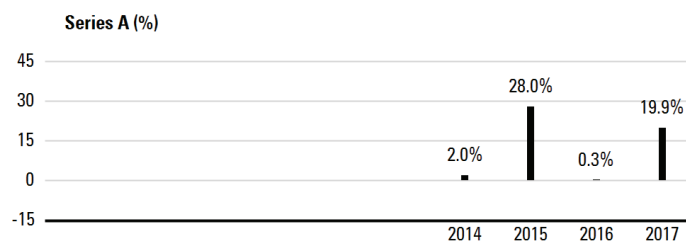


PAST PERFORMANCE

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, 2017, 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	19.9	15.5	—	—	12.6
Benchmark	15.8	14.6	—	—	12.7
Advisor Series	19.9	15.5	—	—	12.7
Benchmark	15.8	14.6	—	—	12.7
Series D	20.9	16.4	—	—	13.5
Benchmark	15.8	14.6	—	—	12.7
Series F	21.2	16.8	—	—	14.0
Benchmark	15.8	14.6	—	—	12.7
Series O	22.5	18.0	—	—	15.1
Benchmark	15.8	14.6	—	—	12.7

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 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, 2017

Investment Mix

	% of Net Asset Value
Consumer Discretionary	19.7
Industrials	17.1
Information Technology	14.8
Financials	13.2
Health Care	11.3
Telecommunication Services	7.9
Consumer Staples	7.4
Materials	5.4
Real Estate	2.6
Utilities	0.2
Cash/Other	0.4

Top 25 Holdings

	% of Net Asset Value
SoftBank Group Corp.	6.2
Mitsubishi UFJ Financial Group Inc.	4.0
Sumitomo Mitsui Financial Group Inc.	3.7
Mizuho Financial Group Inc.	3.5
Suzuki Motor Co. Ltd.	3.4
Mitsubishi Corp.	3.3
Itochu Corp.	3.0
Bridgestone Corp.	2.7
PeptiDream Inc.	2.7
SMC Corp.	2.3
Honda Motor Co. Ltd.	2.2
Murata Manufacturing Co. Ltd.	2.2
Daikin Industries Ltd.	2.0
Yahoo! Japan Corp.	1.9
DISCO Corp.	1.9
Mitsui Fudosan Co. Ltd.	1.9
SanBio Co. Ltd.	1.8
Asahi Group Holdings Ltd.	1.8
Keyence Corp.	1.7
Sysmex Corp.	1.7
Nitori Co. Ltd.	1.7
Nippon Telegraph & Telephone Corp.	1.6
MISUMI Group Inc.	1.6
Nitto Denko Corp.	1.5
Kansai Paint Co. Ltd.	1.5
Top 25 Holdings	61.8

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



INTERNATIONAL EQUITY FUND

RBC EMERGING MARKETS MULTI-STRATEGY EQUITY FUND

December 31, 2017

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

Sub-Advisor (for the underlying fund): 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 8, 2018.

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 other mutual funds managed by RBC GAM or an affiliate, emphasizing funds that invest in equity securities of companies located or active in emerging markets.

The Fund invests up to 100% of its net assets in the RBC Emerging Markets Dividend Fund, RBC Emerging Markets Equity Fund and RBC Emerging Markets Small-Cap Equity Fund (the “underlying funds”), which are sub-advised by RBC Global Asset Management (UK) Limited. The underlying funds invest primarily in securities of companies located or active in emerging-market countries, including: China, Brazil, South Korea, Taiwan, India, South Africa, Russia, Mexico, Israel, Malaysia, Indonesia, Turkey, Chile, Thailand and Poland.

Risk

The Fund has multiple risks, which 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-to-high 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the “new risk classification methodology”). Pursuant to the new risk classification methodology, certain funds’ risk ratings were changed. RBC GAM reviews each fund’s risk rating on an annual basis or if there has been a material change to a fund’s investment objectives or investment strategies. Any changes to a fund’s risk rating are the result of RBC GAM’s annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund’s risk rating changed from high to medium-to-high.

Results of Operations

The Fund’s net asset value rose to \$259 million as of December 31, 2017, from \$7 million at the end of 2016. The increase was due to net inflows.

Over the past year, the Fund’s Series A units gained 24.6%, which underperformed the 28.3% 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.

Global economic growth surged to the highest in seven years in 2017 thanks to a confluence of factors. The expansion was highly synchronized, encompassing the bulk of developed and many emerging-market nations. In the U.S., measures of confidence and risk appetite were robust, benefiting from the macroeconomic strength and helping to sustain it. Economic growth in the Eurozone and Japan continued to impress with a persistence that would have been hard to fathom several years ago.

Emerging-market stocks strongly outperformed developed markets during 2017, driven by an improving outlook for emerging-market economies and stronger emerging-market currencies relative to the U.S. dollar. Additionally, the profitability of emerging-market companies began to recover in 2017, due in part to increased productivity, after declining for five consecutive years.

The portfolio’s three investments all had a positive impact on performance, led by the RBC Emerging Markets Equity Fund.

Recent Developments

In 2017, five stocks accounted for 40% of the gain in the emerging-market benchmark index. All of the stocks (Samsung, Tencent, Hon Hai, Alibaba and Naspers) were in the Information Technology sector. The portfolio manager believes that broad-based profitability improvements in 2018 mean that sectors other than Information Technology will begin to perform better on a relative basis.

The portfolio manager continues to believe that emerging-market equities should benefit from further rises in undervalued emerging-market currencies, the improving earnings outlook for emerging-market companies and attractive equity valuations relative to developed 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. The sub-advisor earns a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisor is paid by the manager from the management fee paid by the Fund.

Distributors

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

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	9.43	0.33	(0.24)	0.15	1.59	1.83	—	(0.10)	(0.04)	—	(0.14)	11.62
Dec. 31, 2016 ³	10.00 [†]	0.24	(0.06)	(0.02)	(0.78)	(0.62)	—	(0.08)	(0.01)	—	(0.09)	9.43
Advisor Series												
Dec. 31, 2017	9.44	0.37	(0.24)	0.16	1.68	1.97	—	(0.10)	(0.04)	—	(0.14)	11.62
Dec. 31, 2016 ³	10.00 [†]	0.15	(0.06)	(0.01)	(0.26)	(0.18)	—	(0.08)	(0.01)	—	(0.09)	9.44
Series D												
Dec. 31, 2017	9.43	0.42	(0.14)	0.19	1.62	2.09	—	(0.13)	(0.04)	—	(0.17)	11.68
Dec. 31, 2016 ³	10.00 [†]	0.40	(0.04)	(0.03)	(0.77)	(0.44)	—	(0.10)	(0.01)	—	(0.11)	9.43
Series F												
Dec. 31, 2017	9.43	0.36	(0.11)	0.16	1.69	2.10	—	(0.15)	(0.04)	—	(0.19)	11.69
Dec. 31, 2016 ³	10.00 [†]	0.19	(0.03)	(0.01)	(0.58)	(0.43)	—	(0.11)	(0.01)	—	(0.12)	9.43
Series O												
Dec. 31, 2017	9.42	0.31	(0.01)	0.14	1.68	2.12	—	(0.21)	(0.05)	—	(0.26)	11.72
Dec. 31, 2016 ³	10.00 [†]	1.07	(0.02)	(0.07)	(1.19)	(0.21)	—	(0.14)	(0.01)	—	(0.15)	9.42

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 June 27, 2016.

[†] 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, 2017	11.62	11 852	1 020	2.40	2.40	3.51	0.19
Dec. 31, 2016 ⁴	9.43	403	43	2.41	2.45	6.76	0.23
Advisor Series							
Dec. 31, 2017	11.62	3 917	337	2.41	2.41	3.51	0.19
Dec. 31, 2016 ⁴	9.44	232	25	2.46	2.49	6.76	0.23
Series D							
Dec. 31, 2017	11.68	1 840	158	1.50	1.50	3.51	0.19
Dec. 31, 2016 ⁴	9.43	150	16	1.56	1.60	6.76	0.23
Series F							
Dec. 31, 2017	11.69	160 510	13 732	1.25	1.25	3.51	0.19
Dec. 31, 2016 ⁴	9.43	5 398	572	1.28	1.32	6.76	0.23
Series O							
Dec. 31, 2017	11.72	80 431	6 865	0.30	0.30	3.51	0.19
Dec. 31, 2016 ⁴	9.42	443	47	0.32	0.36	6.76	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 June 27, 2016.

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.





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, 2017, 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	24.6	—	—	—	14.5
Benchmark	28.3	—	—	—	19.3
Advisor Series	24.6	—	—	—	14.5
Benchmark	28.3	—	—	—	19.3
Series D	25.6	—	—	—	15.5
Benchmark	28.3	—	—	—	19.3
Series F	26.0	—	—	—	15.8
Benchmark	28.3	—	—	—	19.3
Series O	27.1	—	—	—	16.9
Benchmark	28.3	—	—	—	19.3

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 September 26, 2016.

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, 2017

Investment Mix

	% of Net Asset Value
International Equity Funds	99.6
Cash/Other	0.4

Top 25 Holdings*

	% of Net Asset Value
RBC Emerging Markets Equity Fund	54.7
RBC Emerging Markets Dividend Fund	34.8
RBC Emerging Markets Small-Cap Equity Fund	9.9
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.



INTERNATIONAL EQUITY FUND

RBC EMERGING MARKETS DIVIDEND FUND

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund's risk rating changed from high to medium-to-high.

Results of Operations

The Fund's net asset value rose to \$815 million as of December 31, 2017, from \$513 million at the end of 2016. The increase was due to a combination of net inflows and investment returns.

Over the past year, the Fund's Series A units gained 26.9%, which underperformed the 28.3% 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.

Emerging-market stocks strongly outperformed developed markets during 2017, driven by an improving outlook for emerging-market economies and stronger emerging-market currencies relative to the U.S. dollar. Additionally, the profitability of emerging-market companies began to recover in 2017, due in part to increased productivity, after declining for five consecutive years.

The Fund benefited from stock selection in the Financials and Consumer Discretionary sectors. At the country level, stock selection in Taiwan and India was positive for relative returns, while stock selection in China was negative due mainly to the lack of one stock, the Chinese internet company Tencent. At the stock level, notable contributors to relative performance during the period included Geely Automobile in China, semiconductor manufacturer SK Hynix in South Korea and Indiabulls Housing Finance in India.

Recent Developments

In 2017, five stocks accounted for 40% of the gain in the emerging-market benchmark index. All of the stocks (Samsung, Tencent, Hon Hai, Alibaba and Naspers) were in the Information Technology sector. The sub-advisor believes that broad-based profitability improvements in 2018 mean that sectors other than Information Technology will begin to perform better on a relative basis.

The sub-advisor continues to believe that emerging-market equities should benefit from further rises in undervalued emerging-market currencies, the improving earnings outlook for emerging-market companies and attractive equity valuations relative to developed markets.

Effective October 2, 2017, administration fees were reduced as follows: from 0.35% to 0.15% for Series A, Advisor Series, Series D and Series F units; and from 0.25% to 0.15% for Series O 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. The sub-advisor earns a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisor is paid by the manager from the management fee paid by 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$0 (2016 – \$2,000) or 0% (2016 – 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, 2017	11.69	0.35	(0.32)	0.91	1.99	2.93	—	(0.09)	(0.24)	—	(0.33)	14.49
Dec. 31, 2016	10.64	0.37	(0.26)	(0.57)	1.61	1.15	—	(0.12)	—	—	(0.12)	11.69
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, 2017	11.71	0.36	(0.33)	0.92	1.99	2.94	—	(0.09)	(0.24)	—	(0.33)	14.51
Dec. 31, 2016	10.66	0.37	(0.27)	(0.57)	1.60	1.13	—	(0.11)	—	—	(0.11)	11.71
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, 2017	11.80	0.36	(0.21)	0.92	1.89	2.96	—	(0.17)	(0.24)	—	(0.41)	14.67
Dec. 31, 2016	10.72	0.37	(0.18)	(0.57)	1.57	1.19	—	(0.20)	—	—	(0.20)	11.80
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, 2017	11.90	0.36	(0.18)	0.94	2.14	3.26	—	(0.19)	(0.24)	—	(0.43)	14.82
Dec. 31, 2016	10.81	0.37	(0.15)	(0.58)	1.31	0.95	—	(0.22)	—	—	(0.22)	11.90
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, 2017	11.56	0.36	(0.03)	0.92	2.10	3.35	—	(0.31)	(0.24)	—	(0.55)	14.40
Dec. 31, 2016	10.49	0.36	(0.03)	(0.56)	1.68	1.45	—	(0.32)	—	—	(0.32)	11.56
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, 2017	14.49	40 513	2 796	2.37⁴	2.37	54.61	0.31
Dec. 31, 2016	11.69	16 137	1 380	2.43	2.43	70.28	0.41
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 ⁵	10.68	3 362	315	2.46	2.46	45.95	0.43
Advisor Series							
Dec. 31, 2017	14.51	5 189	358	2.39⁴	2.39	54.61	0.31
Dec. 31, 2016	11.71	2 338	200	2.48	2.48	70.28	0.41
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 ⁵	10.68	408	38	2.38	2.38	45.95	0.43
Series D							
Dec. 31, 2017	14.67	10 892	743	1.53⁴	1.53	54.61	0.31
Dec. 31, 2016	11.80	3 348	284	1.60	1.60	70.28	0.41
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 ⁵	10.70	696	65	1.62	1.62	45.95	0.43
Series F							
Dec. 31, 2017	14.82	41 123	2 776	1.28⁴	1.28	54.61	0.31
Dec. 31, 2016	11.90	20 510	1 723	1.36	1.36	70.28	0.41
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 ⁵	10.71	602	56	1.34	1.34	45.95	0.43
Series O							
Dec. 31, 2017	14.40	717 291	49 810	0.24⁴	0.24	54.61	0.31
Dec. 31, 2016	11.56	471 003	40 749	0.28	0.28	70.28	0.41
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 ⁶	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 Effective October 2, 2017, the administration fees were changed in respect of Series A, Advisor Series, Series D, Series F and Series O units of the Fund. If the changes to the administration fees would have been in effect throughout 2017, the adjusted MER for each series of the Fund would be: Series A – 2.22%, Advisor Series – 2.24%, Series D – 1.39%, Series F – 1.12% and Series O – 0.17%.

⁵ From August 12, 2013.

⁶ From June 10, 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	1.85%	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.

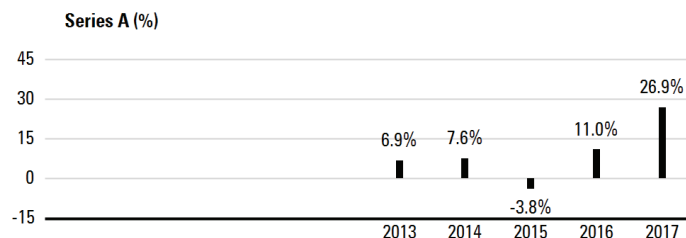
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

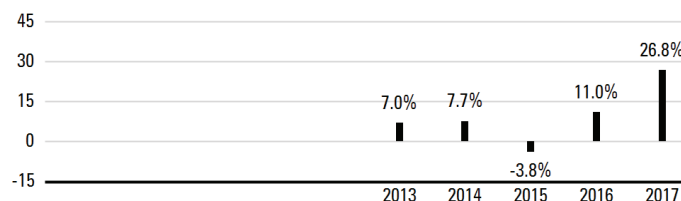
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional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

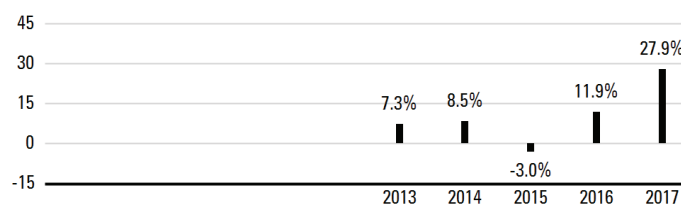
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



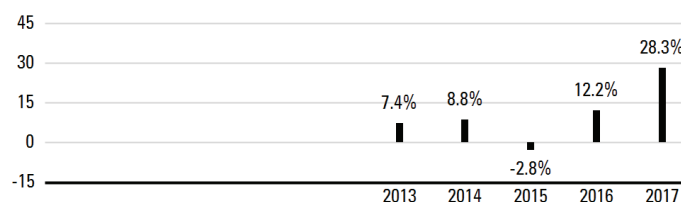
Advisor Series (%)



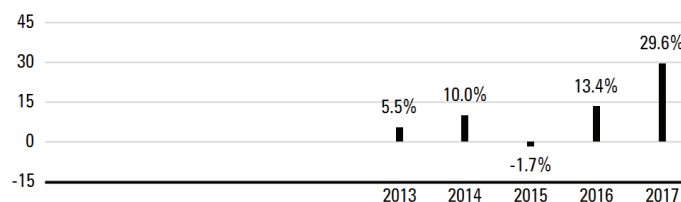
Series D (%)



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, 2017, 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	26.9	10.7	—	—	10.7
Benchmark	28.3	12.0	—	—	11.8
Advisor Series	26.8	10.6	—	—	10.7
Benchmark	28.3	12.0	—	—	11.8
Series D	27.9	11.6	—	—	11.6
Benchmark	28.3	12.0	—	—	11.8
Series F	28.3	11.8	—	—	11.9
Benchmark	28.3	12.0	—	—	11.8
Series O	29.6	13.0	—	—	12.0
Benchmark	28.3	12.0	—	—	11.3

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 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, 2017

Investment Mix

	% of Net Asset Value
China	25.0
South Korea	16.6
Taiwan	11.1
Brazil	9.0
India	7.9
Russia	5.9
South Africa	5.6
Indonesia	2.9
Thailand	1.9
Mexico	1.6
Other Countries	11.6
Cash/Other	0.9

Top 25 Holdings

	% of Net Asset Value
Samsung Electronics Co. Ltd.	5.3
Alibaba Group Holding Ltd. ADR	3.8
China Construction Bank Corp.	3.7
Taiwan Semiconductor Manufacturing Co. Ltd.	3.4
Industrial & Commercial Bank of China	2.5
Sberbank of Russia ADR	2.4
Baidu.com Inc. ADR	2.1
Ping An Insurance Group Company of China Ltd.	2.0
Standard Bank Group Ltd.	1.9
Hon Hai Precision Industry Co. Ltd.	1.8
LG Chem Ltd.	1.7
Netease.com ADR	1.6
Vale S.A. ADR	1.5
POSCO	1.5
Banco do Brasil S.A.	1.5
The Foschini Group Ltd.	1.4
Super Group Ltd.	1.4
PT Bank Tabungan Negara Persero Tbk	1.4
Lukoil PJSC ADR	1.3
PT Bank Negara Indonesia Persero Tbk	1.3
Itau Unibanco Holding S.A. Preference	1.2
SK Holdings Co. Ltd.	1.2
Hynix Semiconductor Inc.	1.2
CNOOC Ltd.	1.2
GHCL Ltd.	1.2
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 EMERGING MARKETS
EQUITY FUND**

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund's risk rating changed from high to medium-to-high.

Results of Operations

The Fund's net asset value rose to \$3.8 billion as of December 31, 2017, from \$2.6 billion at the end of 2016. The increase was a combination of net inflows and investment returns.

Over the past year, the Fund's Series A units gained 25.6%, which underperformed the 28.3% 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.

Emerging-market stocks strongly outperformed developed markets during 2017, driven by an improving outlook for emerging-market economies and stronger emerging-market currencies relative to the U.S. dollar. Additionally, the profitability of emerging-market companies began to recover in 2017, due in part to increased productivity, after declining for five consecutive years.

The Fund's underperformance was due to stock selection in the Information Technology sector, notably the lack of holdings in the portfolio of the Chinese internet company Tencent. However, exposure to South African media company Naspers, which owns a 33% stake in Tencent, offset most of the underperformance. At the country level, strong stock selection in South Africa and Brazil contributed to relative returns, while the Fund's underweight position in China combined with stock selection in India had a negative impact.

Recent Developments

In 2017, five stocks accounted for 40% of the gain in the emerging-market benchmark index. All of the stocks (Samsung, Tencent, Hon Hai, Alibaba and Naspers) were in the Information Technology sector. The sub-advisor believes that broad-based profitability improvements in 2018 mean that sectors other than Information Technology will begin to perform better on a relative basis.

The sub-advisor continues to believe that emerging-market equities should benefit from further rises in undervalued emerging-market currencies, the improving earnings outlook for emerging-market companies and attractive equity valuations relative to developed markets.

Effective October 2, 2017, administration fees were reduced as follows: from 0.35% to 0.15% for Series A, Advisor Series, Series T5, Series D, Series F and Series FT5 units; and from 0.25% to 0.15% for Series O 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. The sub-advisor earns a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisor is paid by the manager from the management fee paid by 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 T5 and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	14.04	0.34	(0.38)	0.50	3.08	3.54	—	—	—	—	—	17.64	
Dec. 31, 2016	13.91	0.30	(0.34)	0.25	(0.10)	0.11	—	—	—	—	—	14.04	
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	
Advisor Series													
Dec. 31, 2017	14.02	0.34	(0.38)	0.50	3.03	3.49	—	—	—	—	—	17.61	
Dec. 31, 2016	13.89	0.29	(0.34)	0.25	(0.03)	0.17	—	—	—	—	—	14.02	
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	
Series T5													
Dec. 31, 2017³	14.84[†]	0.28	(0.33)	0.41	1.54	1.90	—	—	—	(0.62)	(0.62)	16.97	
Series D													
Dec. 31, 2017	14.28	0.35	(0.23)	0.51	3.03	3.66	—	(0.09)	—	—	(0.09)	18.02	
Dec. 31, 2016	14.07	0.30	(0.21)	0.25	(0.09)	0.25	—	(0.06)	—	—	(0.06)	14.28	
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	
Series F													
Dec. 31, 2017	14.38	0.35	(0.19)	0.51	3.00	3.67	—	(0.14)	—	—	(0.14)	18.14	
Dec. 31, 2016	14.17	0.30	(0.17)	0.25	(0.02)	0.36	—	(0.10)	—	—	(0.10)	14.38	
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	
Series FT5													
Dec. 31, 2017³	15.22[†]	0.28	(0.16)	0.41	1.84	2.37	—	(0.12)	—	(0.52)	(0.64)	17.60	



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, 2017	14.41	0.35	(0.04)	0.52	3.29	4.12	—	(0.29)	—	—	(0.29)	18.19
Dec. 31, 2016	14.20	0.30	(0.04)	0.26	(0.06)	0.46	—	(0.23)	—	—	(0.23)	14.41
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

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 15, 2017.

[†] 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, 2017	17.64	153 345	8 694	2.37⁴	2.37	18.10	0.11
Dec. 31, 2016	14.04	109 012	7 763	2.43	2.43	20.89	0.16
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
Advisor Series							
Dec. 31, 2017	17.61	46 086	2 617	2.37⁴	2.37	18.10	0.11
Dec. 31, 2016	14.02	27 669	1 974	2.45	2.45	20.89	0.16
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
Series T5							
Dec. 31, 2017⁵	16.97	110	6	2.41⁴	2.41	18.10	0.11
Series D							
Dec. 31, 2017	18.02	52 594	2 919	1.42⁴	1.42	18.10	0.11
Dec. 31, 2016	14.28	30 009	2 102	1.48	1.48	20.89	0.16
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
Series F							
Dec. 31, 2017	18.14	336 369	18 539	1.13⁴	1.13	18.10	0.11
Dec. 31, 2016	14.38	138 306	9 619	1.20	1.20	20.89	0.16
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
Series FT5							
Dec. 31, 2017⁵	17.60	1 653	94	1.13⁴	1.13	18.10	0.11



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, 2017	18.19	3 198 176	175 779	0.24⁴	0.24	18.10	0.11
Dec. 31, 2016	14.41	2 297 657	159 446	0.27	0.27	20.89	0.16
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

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 Effective October 2, 2017, the administration fees were changed in respect of Series A, Advisor Series, Series T5, Series D, Series F, Series FT5 and Series O units of the Fund. If the changes to the administration fees would have been in effect throughout 2017, the adjusted MER for each series of the Fund would be: Series A – 2.21%, Advisor Series – 2.21%, Series T5 – 2.26%, Series D – 1.26%, Series F – 0.99%, Series FT5 – 1.00% and Series O – 0.16%.

⁵ From February 15, 2017.

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 T5	1.85%	54%	46%
Series D	1.00%	25%	75%
Series F	0.75%	—	100%
Series FT5	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.

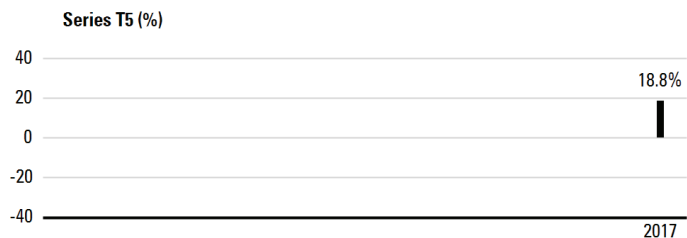
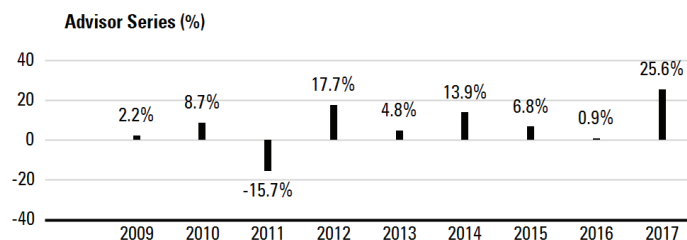
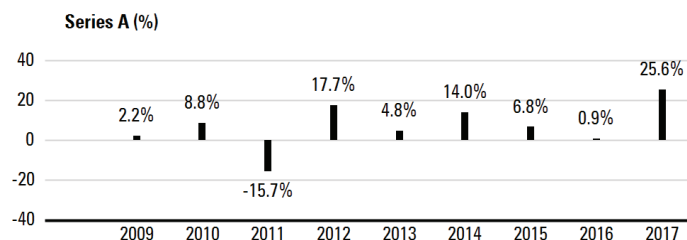


PAST PERFORMANCE

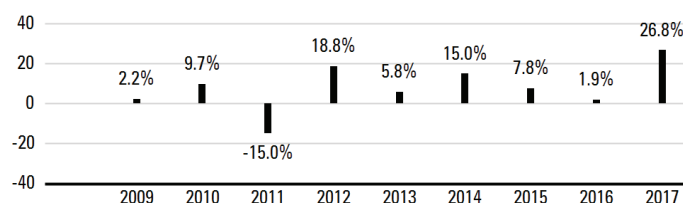
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional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

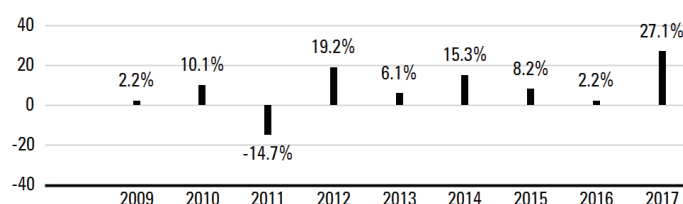
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



Series D (%)



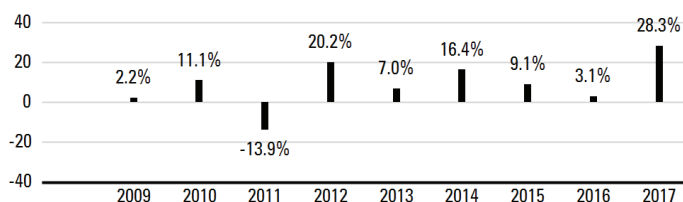
Series F (%)



Series FT5 (%)



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, 2017, 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	25.6	10.6	10.1	—	7.5
Benchmark	28.3	12.0	9.3	—	7.1
Advisor Series	25.6	10.6	10.1	—	7.5
Benchmark	28.3	12.0	9.3	—	7.1
Series T5	—	—	—	—	18.8
Benchmark	—	—	—	—	20.3
Series D	26.8	11.7	11.1	—	8.5
Benchmark	28.3	12.0	9.3	—	7.1
Series F	27.1	12.0	11.4	—	8.8
Benchmark	28.3	12.0	9.3	—	7.1
Series FT5	—	—	—	—	20.1
Benchmark	—	—	—	—	20.3
Series O	28.3	13.0	12.5	—	9.8
Benchmark	28.3	12.0	9.3	—	7.1

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 T5 and Series FT5 units have been available for sale to unitholders since February 15, 2017, 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, 2017

Investment Mix

	% of Net Asset Value
China	15.9
South Africa	13.5
India	12.3
South Korea	10.6
Taiwan	9.1
Brazil	6.2
United Kingdom	5.9
Hong Kong	5.5
Indonesia	3.6
Philippines	3.1
Thailand	2.6
Peru	2.5
Malaysia	1.0
Other Countries	7.0
Cash/Other	1.2

Top 25 Holdings

	% of Net Asset Value
Naspers Ltd.	6.1
Housing Development Finance Corp.	4.6
Samsung Electronics Co. Ltd.	4.5
Taiwan Semiconductor Manufacturing Co. Ltd.	4.2
Tata Consultancy Services Ltd.	4.1
AIA Group Ltd.	3.9
Alibaba Group Holding Ltd. ADR	3.2
SM Investments Corp.	3.1
Antofagasta Plc.	3.0
Banco Bradesco S.A. ADR	3.0
Unilever Plc.	2.9
FirstRand Ltd.	2.9
Shinhan Financial Group Co. Ltd.	2.7
Dr. Reddy's Laboratories Ltd. ADR	2.7
Credicorp Ltd.	2.5
China Mobile (Hong Kong) Ltd.	2.0
Fuyao Glass Industry Group Co. Ltd.	2.0
Baidu.com Inc. ADR	1.9
Mondi Ltd.	1.9
ENKA Insaat ve Sanayi A.S.	1.8
PT Bank Central Asia Tbk	1.8
PT Kalbe Farma Tbk	1.8
Hangzhou Hikvision Digital Technology Co. Ltd.	1.7
Clicks Group Ltd.	1.7
Samsonite International S.A.	1.7
Top 25 Holdings	71.7

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.



INTERNATIONAL EQUITY FUND

**RBC EMERGING MARKETS
SMALL-CAP EQUITY FUND**

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund's risk rating changed from high to medium-to-high.

Results of Operations

The Fund's net asset value rose to \$492 million as of December 31, 2017, from \$382 million at the end of 2016. The increase was due to a combination of net inflows and investment returns.

Over the past year, the Fund's Series A units gained 15.7%, which underperformed the 25.1% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

Emerging-market small-cap stocks underperformed large caps for a second straight year. The small-cap market's underperformance in 2017 was driven by higher weightings in the Health Care, Consumer Staples and Consumer Discretionary sectors and relatively low index exposure to Information Technology, which was by far the best-performing sector in the broader MSCI Emerging Markets Index. Additionally, the emerging-market small-cap index has lower exposure to the key performing market, China.

The Fund underperformed its benchmark over the period due to stock selection. This was particularly the case in the Information Technology and Health Care sectors. At the country level, stock selection in Taiwan and China had a negative impact on returns.

Recent Developments

The portfolio manager continues to believe that emerging-market equities should benefit from further rises in undervalued emerging-market currencies, the improving earnings outlook for emerging-market companies and attractive equity valuations relative to developed markets.

Smaller-cap emerging-market stocks, which have tended to do well over longer periods, look attractive in the view of the portfolio manager following their recent underperformance relative to larger-cap emerging-market stocks.

Effective October 2, 2017, administration fees were reduced as follows: from 0.35% to 0.15% for Series A, Advisor Series, Series D and Series F units; and from 0.25% to 0.15% for Series O 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. The sub-advisor earns a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisor is paid by the manager from the management fee paid by 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	12.42	0.47	(0.32)	0.26	1.20	1.61	—	(0.11)	(0.09)	—	(0.20)	14.18
Dec. 31, 2016	12.38	0.30	(0.30)	0.15	(0.08)	0.07	—	—	(0.09)	—	(0.09)	12.42
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, 2017	12.39	0.47	(0.33)	0.26	1.43	1.83	—	(0.11)	(0.09)	—	(0.20)	14.13
Dec. 31, 2016	12.35	0.30	(0.31)	0.15	0.06	0.20	—	—	(0.09)	—	(0.09)	12.39
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, 2017	12.56	0.48	(0.21)	0.26	1.21	1.74	—	(0.23)	(0.09)	—	(0.32)	14.33
Dec. 31, 2016	12.50	0.31	(0.20)	0.15	(0.28)	(0.02)	—	(0.08)	(0.10)	—	(0.18)	12.56
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, 2017	12.63	0.48	(0.18)	0.27	1.64	2.21	—	(0.27)	(0.09)	—	(0.36)	14.41
Dec. 31, 2016	12.57	0.31	(0.17)	0.15	(0.23)	0.06	—	(0.12)	(0.10)	—	(0.22)	12.63
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, 2017	12.67	0.48	(0.03)	0.27	1.57	2.29	—	(0.42)	(0.09)	—	(0.51)	14.47
Dec. 31, 2016	12.62	0.31	(0.04)	0.16	0.03	0.46	—	(0.26)	(0.10)	—	(0.36)	12.67
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, 2017	14.18	6 071	428	2.35⁴	2.35	23.20	0.15
Dec. 31, 2016	12.42	3 250	262	2.41	2.41	26.09	0.17
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 ⁵	10.14	492	48	2.41	2.41	22.87	0.29
Advisor Series							
Dec. 31, 2017	14.13	3 434	243	2.40⁴	2.40	23.20	0.15
Dec. 31, 2016	12.39	2 453	198	2.46	2.46	26.09	0.17
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 ⁵	10.14	230	23	2.48	2.48	22.87	0.29
Series D							
Dec. 31, 2017	14.33	4 486	313	1.54⁴	1.54	23.20	0.15
Dec. 31, 2016	12.56	2 900	231	1.60	1.60	26.09	0.17
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 ⁵	10.17	242	24	1.58	1.58	22.87	0.29
Series F							
Dec. 31, 2017	14.41	33 207	2 305	1.30⁴	1.30	23.20	0.15
Dec. 31, 2016	12.63	25 466	2 017	1.36	1.36	26.09	0.17
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 ⁵	10.19	26	3	1.26	1.26	22.87	0.29
Series O							
Dec. 31, 2017	14.47	444 636	30 734	0.24⁴	0.24	23.20	0.15
Dec. 31, 2016	12.67	348 422	27 500	0.27	0.27	26.09	0.17
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 ⁶	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 Effective October 2, 2017, the administration fees were changed in respect of Series A, Advisor Series, Series D, Series F and Series O units of the Fund. If the changes to the administration fees would have been in effect throughout 2017, the adjusted MER for each series of the Fund would be: Series A – 2.19%, Advisor Series – 2.23%, Series D – 1.38%, Series F – 1.13% and Series O – 0.16%.

⁵ From August 12, 2013.

⁶ From June 10, 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	1.85%	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.

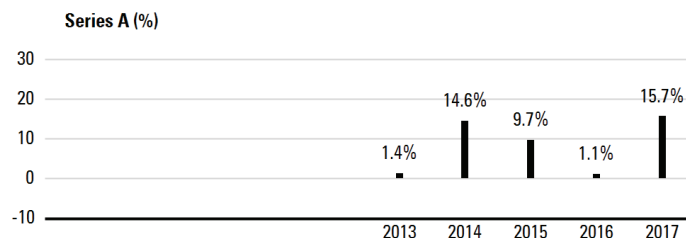
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

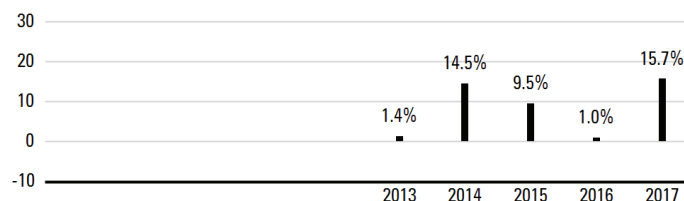
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional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

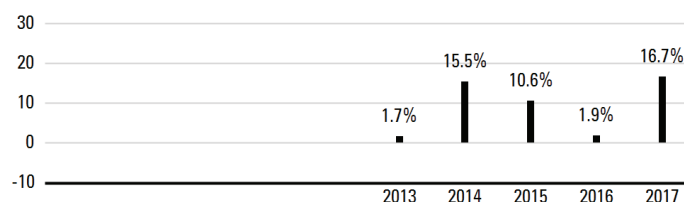
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



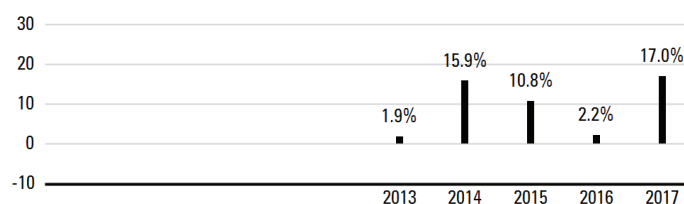
Advisor Series (%)



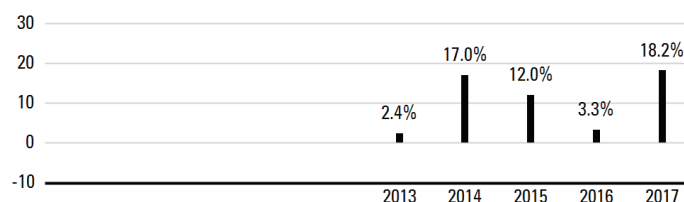
Series D (%)



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, 2017, compared with the following benchmark:

MSCI Emerging Markets Small-Cap Total Return Net Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A	15.7	8.7	—	—	9.5
Benchmark	25.1	11.3	—	—	11.4
Advisor Series	15.7	8.6	—	—	9.5
Benchmark	25.1	11.3	—	—	11.4
Series D	16.7	9.6	—	—	10.4
Benchmark	25.1	11.3	—	—	11.4
Series F	17.0	9.8	—	—	10.7
Benchmark	25.1	11.3	—	—	11.4
Series O	18.2	11.0	—	—	11.4
Benchmark	25.1	11.3	—	—	10.4

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 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 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.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
India	19.4
Taiwan	11.6
South Korea	10.6
Brazil	7.8
Thailand	7.2
Hong Kong	6.2
Chile	6.2
South Africa	6.0
Philippines	4.9
China	3.3
Mexico	2.9
United Arab Emirates	2.2
Indonesia	2.1
Other Countries	5.5
Cash/Other	4.1

Top 25 Holdings

	% of Net Asset Value
Infotech Enterprises Ltd.	4.5
Cash & Cash Equivalents	4.0
Godrej Industries Ltd.	3.1
Bajaj Holdings & Investment Ltd.	2.9
TI Financial Holdings Ltd.	2.7
Delta Electronics Thailand PCL	2.7
Marico Ltd.	2.7
Wistron NeWeb Corp.	2.6
Aeon Thana Sinsap Thailand PCL, Subscription Receipts	2.6
Inversiones Aguas Metropolitanas S.A.	2.6
Sundaram Finance Ltd.	2.5
Standard Foods Corp.	2.5
Samsonite International S.A.	2.4
DGB Financial Group Inc.	2.3
Chroma ATE Inc.	2.3
Aramex PJSC, Participation Notes	2.2
Duratex S.A.	2.1
Mahle-Metal Leve S.A.	2.0
Amorepacific Corp. Preference	2.0
Security Bank Corp.	2.0
MC Group PCL	1.9
Luthai Textile Co. Ltd.	1.9
Koh Young Technology Inc.	1.9
Parque Arauco S.A.	1.8
Loen Entertainment Inc.	1.8
Top 25 Holdings	62.0

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



GLOBAL EQUITY FUND

RBC GLOBAL DIVIDEND GROWTH FUND

December 31, 2017

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 8, 2018.

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 in various countries around the world across a range of sectors that may grow their dividends over time.

The Fund invests in stocks that have undergone a selection process emphasizing companies with a sustainable competitive advantage, high and sustainable profitability 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$2.8 billion as of December 31, 2017, from \$2.4 billion at the end of 2016. The increase was due to investment returns, partially offset by net redemptions.

Over the past year, the Fund's Series A units gained 18.1%, which outperformed the 14.4% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

Global equity markets extended the years-long rally in 2017, with gains recorded in every month of the year. The Fund outperformed based on individual stock selection in an overall environment of positive equity markets. Reasons offered for the economic performance included strong growth across the world for the first time since the 2008 financial crisis and the pro-growth orientation of President Trump, who in December signed tax reform into law in what was the first meaningful piece of legislation to emerge since he became president in early 2017.

Top contributors to the Fund's returns included U.S. cosmetics maker Estée Lauder, which delivered impressive results driven by Asia; U.S. computer-games developer Activision Blizzard, which continued to introduce new products and benefited from updated versions of existing games; and German logistics company Deutsche Post, whose profits were driven by the growth of its express-delivery business in Europe.

Stocks that had a negative impact on returns included First Republic Bank, which is experiencing higher costs amid increased competition; and U.S. discount retailer TJX Holdings, which fell in concert with many retailers on concern about competition from the internet.

Recent Developments

The global economy is finally recovering from the damage inflicted by the financial crisis, and the sub-advisor believes that new industries and technologies continue to emerge, offering interesting investment opportunities. There is also cause for concern. Growth is by no means universally distributed among people, and populist politics seem to be strengthening. Household debt levels are also a concern in many countries, and plans by central banks to push interest rates higher could worsen this problem.

Related-Party Transactions

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RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$318,000 (2016 – \$513,000) or 10% (2016 – 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, 2017	12.62	0.33	(0.29)	0.58	1.67	2.29	—	(0.01)	(0.09)	—	(0.10)	14.80	
Dec. 31, 2016	13.34	0.32	(0.27)	0.19	(0.86)	(0.62)	—	(0.02)	(0.10)	—	(0.12)	12.62	
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	
Advisor Series													
Dec. 31, 2017	12.77	0.33	(0.29)	0.59	1.69	2.32	—	(0.02)	(0.09)	—	(0.11)	14.98	
Dec. 31, 2016	13.50	0.32	(0.27)	0.20	(0.89)	(0.64)	—	(0.03)	(0.10)	—	(0.13)	12.77	
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	
Series T5													
Dec. 31, 2017	11.14	0.29	(0.25)	0.50	1.45	1.99	—	(0.05)	(0.06)	(0.45)	(0.56)	12.57	
Dec. 31, 2016	12.33	0.29	(0.24)	0.17	(0.72)	(0.50)	—	(0.04)	(0.08)	(0.50)	(0.62)	11.14	
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	
Series T8													
Dec. 31, 2017	8.34	0.21	(0.18)	0.37	1.05	1.45	—	(0.04)	(0.05)	(0.58)	(0.67)	9.14	
Dec. 31, 2016	9.55	0.22	(0.18)	0.13	(0.69)	(0.52)	—	(0.03)	(0.06)	(0.67)	(0.76)	8.34	
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	
Series D													
Dec. 31, 2017	12.83	0.34	(0.18)	0.60	1.68	2.44	—	(0.15)	(0.09)	—	(0.24)	15.05	
Dec. 31, 2016	13.57	0.33	(0.16)	0.20	(1.03)	(0.66)	—	(0.14)	(0.10)	—	(0.24)	12.83	
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	
Series F													
Dec. 31, 2017	13.67	0.36	(0.15)	0.64	1.76	2.61	—	(0.22)	(0.09)	—	(0.31)	16.03	
Dec. 31, 2016	14.46	0.35	(0.13)	0.21	(0.66)	(0.23)	—	(0.18)	(0.11)	—	(0.29)	13.67	
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	



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, 2017	13.32	0.34	(0.14)	0.60	2.41	3.21	—	(0.20)	(0.18)	(0.29)	(0.67)	15.20
Dec. 31, 2016 ³	13.66 [†]	0.31	(0.12)	0.19	0.55	0.93	—	(0.16)	(0.25)	(0.22)	(0.63)	13.32
Series O												
Dec. 31, 2017	12.76	0.34	—	0.60	1.71	2.65	—	(0.35)	(0.09)	—	(0.44)	14.96
Dec. 31, 2016	13.50	0.33	—	0.20	(0.76)	(0.23)	—	(0.31)	(0.10)	—	(0.41)	12.76
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

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 25, 2016.

[†] 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, 2017	14.80	361 740	24 441	2.14	2.14	33.21	0.12
Dec. 31, 2016	12.62	344 522	27 306	2.19 ⁴	2.19	152.59	0.36
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
Advisor Series							
Dec. 31, 2017	14.98	71 734	4 790	2.09	2.09	33.21	0.12
Dec. 31, 2016	12.77	68 591	5 373	2.16 ⁴	2.16	152.59	0.36
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
Series T5							
Dec. 31, 2017	12.57	2 634	210	2.08	2.08	33.21	0.12
Dec. 31, 2016	11.14	3 515	315	2.15 ⁴	2.15	152.59	0.36
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
Series T8							
Dec. 31, 2017	9.14	6 207	679	2.04	2.04	33.21	0.12
Dec. 31, 2016	8.34	6 001	720	2.13 ⁴	2.13	152.59	0.36
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



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, 2017	15.05	32 042	2 130	1.27	1.27	33.21	0.12
Dec. 31, 2016	12.83	29 469	2 297	1.26	1.26	152.59	0.36
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
Series F							
Dec. 31, 2017	16.03	102 878	6 419	0.99	0.99	33.21	0.12
Dec. 31, 2016	13.67	64 757	4 736	1.00	1.00	152.59	0.36
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
Series FT5							
Dec. 31, 2017	15.20	590	39	0.95	0.95	33.21	0.12
Dec. 31, 2016 ⁵	13.32	171	13	0.94	0.94	152.59	0.36
Series O							
Dec. 31, 2017	14.96	2 205 862	147 476	0.02	0.02	33.21	0.12
Dec. 31, 2016	12.76	1 876 674	147 056	0.02	0.02	152.59	0.36
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

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 Effective June 30, 2016, the management fees were changed in respect of Series A, Advisor Series, Series T5 and Series T8 units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 2.14%, Advisor Series – 2.10%, Series T5 – 2.09% and Series T8 – 2.07%.

⁵ From January 25, 2016.

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%	62%	38%
Advisor Series	1.75%	62%	38%
Series T5	1.75%	62%	38%
Series T8	1.75%	62%	38%
Series D	1.00%	25%	75%
Series F	0.75%	—	100%
Series FT5	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.

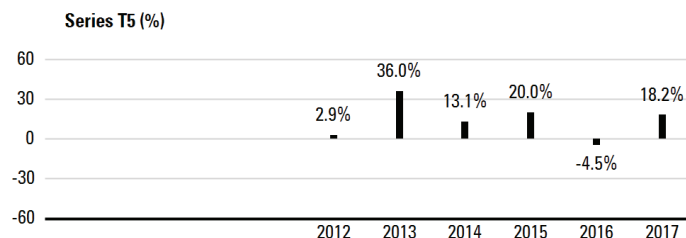
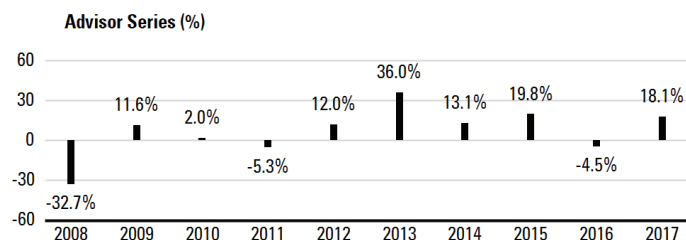
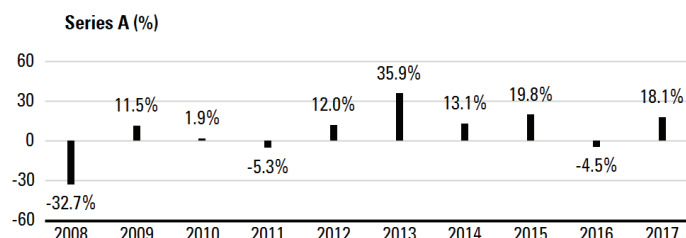


PAST PERFORMANCE

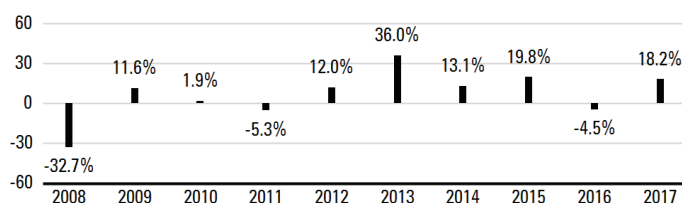
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional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

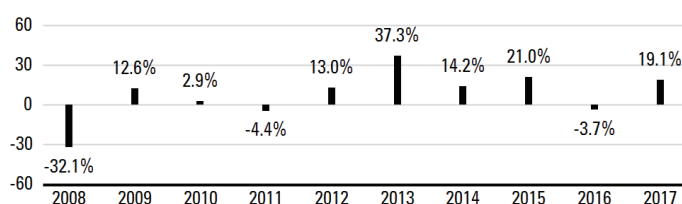
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



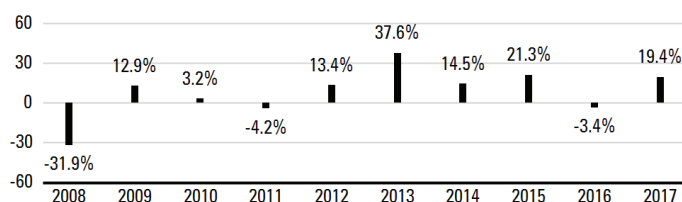
Series T8 (%)



Series D (%)



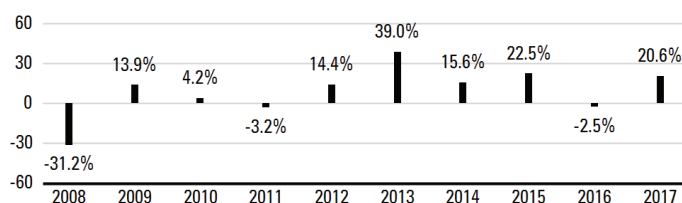
Series F (%)



Series FT5 (%)



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, 2017, 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	18.1	10.5	15.7	5.3	—
Benchmark	14.4	12.2	16.9	7.6	—
Advisor Series	18.1	10.6	15.8	5.4	—
Benchmark	14.4	12.2	16.9	7.6	—
Series T5	18.2	10.6	15.8	—	15.6
Benchmark	14.4	12.2	16.9	—	16.6
Series T8	18.2	10.6	15.8	5.4	—
Benchmark	14.4	12.2	16.9	7.6	—
Series D	19.1	11.6	16.8	6.4	—
Benchmark	14.4	12.2	16.9	7.6	—
Series F	19.4	11.8	17.1	6.6	—
Benchmark	14.4	12.2	16.9	7.6	—
Series FT5	19.5	—	—	—	10.9
Benchmark	14.4	—	—	—	13.0
Series O	20.6	12.9	18.3	7.7	—
Benchmark	14.4	12.2	16.9	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 FT5 units have been available for sale to unitholders since January 25, 2016, and Series T5 units since September 24, 2012.

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, 2017

Investment Mix

	% of Net Asset Value
United States	52.9
United Kingdom	10.1
Japan	5.4
Taiwan	4.6
Germany	4.3
Switzerland	3.8
Belgium	3.2
Denmark	2.3
Canada	2.2
India	2.2
Netherlands	2.2
South Africa	2.2
Ireland	1.8
Hong Kong	1.1
Cash/Other	1.7

Top 25 Holdings

	% of Net Asset Value
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	4.6
Deutsche Post AG	4.3
UnitedHealth Group Incorporated	4.1
Blackstone Group LP	4.0
Intuit Inc.	4.0
Roche Holdings AG Genussscheine	3.8
Estée Lauder Companies Inc., Class A	3.8
InterContinental Hotels Group Plc.	3.7
JPMorgan Chase & Co.	3.5
Anheuser-Busch InBev S.A./N.V.	3.2
Microsoft Corp.	3.1
EOG Resources Inc.	2.9
TJX Companies Inc.	2.9
First Republic Bank	2.6
Sempra Energy	2.5
Activision Blizzard Inc.	2.4
Novo Nordisk A/S	2.3
Royal Dutch Shell Plc., B Shares	2.3
HDFC Bank Ltd. ADR	2.3
Danaher Corp.	2.2
Unilever N.V.	2.2
Fortive Corp.	2.2
Naspers Ltd.	2.2
Enbridge Inc.	2.2
Occidental Petroleum Corp.	1.9
Top 25 Holdings	75.2

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 DIVIDEND GROWTH
CURRENCY NEUTRAL FUND**

December 31, 2017

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 8, 2018.

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 in various countries around the world across a range of sectors that may grow their dividends over time, while minimizing the exposure to currency fluctuations between foreign currencies and the Canadian dollar. The Fund may also invest in other mutual funds managed by RBC GAM or an affiliate.

The Fund invests in stocks that have undergone a selection process emphasizing companies with a sustainable competitive advantage, high and sustainable profitability and strong management teams. The Fund uses currency hedges to minimize the impact of fluctuations in foreign currencies 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$26 million as of December 31, 2017, from \$8 million at the end of 2016. The increase was mainly due to net inflows.

Over the past year, the Fund's Series A units gained 21.6%, which outperformed the 18.6% 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.

Global equity markets extended the years-long rally in 2017, with gains recorded in every month of the year. The Fund outperformed based on individual stock selection in an overall environment of positive equity markets. Reasons offered for the economic performance included strong growth across the world for the first time since the 2008 financial crisis and the pro-growth orientation of President Trump, who in December signed tax reform into law in what was the first meaningful piece of legislation to emerge since he became president in early 2017.

Top contributors to returns included U.S. cosmetics maker Estée Lauder, which delivered impressive results driven by Asia; U.S. computer-games developer Activision Blizzard, which continued to introduce new products and benefited from updated versions of existing games; and German logistics company Deutsche Post, whose profits were driven by the growth of its express-delivery business in Europe.

Stocks that had a negative impact on returns included First Republic Bank, which is experiencing higher costs amid increased competition; and U.S. discount retailer TJX, which fell in concert with many retailers on concern about competition from the internet.

The Fund currency-hedging strategy had a positive impact on the Fund's returns.

Recent Developments

The global economy is finally recovering from the damage inflicted by the financial crisis, and the sub-advisor believes that new industries and technologies continue to emerge, offering interesting investment opportunities. There is also cause for concern. Growth is by no means universally distributed among people, and populist politics seem to be strengthening. Household debt levels are also a concern in many countries, and plans by central banks to push interest rates higher could worsen this problem.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. The sub-advisor earns a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisor is paid by the manager from the management fee paid by 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 and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$2,000 (2016 – \$1,000) or 5% (2016 – 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, 2017	10.36	0.23	(0.24)	0.41	1.80	2.20	—	—	(0.11)	—	(0.11)	12.49
Dec. 31, 2016 ³	10.00 [†]	0.13	(0.14)	(0.03)	0.32	0.28	—	—	(0.03)	—	(0.03)	10.36
Advisor Series												
Dec. 31, 2017	10.36	0.26	(0.26)	0.47	1.83	2.30	—	—	(0.11)	—	(0.11)	12.47
Dec. 31, 2016 ³	10.00 [†]	0.13	(0.14)	(0.03)	0.24	0.20	—	—	(0.03)	—	(0.03)	10.36
Series T5												
Dec. 31, 2017	10.05	0.35	(0.23)	0.64	3.48	4.24	—	(0.29)	(0.16)	(0.05)	(0.50)	11.68
Dec. 31, 2016 ³	10.00 [†]	0.07	(0.14)	(0.02)	(0.82)	(0.91)	—	—	(0.13)	(0.20)	(0.33)	10.05
Series D												
Dec. 31, 2017	10.41	0.21	(0.16)	0.38	2.14	2.57	—	(0.05)	(0.10)	—	(0.15)	12.60
Dec. 31, 2016 ³	10.00 [†]	0.13	(0.09)	(0.03)	0.11	0.12	—	—	(0.03)	—	(0.03)	10.41
Series F												
Dec. 31, 2017	10.42	0.25	(0.11)	0.46	1.77	2.37	—	(0.09)	(0.11)	—	(0.20)	12.60
Dec. 31, 2016 ³	10.00 [†]	0.09	(0.06)	(0.02)	0.99	1.00	—	(0.01)	(0.03)	—	(0.04)	10.42
Series FT5												
Dec. 31, 2017	10.13	0.19	(0.11)	0.34	2.57	2.99	—	(0.11)	(0.22)	(0.17)	(0.50)	11.91
Dec. 31, 2016 ³	10.00 [†]	0.14	(0.05)	(0.04)	0.45	0.50	—	(0.07)	(0.02)	(0.24)	(0.33)	10.13
Series O												
Dec. 31, 2017	10.40	0.28	—	0.51	1.71	2.50	—	(0.20)	(0.11)	—	(0.31)	12.58
Dec. 31, 2016 ³	10.00 [†]	0.14	—	(0.03)	0.45	0.56	—	(0.10)	(0.03)	—	(0.13)	10.40

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

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

³ From May 4, 2016.

[†] 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, 2017	12.49	4 306	345	2.02	2.04	34.09	0.28
Dec. 31, 2016 ⁴	10.36	153	15	2.00	2.03	74.57	0.45
Advisor Series							
Dec. 31, 2017	12.47	210	17	2.18	2.20	34.09	0.28
Dec. 31, 2016 ⁴	10.36	53	5	2.17	2.19	74.57	0.45
Series T5							
Dec. 31, 2017	11.68	20	2	2.05	2.07	34.09	0.28
Dec. 31, 2016 ⁴	10.05	376	37	2.05	2.07	74.57	0.45
Series D							
Dec. 31, 2017	12.60	1 766	140	1.29	1.31	34.09	0.28
Dec. 31, 2016 ⁴	10.41	105	10	1.28	1.31	74.57	0.45
Series F							
Dec. 31, 2017	12.60	13 198	1 047	0.95	0.97	34.09	0.28
Dec. 31, 2016 ⁴	10.42	2 529	243	0.95	0.97	74.57	0.45
Series FT5							
Dec. 31, 2017	11.91	45	4	0.95	0.97	34.09	0.28
Dec. 31, 2016 ⁴	10.13	1	—	0.95	0.97	74.57	0.45
Series O							
Dec. 31, 2017	12.58	6 329	503	0.02	0.04	34.09	0.28
Dec. 31, 2016 ⁴	10.40	4 550	438	0.02	0.05	74.57	0.45

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 May 4, 2016.

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 T5	1.75%	57%	43%
Series D	1.00%	25%	75%
Series F	0.75%	—	100%
Series FT5	0.75%	—	100%

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

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

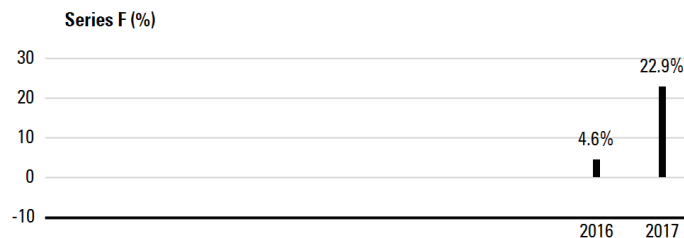


PAST PERFORMANCE

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

Year-by-Year Returns (%)

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





PAST PERFORMANCE (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2017, compared with the following benchmark:

MSCI World Total Return Net Index (hedged to CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A	21.6	—	—	—	15.4
Benchmark	18.6	—	—	—	18.4
Advisor Series	21.4	—	—	—	15.3
Benchmark	18.6	—	—	—	18.4
Series T5	21.7	—	—	—	15.5
Benchmark	18.6	—	—	—	18.4
Series D	22.5	—	—	—	16.3
Benchmark	18.6	—	—	—	18.4
Series F	22.9	—	—	—	16.7
Benchmark	18.6	—	—	—	18.4
Series FT5	23.0	—	—	—	16.8
Benchmark	18.6	—	—	—	18.4
Series O	24.0	—	—	—	17.8
Benchmark	18.6	—	—	—	18.4

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 A, Advisor Series, Series T5, Series D, Series F, Series FT5 and Series O units have been available for sale to unitholders since May 16, 2016.

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 (hedged to 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. The index is hedged to Canadian dollars.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
United States	51.6
United Kingdom	9.7
Japan	5.3
Taiwan	4.4
Germany	4.2
Switzerland	3.8
Belgium	3.1
Denmark	2.2
Canada	2.1
India	2.1
South Africa	2.1
Netherlands	2.1
Ireland	1.7
Hong Kong	1.1
Cash/Other	4.5

Top 25 Holdings

	% of Net Asset Value
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	4.4
Deutsche Post AG	4.2
Intuit Inc.	4.0
Blackstone Group LP	3.9
Cash & Cash Equivalents	3.9
UnitedHealth Group Incorporated	3.9
Roche Holdings AG Genussscheine	3.8
Estée Lauder Companies Inc., Class A	3.7
InterContinental Hotels Group Plc.	3.6
JPMorgan Chase & Co.	3.5
Anheuser-Busch InBev S.A./N.V.	3.1
Microsoft Corp.	3.1
EOG Resources Inc.	2.8
TJX Companies Inc.	2.8
First Republic Bank	2.5
Activision Blizzard Inc.	2.4
Sempra Energy	2.4
Danaher Corp.	2.2
Royal Dutch Shell Plc., B Shares	2.2
Novo Nordisk A/S	2.2
Fortive Corp.	2.2
Unilever N.V.	2.2
HDFC Bank Ltd. ADR	2.1
Naspers Ltd.	2.1
Enbridge Inc.	2.1
Top 25 Holdings	75.3

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 EQUITY FUND

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$922 million as of December 31, 2017, from \$802 million at the end of 2016. The increase was due to investment returns, partially offset by net redemptions.

Over the past year, the Fund's Series A units gained 24.4%, which outperformed the 14.4% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

Global equity markets extended the years-long rally in 2017, with gains recorded in every month of the year. The Fund outperformed based on individual stock selection in an overall environment of positive equity markets. Reasons offered for the economic performance included strong growth across the world for the first time since the 2008 financial crisis and the pro-growth orientation of President Trump, who in December signed tax reform into law in what was the first meaningful piece of legislation to emerge since he became president in early 2017.

Top contributors to the Fund's returns included Kite Pharma, which was acquired by U.S. rival Gilead Sciences at a substantial premium; South African media company Naspers, whose shares rose on the back of its holding in Chinese internet stock Tencent; and U.S. cosmetics maker Estée Lauder, which delivered impressive results driven by Asia.

Stocks that had a negative impact on returns included First Republic Bank, which is experiencing higher costs amid increased competition; and U.S. discount retailer TJX, which fell in concert with many retailers on concern about competition from the internet.

Recent Developments

The global economy is finally recovering from the damage inflicted by the financial crisis, and the sub-advisor believes that new industries and technologies continue to emerge, offering interesting investment opportunities. There is also cause for concern. Growth is by no means universally distributed among people, and populist politics seem to be strengthening. Household debt levels are also a concern in many countries, and plans by central banks to push interest rates higher could worsen this problem.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. The sub-advisor earns a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisor is paid by the manager from the management fee paid by 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 and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$24,000 (2016 – \$121,000) or 2% (2016 – 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, 2017	12.73	0.23	(0.30)	1.16	2.01	3.10	—	—	(0.46)	—	(0.46)	15.40
Dec. 31, 2016	12.98	0.25	(0.26)	0.14	(0.22)	(0.09)	—	—	—	—	—	12.73
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, 2017	12.71	0.23	(0.31)	1.16	1.92	3.00	—	—	(0.46)	—	(0.46)	15.35
Dec. 31, 2016	12.96	0.25	(0.26)	0.14	(0.22)	(0.09)	—	—	—	—	—	12.71
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 T5												
Dec. 31, 2017⁴	13.26[†]	0.19	(0.24)	0.97	2.11	3.03	—	—	(0.61)	—	(0.61)	15.21
Series D												
Dec. 31, 2017	12.91	0.23	(0.19)	1.19	2.01	3.24	—	(0.05)	(0.47)	—	(0.52)	15.68
Dec. 31, 2016	13.13	0.26	(0.17)	0.14	(0.65)	(0.42)	—	(0.07)	—	—	(0.07)	12.91
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, 2017	12.96	0.23	(0.15)	1.19	2.06	3.33	—	(0.09)	(0.47)	—	(0.56)	15.74
Dec. 31, 2016	13.18	0.26	(0.13)	0.14	(0.11)	0.16	—	(0.11)	—	—	(0.11)	12.96
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 FT5												
Dec. 31, 2017⁴	13.52[†]	0.20	(0.13)	1.00	0.22	1.29	(0.01)	(0.07)	(0.84)	—	(0.92)	15.35
Series O												
Dec. 31, 2017	12.98	0.23	—	1.19	2.09	3.51	—	(0.25)	(0.47)	—	(0.72)	15.76
Dec. 31, 2016	13.19	0.26	—	0.15	(0.31)	0.10	—	(0.24)	—	—	(0.24)	12.98
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.

⁴ From February 15, 2017.

[†] 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, 2017	15.40	24 807	1 611	2.05	2.05	30.41	0.13
Dec. 31, 2016	12.73	14 580	1 145	2.09 ⁴	2.09	40.76	0.20
Dec. 31, 2015	12.98	12 690	978	2.15	2.15	31.76	0.25
Dec. 31, 2014 ⁵	10.68	3 325	311	2.21	2.21	52.06	0.24
Advisor Series							
Dec. 31, 2017	15.35	782	51	2.11	2.11	30.41	0.13
Dec. 31, 2016	12.71	300	24	2.13 ⁴	2.13	40.76	0.20
Dec. 31, 2015	12.96	257	20	2.28	2.28	31.76	0.25
Dec. 31, 2014 ⁵	10.68	44	4	2.28	2.28	52.06	0.24
Series T5							
Dec. 31, 2017⁶	15.21	8	1	2.00	2.00	30.41	0.13
Series D							
Dec. 31, 2017	15.68	8 432	538	1.26	1.26	30.41	0.13
Dec. 31, 2016	12.91	1 925	149	1.33 ⁴	1.33	40.76	0.20
Dec. 31, 2015	13.13	2 206	168	1.42	1.42	31.76	0.25
Dec. 31, 2014 ⁵	10.73	167	16	1.41	1.41	52.06	0.24
Series F							
Dec. 31, 2017	15.74	15 016	954	0.98	0.98	30.41	0.13
Dec. 31, 2016	12.96	6 318	488	1.00 ⁴	1.00	40.76	0.20
Dec. 31, 2015	13.18	2 748	209	1.13	1.13	31.76	0.25
Dec. 31, 2014 ⁵	10.74	359	33	1.13	1.13	52.06	0.24
Series FT5							
Dec. 31, 2017⁶	15.35	62	4	0.96	0.96	30.41	0.13
Series O							
Dec. 31, 2017	15.76	872 787	55 365	0.02	0.02	30.41	0.13
Dec. 31, 2016	12.98	778 868	60 027	0.02	0.02	40.76	0.20
Dec. 31, 2015	13.19	654 821	49 646	0.02	0.02	31.76	0.25
Dec. 31, 2014 ⁵	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 Effective June 30, 2016, the management fees were changed in respect of Series A, Advisor Series, Series D and Series F units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 2.04%, Advisor Series – 2.08%, Series D – 1.28% and Series F – 0.95%.

⁵ From March 10, 2014.

⁶ From February 15, 2017.



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%	54%	46%
Advisor Series	1.75%	54%	46%
Series T5	1.75%	57%	43%
Series D	1.00%	23%	77%
Series F	0.75%	—	100%
Series FT5	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.

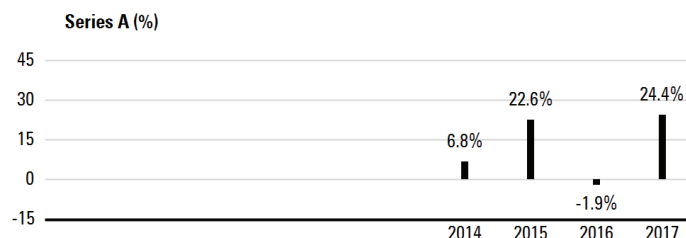
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

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 T5 (%)



Series D (%)



Series F (%)

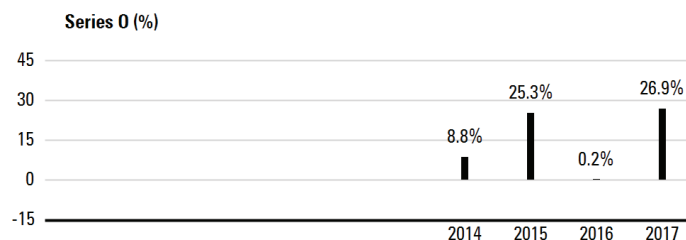


Series FT5 (%)





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, 2017, 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	24.4	14.4	—	—	13.1
Benchmark	14.4	12.2	—	—	11.7
Advisor Series	24.4	14.3	—	—	13.0
Benchmark	14.4	12.2	—	—	11.7
Series T5	—	—	—	—	19.6
Benchmark	—	—	—	—	11.1
Series D	25.4	15.3	—	—	14.0
Benchmark	14.4	12.2	—	—	11.7
Series F	25.8	15.6	—	—	14.3
Benchmark	14.4	12.2	—	—	11.7
Series FT5	—	—	—	—	20.7
Benchmark	—	—	—	—	11.1
Series O	26.9	16.8	—	—	15.5
Benchmark	14.4	12.2	—	—	11.7

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 T5 and Series FT5 units have been available for sale to unitholders since February 15, 2017, and Series A, Advisor Series, Series D, Series F and Series O units 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, 2017

Investment Mix

	% of Net Asset Value
United States	54.4
United Kingdom	5.9
Japan	5.6
Switzerland	4.5
Netherlands	3.6
Taiwan	3.1
Germany	2.8
India	2.8
South Africa	2.7
Belgium	2.6
Hong Kong	2.5
Ireland	2.1
Denmark	1.7
Australia	1.5
France	1.2
Canada	0.7
Cash/Other	2.3

Top 25 Holdings

	% of Net Asset Value
UnitedHealth Group Incorporated	3.9
Estée Lauder Companies Inc., Class A	3.9
EOG Resources Inc.	3.8
Nidec Corp.	3.5
SVB Financial Group	3.2
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	3.1
TJX Companies Inc.	3.1
Roche Holdings AG Genusscheine	3.1
Fortive Corp.	3.0
Danaher Corp.	3.0
Intuit Inc.	3.0
Amazon.com, Inc.	2.8
Deutsche Post AG	2.7
Naspers Ltd.	2.7
Anheuser-Busch InBev S.A./N.V.	2.6
Alphabet Inc., Class A	2.6
InterContinental Hotels Group Plc.	2.6
Microsoft Corp.	2.6
AIA Group Ltd.	2.5
Gartner Inc.	2.4
Cash & Cash Equivalents	2.3
First Republic Bank	2.3
Activision Blizzard Inc.	2.2
Unilever N.V.	2.2
Paddy Power Betfair Plc.	2.1
Top 25 Holdings	71.2

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 EQUITY FOCUS FUND

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$2.9 billion as of December 31, 2017, from \$2.2 billion at the end of 2016. The increase was due mainly to investment returns.

Over the past year, the Fund's Series A units gained 24.2%, which outperformed the 14.4% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

Global equity markets extended the years-long rally in 2017, with gains recorded in every month of the year. The Fund outperformed based on individual stock selection in an overall environment of positive equity markets. Reasons offered for the economic performance included strong growth across the world for the first time since the 2008 financial crisis and the pro-growth orientation of President Trump, who in December signed tax reform into law in what was the first meaningful piece of legislation to emerge since he became president in early 2017.

Top contributors to the Fund's returns included Kite Pharma, which was acquired by U.S. rival Gilead Sciences at a substantial premium; South African media company Naspers, whose shares rose on the back of its holding in Chinese internet stock Tencent; and U.S. cosmetics maker Estée Lauder, which delivered impressive results driven by Asia.

Stocks that had a negative impact on returns included First Republic Bank, which is experiencing higher costs amid increased competition; and U.S. discount retailer TJX, which fell in concert with many retailers on concern about competition from the internet.

Recent Developments

The global economy is finally recovering from the damage inflicted by the financial crisis, and the sub-advisor believes that new industries and technologies continue to emerge, offering interesting investment opportunities. There is also cause for concern. Growth is by no means universally distributed among people, and populist politics seem to be strengthening. Household debt levels are also a concern in many countries, and plans by central banks to push interest rates higher could worsen this problem.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. The sub-advisor earns a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisor is paid by the manager from the management fee paid by 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 and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$6,000 (2016 – \$26,000) or 0% (2016 – 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		
Series A												
Dec. 31, 2017	13.01	0.23	(0.31)	1.04	2.16	3.12	—	—	(0.46)	—	(0.46)	15.70
Dec. 31, 2016	13.37	0.25	(0.27)	0.38	(0.43)	(0.07)	—	—	(0.22)	—	(0.22)	13.01
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, 2017	13.01	0.23	(0.32)	1.03	2.24	3.18	—	—	(0.47)	—	(0.47)	15.69
Dec. 31, 2016	13.37	0.25	(0.27)	0.38	(0.47)	(0.11)	—	—	(0.22)	—	(0.22)	13.01
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 T5												
Dec. 31, 2017⁴	13.58[†]	0.19	(0.26)	0.85	2.87	3.65	—	—	(0.83)	—	(0.83)	15.31
Series D												
Dec. 31, 2017	13.22	0.23	(0.20)	1.06	1.79	2.88	—	(0.03)	(0.47)	—	(0.50)	16.06
Dec. 31, 2016	13.53	0.25	(0.17)	0.38	(0.61)	(0.15)	—	(0.06)	(0.22)	—	(0.28)	13.22
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, 2017	13.24	0.23	(0.15)	1.06	2.18	3.32	—	(0.06)	(0.48)	—	(0.54)	16.09
Dec. 31, 2016	13.56	0.25	(0.14)	0.38	(0.10)	0.39	—	(0.10)	(0.22)	—	(0.32)	13.24
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 FT5												
Dec. 31, 2017⁴	13.85[†]	0.19	(0.13)	0.87	2.77	3.70	(0.02)	(0.06)	(0.78)	—	(0.86)	15.74
Series O												
Dec. 31, 2017	13.38	0.24	—	1.08	2.22	3.54	—	(0.23)	(0.48)	—	(0.71)	16.25
Dec. 31, 2016	13.70	0.26	—	0.39	(0.40)	0.25	—	(0.24)	(0.23)	—	(0.47)	13.38
Dec. 31, 2015	11.34	0.22	—	0.66	1.97	2.85	—	(0.18)	(0.27)	—	(0.45)	13.70
Dec. 31, 2014 ⁵	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 February 15, 2017.

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.

[†] 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, 2017	15.70	19 719	1 256	2.08	2.08	35.16	0.16
Dec. 31, 2016	13.01	7 843	603	2.14 ⁴	2.14	37.71	0.19
Dec. 31, 2015	13.37	7 424	555	2.25	2.25	40.84	0.22
Dec. 31, 2014 ⁵	11.17	964	86	2.23	2.23	54.23	0.38
Advisor Series							
Dec. 31, 2017	15.69	2 578	164	2.14	2.14	35.16	0.16
Dec. 31, 2016	13.01	365	28	2.13 ⁴	2.13	37.71	0.19
Dec. 31, 2015	13.37	324	24	2.23	2.23	40.84	0.22
Dec. 31, 2014 ⁵	11.17	152	14	2.27	2.27	54.23	0.38
Series T5							
Dec. 31, 2017⁶	15.31	126	8	2.00	2.00	35.16	0.16
Series D							
Dec. 31, 2017	16.06	15 243	949	1.27	1.27	35.16	0.16
Dec. 31, 2016	13.22	2 415	183	1.31 ⁴	1.31	37.71	0.19
Dec. 31, 2015	13.53	2 590	191	1.35	1.35	40.84	0.22
Dec. 31, 2014 ⁵	11.20	338	30	1.38	1.38	54.23	0.38
Series F							
Dec. 31, 2017	16.09	29 915	1 860	1.00	1.00	35.16	0.16
Dec. 31, 2016	13.24	6 632	501	1.05 ⁴	1.05	37.71	0.19
Dec. 31, 2015	13.56	2 641	195	1.11	1.11	40.84	0.22
Dec. 31, 2014 ⁵	11.21	426	38	1.13	1.13	54.23	0.38
Series FT5							
Dec. 31, 2017⁶	15.74	684	43	0.95	0.95	35.16	0.16
Series O							
Dec. 31, 2017	16.25	2 874 663	176 926	0.02	0.02	35.16	0.16
Dec. 31, 2016	13.38	2 137 571	159 795	0.02	0.02	37.71	0.19
Dec. 31, 2015	13.70	1 766 859	128 980	0.02	0.02	40.84	0.22
Dec. 31, 2014 ⁷	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 Effective June 30, 2016, the management fees were changed in respect of Series A, Advisor Series, Series D and Series F units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 2.09%, Advisor Series – 2.08%, Series D – 1.25% and Series F – 1.00%.

⁵ From April 28, 2014.

⁶ From February 15, 2017.

⁷ 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.



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%	54%	46%
Advisor Series	1.75%	54%	46%
Series T5	1.75%	57%	43%
Series D	1.00%	23%	77%
Series F	0.75%	—	100%
Series FT5	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.

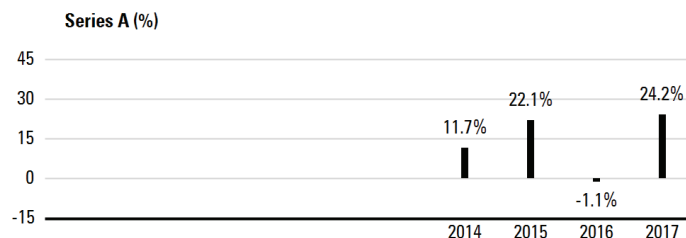
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

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 T5 (%)



Series D (%)



Series F (%)

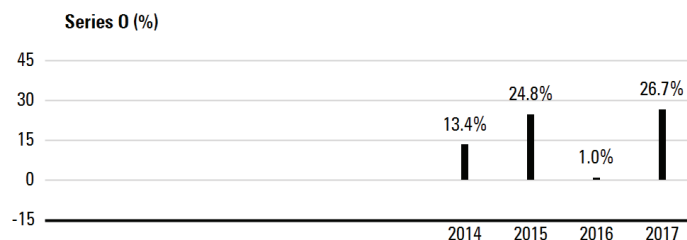


Series FT5 (%)





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, 2017, 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	24.2	14.5	—	—	15.1
Benchmark	14.4	12.2	—	—	12.4
Advisor Series	24.1	14.5	—	—	15.1
Benchmark	14.4	12.2	—	—	12.4
Series T5	—	—	—	—	19.1
Benchmark	—	—	—	—	11.1
Series D	25.2	15.4	—	—	16.1
Benchmark	14.4	12.2	—	—	12.4
Series F	25.5	15.7	—	—	16.4
Benchmark	14.4	12.2	—	—	12.4
Series FT5	—	—	—	—	20.2
Benchmark	—	—	—	—	11.1
Series O	26.7	16.9	—	—	17.6
Benchmark	14.4	12.2	—	—	12.4

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 T5 and Series FT5 units have been available for sale to unitholders since February 15, 2017, and Series A, Advisor Series, Series D, Series F and Series O units 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, 2017

Investment Mix

	% of Net Asset Value
United States	56.9
United Kingdom	6.9
Switzerland	4.6
Japan	4.4
India	4.3
Germany	3.6
Netherlands	3.2
Taiwan	3.1
Belgium	3.0
South Africa	3.0
Ireland	2.9
Hong Kong	2.6
Cash/Other	1.5

Top 25 Holdings

	% of Net Asset Value
EOG Resources Inc.	4.8
UnitedHealth Group Incorporated	4.6
Roche Holdings AG Genussscheine	4.6
Estée Lauder Companies Inc., Class A	4.5
Nidec Corp.	4.4
Fortive Corp.	3.9
TJX Companies Inc.	3.7
Deutsche Post AG	3.6
First Republic Bank	3.5
Intuit Inc.	3.5
Danaher Corp.	3.3
SVB Financial Group	3.3
InterContinental Hotels Group Plc.	3.2
Unilever N.V.	3.2
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	3.1
Blackstone Group LP	3.1
Naspers Ltd.	3.0
Anheuser-Busch InBev S.A./N.V.	3.0
Paddy Power Betfair Plc.	2.9
Microsoft Corp.	2.8
Alphabet Inc., Class A	2.8
Amazon.com, Inc.	2.7
HDFC Bank Ltd. ADR	2.6
Gartner Inc.	2.6
AIA Group Ltd.	2.6
Top 25 Holdings	85.3

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 QUBE GLOBAL EQUITY FUND

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value fell to \$294 million as of December 31, 2017, from \$352 million at the end of 2016. The decrease was due to net redemptions, partially offset by investment returns.

Over the past year, the Fund's Series O units gained 21.1%, which outperformed the 14.4% 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.

Global equity markets, as measured by the MSCI World Index, rose to record highs during the year driven by strong earnings growth, low inflation and loose monetary policies pursued by major central banks. Nine of the 11 industry sectors posted gains, with Energy and Telecommunication Services being the only ones to decline. The Information Technology sector advanced the most during 2017, supported by higher profits.

In the Health Care sector, a position in Celgene held back the Fund's returns over the year. A holding in the Consumer Staples sector was also detrimental. Kimberly-Clark, a U.S.-based maker of personal-care products, had a large negative impact to performance.

In the Industrials sector, the Fund's overweight position in Boeing added significantly to returns. Positions in the Information Technology sector also aided performance, with contributions from Texas Instruments and Applied Materials.

Portfolio turnover was high for the Fund given the portfolio manager's model-driven investment process.

Recent Developments

Economic momentum in developed and emerging markets has shown little sign of slowing, and low inflation and accommodative monetary policies remain supportive. Synchronized global growth continues to be led by the U.S., whose central bank will likely continue with interest-rate hikes in 2018. U.S. tax cuts have the potential to maintain corporate earnings momentum. A steady and sustained expansion continues globally but political tensions remain a risk on the horizon.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$3,000 (2016 – \$2,000) or 1% (2016 – 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, 2017	11.78	0.38	—	1.88	0.21	2.47	—	(0.47)	(2.35)	—	(2.82)	11.45
Dec. 31, 2016	12.98	0.33	—	0.67	(1.04)	(0.04)	—	(0.40)	(0.85)	—	(1.25)	11.78
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, 2017	11.45	293 868	25 664	0.02	0.02	205.91	0.17
Dec. 31, 2016	11.78	352 109	29 881	0.02	0.02	171.32	0.14
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

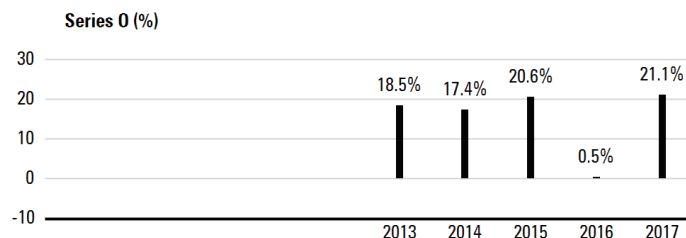
RBC GAM is the manager, trustee and portfolio manager of the Fund. No management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

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 each series of the Fund and for each of the periods indicated ended on December 31, 2017, 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	21.1	13.6	—	—	17.2
Benchmark	14.4	12.2	—	—	15.3

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 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, 2017

Investment Mix

	% of Net Asset Value
United States	58.6
Japan	5.7
Switzerland	5.4
Australia	5.3
Denmark	5.1
United Kingdom	4.0
Canada	1.7
Netherlands	1.4
Spain	1.3
France	0.5
Other Countries	11.2
Cash/Other	(0.2)

Top 25 Holdings

	% of Net Asset Value
Roche Holdings AG Genusscheine	3.1
Philip Morris International Inc.	2.9
UnitedHealth Group Incorporated	2.8
Facebook Inc., Class A	2.7
Home Depot Inc.	2.6
Boeing Co.	2.5
Intuit Inc.	2.4
Danske Bank A/S	2.2
The Coca-Cola Co.	2.1
Apple Inc.	2.0
Novo Nordisk A/S	2.0
BHP Billiton Ltd.	1.9
Lam Research Corp.	1.9
Ameriprise Financial Inc.	1.7
Electronic Arts Inc.	1.7
StatoilHydro ASA	1.6
Nvidia Corp.	1.6
MSCI Inc.	1.6
Mastercard Inc.	1.5
Covestro AG	1.5
Citigroup Inc.	1.5
Nestlé S.A.	1.4
Kajima Corp.	1.4
Wal-Mart Stores, Inc.	1.4
Deutsche Lufthansa AG	1.4
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.



GLOBAL EQUITY FUND

**RBC QUBE LOW VOLATILITY
GLOBAL EQUITY FUND**

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund's risk rating changed from medium to low-to-medium.

Results of Operations

The Fund's net asset value rose to \$1.0 billion as of December 31, 2017, from \$771 million at the end of 2016. The increase was due to net inflows.

Over the past year, the Fund's Series A units gained 9.2%, which underperformed the 14.4% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

Global equity markets, as measured by the MSCI World Net Index, rose to record highs during the year driven by strong earnings growth, low inflation and loose monetary policies pursued by major central banks. Nine of the 11 industry sectors posted gains, with Energy and Telecommunication Services being the only ones to decline. The Information Technology sector advanced the most during 2017, supported by higher profits.

In the Utilities sector, a position in PG&E held back the Fund's returns over the year. A holding in the Consumer Discretionary sector was also detrimental. Singapore Press Holdings had a large negative impact to performance for the year.

In the Health Care sector, the Fund's overweight position in Johnson & Johnson added significantly to returns. Positions in the Information Technology sector also aided performance, with contributions from Texas Instruments and Ansys.

Recent Developments

Economic momentum in developed and emerging markets has shown little sign of slowing, and low inflation and accommodative monetary policies remain supportive. Synchronized global growth continues to be led by the U.S., whose central bank will likely continue with interest-rate hikes in 2018. U.S. tax cuts have the potential to maintain corporate earnings momentum. A steady and sustained expansion continues globally but political tensions remain a risk on the horizon.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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 and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$5,000 (2016 – \$6,000) or 1% (2016 – 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		
Series A												
Dec. 31, 2017	17.12	0.46	(0.38)	1.05	0.38	1.51	—	(0.07)	(0.63)	—	(0.70)	18.01
Dec. 31, 2016	17.01	0.45	(0.36)	0.64	(0.17)	0.56	—	—	(0.39)	—	(0.39)	17.12
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
Advisor Series												
Dec. 31, 2017	17.10	0.46	(0.38)	1.05	0.40	1.53	—	(0.06)	(0.63)	—	(0.69)	17.99
Dec. 31, 2016	17.00	0.44	(0.37)	0.64	(0.15)	0.56	—	—	(0.39)	—	(0.39)	17.10
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
Series T5												
Dec. 31, 2017	16.70	0.44	(0.36)	1.00	0.46	1.54	—	(0.08)	(0.69)	(0.06)	(0.83)	17.38
Dec. 31, 2016 ³	16.71 [†]	0.38	(0.33)	0.55	0.17	0.77	—	(0.05)	(0.46)	(0.27)	(0.78)	16.70
Series D												
Dec. 31, 2017	17.32	0.47	(0.23)	1.07	0.38	1.69	—	(0.22)	(0.65)	—	(0.87)	18.21
Dec. 31, 2016	17.20	0.45	(0.22)	0.65	(0.20)	0.68	—	(0.14)	(0.39)	—	(0.53)	17.32
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
Series F												
Dec. 31, 2017	17.29	0.47	(0.18)	1.07	0.21	1.57	—	(0.27)	(0.66)	—	(0.93)	18.18
Dec. 31, 2016	17.19	0.43	(0.18)	0.62	(0.21)	0.66	—	(0.19)	(0.39)	—	(0.58)	17.29
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
Series FT5												
Dec. 31, 2017	17.04	0.44	(0.17)	1.01	0.01	1.29	—	(0.26)	(0.89)	—	(1.15)	17.65
Dec. 31, 2016 ³	16.90 [†]	0.37	(0.16)	0.53	0.25	0.99	—	(0.20)	(0.61)	—	(0.81)	17.04



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, 2017	17.36	0.47	—	1.08	0.42	1.97	—	(0.46)	(0.66)	—	(1.12)	18.24
Dec. 31, 2016	17.25	0.45	—	0.65	(0.13)	0.97	—	(0.36)	(0.40)	—	(0.76)	17.36
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

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 25, 2016.

[†] 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, 2017	18.01	181 355	10 070	2.08	2.08	70.35	0.06
Dec. 31, 2016	17.12	144 389	8 435	2.11 ⁴	2.11	77.01	0.07
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
Advisor Series							
Dec. 31, 2017	17.99	38 985	2 167	2.11	2.11	70.35	0.06
Dec. 31, 2016	17.10	32 556	1 904	2.16 ⁴	2.16	77.01	0.07
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
Series T5							
Dec. 31, 2017	17.38	1 472	85	2.08	2.08	70.35	0.06
Dec. 31, 2016 ⁵	16.70	640	38	2.11 ⁴	2.11	77.01	0.07
Series D							
Dec. 31, 2017	18.21	73 515	4 036	1.24	1.24	70.35	0.06
Dec. 31, 2016	17.32	56 186	3 245	1.28 ⁴	1.28	77.01	0.07
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
Series F							
Dec. 31, 2017	18.18	88 370	4 861	1.00	1.00	70.35	0.06
Dec. 31, 2016	17.29	59 170	3 422	1.04 ⁴	1.04	77.01	0.07
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



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, 2017	17.65	826	47	0.97	0.97	70.35	0.06
Dec. 31, 2016 ⁵	17.04	241	14	1.03 ⁴	1.03	77.01	0.07
Series O							
Dec. 31, 2017	18.24	630 805	34 576	0.02	0.02	70.35	0.06
Dec. 31, 2016	17.36	477 605	27 519	0.02	0.02	77.01	0.07
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

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 Effective June 30, 2016, the management fees were changed in respect of Series A, Advisor Series, Series T5, Series D, Series F and Series FT5 units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 2.06%, Advisor Series – 2.11%, Series T5 – 2.15%, Series D – 1.24%, Series F – 1.00% and Series FT5 – 1.02%.

⁵ From January 25, 2016.

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%	54%	46%
Advisor Series	1.75%	54%	46%
Series T5	1.75%	54%	46%
Series D	1.00%	23%	77%
Series F	0.75%	–	100%
Series FT5	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.

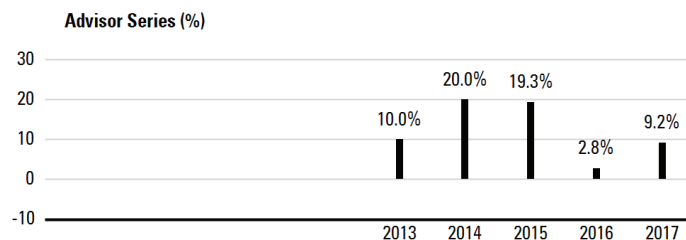
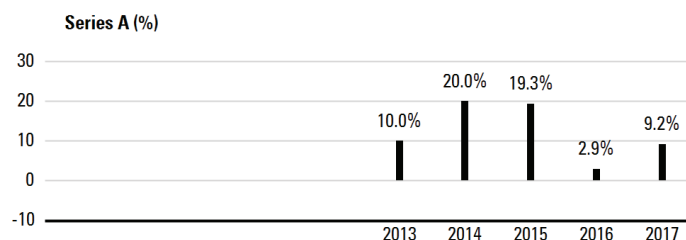


PAST PERFORMANCE

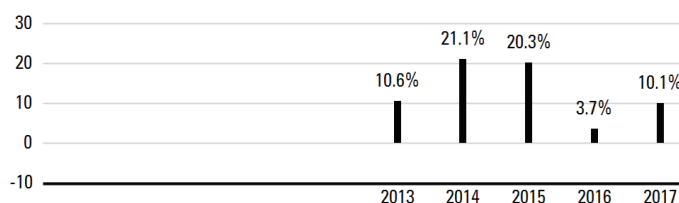
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional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

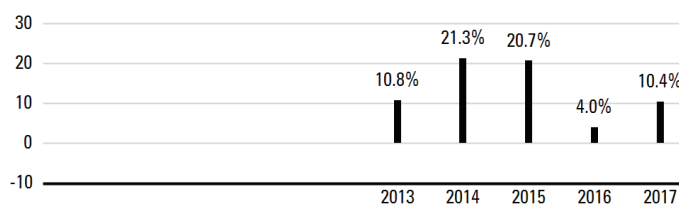
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



Series D (%)



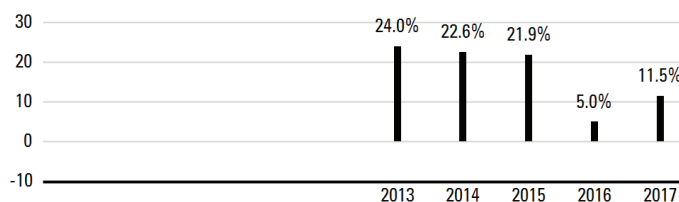
Series F (%)



Series FT5 (%)



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, 2017, 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	9.2	10.3	—	—	12.8
Benchmark	14.4	12.2	—	—	15.7
Advisor Series	9.2	10.2	—	—	12.8
Benchmark	14.4	12.2	—	—	15.7
Series T5	9.2	—	—	—	7.2
Benchmark	14.4	—	—	—	13.0
Series D	10.1	11.2	—	—	13.8
Benchmark	14.4	12.2	—	—	15.7
Series F	10.4	11.5	—	—	14.0
Benchmark	14.4	12.2	—	—	15.7
Series FT5	10.4	—	—	—	8.4
Benchmark	14.4	—	—	—	13.0
Series O	11.5	12.6	—	—	16.9
Benchmark	14.4	12.2	—	—	17.1

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 T5 and Series FT5 units have been available for sale to unitholders since January 25, 2016, 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, 2017

Investment Mix

	% of Net Asset Value
United States	53.9
Japan	13.7
Canada	8.2
Switzerland	5.1
Hong Kong	3.8
Belgium	2.8
Israel	2.6
United Kingdom	1.6
Singapore	1.3
Other Countries	6.8
Cash/Other	0.2

Top 25 Holdings

	% of Net Asset Value
The Procter & Gamble Co.	3.0
Consolidated Edison Inc.	2.9
The Coca-Cola Co.	2.7
BCE Inc.	2.6
UnitedHealth Group Incorporated	2.4
Johnson & Johnson	2.4
Colruyt S.A.	2.2
Duke Energy Corp.	2.1
Texas Instruments Inc.	2.1
PepsiCo Inc.	2.1
Canadian National Railway Co.	2.0
Loews Corp.	2.0
NTT DoCoMo Inc.	2.0
Roche Holdings AG Genusscheine	1.9
Royal Bank of Canada	1.9
CLP Holdings Ltd.	1.8
Xcel Energy Inc.	1.8
Danaher Corp.	1.7
Intuit Inc.	1.6
Valero Energy Corp.	1.5
Phillips 66 Company	1.5
Citigroup Inc.	1.5
Wal-Mart Stores, Inc.	1.5
Mitsubishi Tanabe Pharma Corp.	1.3
American Electric Power	1.2
Top 25 Holdings	49.7

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



GLOBAL EQUITY FUND

RBC VISION GLOBAL EQUITY FUND

formerly, RBC Jantzi Global Equity Fund

December 31, 2017

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 8, 2018.

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 by investing primarily in equity securities of companies throughout the world and follows a socially responsible approach to investing. Investments that qualify for inclusion in the Fund must possess strong environmental, social and governance practices relative to industry peers, as defined by Sustainalytics Best-of-Sector™ methodology. The Fund may also use derivatives to hedge against the fluctuations in the value of foreign currencies relative to 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$380 million as of December 31, 2017, from \$36 million at the end of 2016. The increase is due mainly to net inflows.

Over the past year, the Fund's Series A units gained 16.6%, which outperformed the 14.4% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

Global equity markets extended the years-long rally in 2017, with gains recorded in every month of the year. The Fund outperformed based on individual stock selection in an overall environment of positive equity markets. Reasons offered for the economic performance included strong growth across the world for the first time since the 2008 financial crisis and the pro-growth orientation of President Trump, who in December signed tax reform into law in what was the first meaningful piece of legislation to emerge since he became president in early 2017.

The Fund's three best-performing sectors on a relative basis were Industrials, Health Care and Financials, and the three worst-performing were Materials, Energy and Utilities.

Sustainalytics conducted one review covering the Fund's holdings in 2017. Eligibility was determined in relation to the Environmental, Social and Governance ("ESG") criteria developed by RBC GAM in consultation with Sustainalytics. 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, three companies were removed from the Fund as they no longer met certain ESG criteria.

Recent Developments

The global economy is finally recovering from the damage inflicted by the financial crisis, and the sub-advisor believes that new industries and technologies continue to emerge, offering interesting investment opportunities. There is also cause for concern. Growth is by no means universally distributed among people, and populist politics seem to be strengthening. Household debt levels are also a concern in many countries, and plans by central banks to push interest rates higher could worsen this problem.

Effective June 30, 2017, the name of the Fund was changed to RBC Vision Global Equity Fund. Also effective June 30, 2017, the Phillips, Hager & North Community Values Global Equity Fund merged into the Fund and unitholders of the Phillips, Hager & North Community Values Global Equity Fund received units of the Fund on a dollar-for-dollar, tax-deferred basis.

Effective June 30, 2017, RBC Global Asset Management (UK) Limited became the sole sub-advisor of the Fund.

Effective June 30, 2017, administration fees were reduced as follows: from 0.20% to 0.15% for Series A 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. The sub-advisor earns a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisor is paid by the manager from the management fee paid by 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$0 (2016 – \$2,000) or 0% (2016 – 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, 2017	11.67	0.36	(0.27)	2.24	(0.33)	2.00	—	—	(0.31)	—	(0.31)	13.31
Dec. 31, 2016	11.79	0.24	(0.25)	(0.22)	0.12	(0.11)	—	—	—	—	—	11.67
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
Advisor Series												
Dec. 31, 2017	11.73	0.28	(0.27)	1.77	0.40	2.18	—	—	(0.31)	—	(0.31)	13.37
Dec. 31, 2016	11.84	0.24	(0.25)	(0.22)	0.12	(0.11)	—	—	—	—	—	11.73
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
Series D												
Dec. 31, 2017	12.33	0.23	(0.17)	1.41	1.10	2.57	—	(0.03)	(0.32)	—	(0.35)	14.14
Dec. 31, 2016	12.44	0.25	(0.15)	(0.24)	0.13	(0.01)	—	(0.10)	—	—	(0.10)	12.33
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
Series F												
Dec. 31, 2017	12.62	0.28	(0.14)	1.75	0.68	2.57	—	(0.04)	(0.33)	—	(0.37)	14.51
Dec. 31, 2016	12.72	0.26	(0.12)	(0.24)	0.40	0.30	—	(0.12)	—	—	(0.12)	12.62
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
Series O												
Dec. 31, 2017 ³	10.00 [†]	0.04	—	0.26	1.30	1.60	(0.01)	(0.09)	(0.24)	—	(0.34)	10.63

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.

³ From May 19, 2017.

[†] 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, 2017	13.31	29 012	2 180	2.12⁴	2.12	27.38	0.11
Dec. 31, 2016	11.67	21 430	1 836	2.18 ⁵	2.19	93.61	0.11
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
Advisor Series							
Dec. 31, 2017	13.37	12 106	906	2.11	2.11	27.38	0.11
Dec. 31, 2016	11.73	5 369	458	2.17 ⁵	2.18	93.61	0.11
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
Series D							
Dec. 31, 2017	14.14	21 631	1 529	1.27	1.27	27.38	0.11
Dec. 31, 2016	12.33	5 012	406	1.27	1.28	93.61	0.11
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
Series F							
Dec. 31, 2017	14.51	15 738	1 084	1.00	1.00	27.38	0.11
Dec. 31, 2016	12.62	4 634	367	1.00	1.01	93.61	0.11
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
Series O							
Dec. 31, 2017⁶	10.63	301 173	28 334	0.02	0.02	27.38	0.11

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

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

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

⁴ Effective June 30, 2017, the administration fees were changed in respect of Series A units of the Fund. If the changes to the administration fees would have been in effect throughout 2017, the adjusted MER for each series of the Fund would be: Series A – 2.09%.

⁵ Effective June 30, 2016, the management fees were changed in respect of Series A and Advisor Series units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 2.13% and Advisor Series – 2.12%.

⁶ From May 19, 2017.



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%	62%	38%
Advisor Series	1.75%	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.

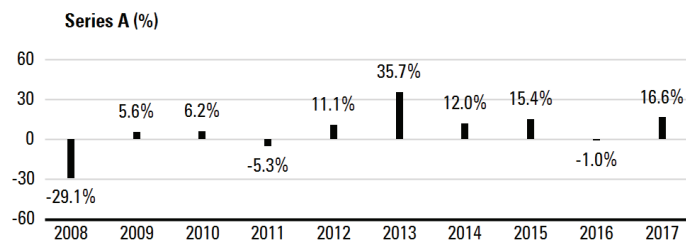
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

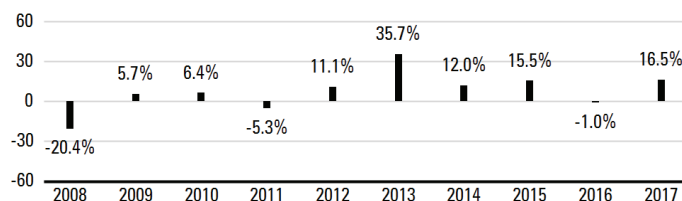
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional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

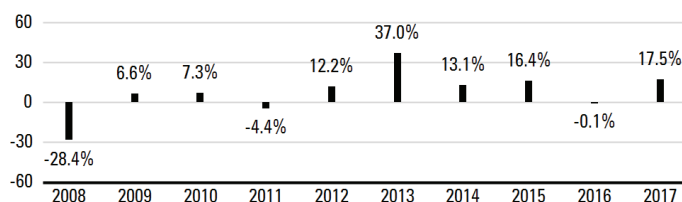
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



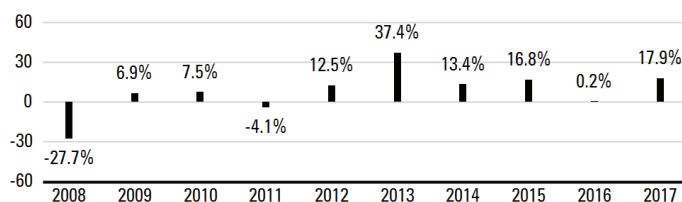
Advisor Series (%)



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, 2017, 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	16.6	10.0	15.2	5.4	—
Benchmark	14.4	12.2	16.9	7.6	—
Advisor Series	16.5	10.0	15.2	—	6.7
Benchmark	14.4	12.2	16.9	—	8.5
Series D	17.5	11.0	16.2	6.4	—
Benchmark	14.4	12.2	16.9	7.6	—
Series F	17.9	11.3	16.5	6.8	—
Benchmark	14.4	12.2	16.9	7.6	—
Series O	—	—	—	—	9.7
Benchmark	—	—	—	—	3.7

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

Series O units have been available for sale to unitholders since May 19, 2017, and Advisor Series units since January 21, 2008.

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, 2017

Investment Mix

	% of Net Asset Value
United States	57.1
United Kingdom	8.0
Japan	6.2
Germany	4.2
Switzerland	4.1
Other Countries	18.4
Cash/Other	2.0

Top 25 Holdings

	% of Net Asset Value
Estée Lauder Companies Inc., Class A	4.9
Nidec Corp.	4.8
UnitedHealth Group Incorporated	4.6
EOG Resources Inc.	4.5
Deutsche Post AG	4.2
Roche Holdings AG Genusscheine	4.0
TJX Companies Inc.	4.0
Intuit Inc.	3.9
Fortive Corp.	3.9
HDFC Bank Ltd. ADR	3.8
Naspers Ltd.	3.8
InterContinental Hotels Group Plc.	3.8
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	3.6
Danaher Corp.	3.5
Alphabet Inc., Class A	3.4
AIA Group Ltd.	3.2
Gartner Inc.	3.2
Blackstone Group LP	3.1
First Republic Bank	3.1
SVB Financial Group	3.0
Microsoft Corp.	2.8
MarketAxess Holdings Inc.	2.5
Ecolab Inc.	2.4
Unilever N.V.	2.2
Activision Blizzard Inc.	2.1
Top 25 Holdings	88.3

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 VISION FOSSIL FUEL FREE
GLOBAL EQUITY FUND**

December 31, 2017

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

Sub-Advisor: RBC Global Asset Management (UK) Limited, London, England

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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 provides the potential for long-term capital growth by investing primarily in a diversified mix of companies operating in various countries around the world across a range of sectors, with the exception of issuers directly engaged in the extraction, processing and transportation of fossil fuels such as coal, oil and natural gas. The Fund may also use derivatives to hedge against the fluctuations in the value of foreign currencies relative to 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund was launched on August 28, 2017, and its net asset value was \$116 million as of December 31, 2017. Investment performance is not provided for a fund that has been available for less than one year.

Recent Developments

The global economy is finally recovering from the damage inflicted by the financial crisis, and the sub-advisor believes that new industries and technologies continue to emerge, offering interesting investment opportunities. There is also cause for concern. Growth is by no means universally distributed among people, and populist politics seem to be strengthening. Household debt levels are also a concern in many countries, and plans by central banks to push interest rates higher could worsen this problem.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. The sub-advisor earns a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisor is paid by the manager from the management fee paid by 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.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017 ³	10.00 [†]	0.05	(0.08)	0.22	0.77	0.96	—	—	(0.54)	—	(0.54)	10.62	
Advisor Series													
Dec. 31, 2017 ³	10.00 [†]	0.05	(0.08)	0.21	0.54	0.72	—	—	(0.54)	—	(0.54)	10.62	
Series D													
Dec. 31, 2017 ³	10.00 [†]	0.05	(0.05)	0.22	0.86	1.08	—	—	(0.54)	—	(0.54)	10.65	
Series F													
Dec. 31, 2017 ³	10.00 [†]	0.05	(0.04)	0.22	0.63	0.86	—	(0.04)	(0.54)	—	(0.58)	10.63	
Series O													
Dec. 31, 2017 ⁴	10.10 [†]	0.17	—	0.82	2.07	3.06	—	(0.16)	(0.63)	—	(0.79)	12.32	

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 August 28, 2017.

⁴ From November 21, 2016. Although Series O units of the Fund were created in November 2016, units were not offered for sale under a simplified prospectus until June 30, 2017.

[†] 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, 2017⁴	10.62	2 219	209	2.15	2.15	42.55	0.16
Advisor Series							
Dec. 31, 2017⁴	10.62	404	38	2.20	2.20	42.55	0.16
Series D							
Dec. 31, 2017⁴	10.65	854	80	1.30	1.30	42.55	0.16
Series F							
Dec. 31, 2017⁴	10.63	783	74	1.02	1.02	42.55	0.16
Series O							
Dec. 31, 2017⁵	12.32	111 373	9 040	0.03⁶	0.03	42.55	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 August 28, 2017.

⁵ From November 21, 2016. Although Series O units of the Fund were created in November 2016, units were not offered for sale under a simplified prospectus until June 30, 2017.

⁶ Effective June 30, 2017, the administration fees were changed in respect of Series O units of the Fund. If the changes to the administration fees would have been in effect throughout 2017, the adjusted MER for each series of the Fund would be: Series O – 0.02%.

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 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

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 and Series F units of this Fund were launched on August 28, 2017. Although Series O units of the Fund were created in November 2016, units were not offered for sale under a simplified prospectus until June 30, 2017.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
United States	54.8
United Kingdom	6.7
Japan	5.4
India	4.4
Switzerland	4.1
South Africa	3.9
Taiwan	3.7
Germany	3.5
Netherlands	3.4
Hong Kong	2.9
Belgium	2.7
Ireland	2.5
Cash/Other	2.0

Top 25 Holdings

	% of Net Asset Value
UnitedHealth Group Incorporated	4.6
Estée Lauder Companies Inc., Class A	4.6
Nidec Corp.	4.4
HDFC Bank Ltd. ADR	4.4
Roche Holdings AG Genusscheine	4.1
Fortive Corp.	4.0
Naspers Ltd.	3.9
Intuit Inc.	3.7
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	3.6
Danaher Corp.	3.6
SVB Financial Group	3.6
TJX Companies Inc.	3.5
Deutsche Post AG	3.5
Unilever N.V.	3.4
InterContinental Hotels Group Plc.	3.4
First Republic Bank	3.2
Gartner Inc.	3.1
Alphabet Inc., Class A	3.1
Microsoft Corp.	3.1
Amazon.com, Inc.	3.1
AIA Group Ltd.	2.9
Anheuser-Busch InBev S.A./N.V.	2.7
Citigroup Inc.	2.7
St James's Place Plc.	2.5
Blackstone Group LP	2.5
Top 25 Holdings	87.2

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



GLOBAL EQUITY FUND

**RBC O'SHAUGHNESSY
GLOBAL EQUITY FUND**

December 31, 2017

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 8, 2018.

A Note on Forward-looking Statements

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

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

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MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide 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 on the basis of several factors, including valuation, momentum and return of capital to shareholders. Valuation is based on a variety of measures, including a company's market capitalization ratios and financial statement metrics. The Fund also selects securities based on momentum which may include six-month total return and nine-month total return. Return of capital to shareholders may include dividends and buybacks. 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$99 million as of December 31, 2017, from \$93 million at the end of 2016. The increase was due to investment returns, partially offset by net redemptions.

Over the past year, the Fund's Series A units gained 12.9%, which underperformed the 14.4% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

U.S. and Canadian stocks rose, but lagged gains in other developed markets as well as emerging markets. The Canadian dollar appreciated in 2017, up roughly 5% relative to the U.S. dollar, with prices for oil and gold both rising during the year.

Underweight allocations to value and momentum were the greatest contributors to returns, as was an overweight allocation to quality. A preference for companies with smaller market capitalizations held back returns the most. The Fund's exposure to earnings growth and financial strength held back performance.

Security selection contributed to returns, while sector allocation was a negative. Allocations to the Industrials and Real Estate sectors aided performance, while allocations to Information Technology and Health Care held back returns. Security selection in the Energy, Health Care and Materials sectors contributed to performance, while security selection in Industrials and Information Technology hurt performance. Suzuki Motor, SK Hynix and General Electric were the largest positive contributors to returns. United Continental, Apple Inc. and Korea Electric Power were the stocks that had the most negative impact on performance.

Allocations among countries contributed to returns, while the impact of security selection was generally negative. Overweight allocations to Austria, Greece and Turkey aided returns. Security selection in Israel and Canada also contributed to performance. Overweight allocations to Israel and Russia, and underweight exposure to Germany, hurt returns. Security selection in the U.S. and Norway also hurt performance.

Recent Developments

The Fund decreased allocations to the Industrials sector and increased allocations to the Health Care sector. The sub-advisor believes that stock selection becomes more important when the overall market is more expensive and that portfolios which are very different from the market are more likely to outperform. Following more positive returns, stocks remain expensive relative to history, but were underpinned by rising profits.

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.

® Registered trademark of Royal Bank of Canada. Used under licence.



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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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, 2017	9.59	0.26	(0.23)	1.18	0.01	1.22	—	(0.05)	—	—	(0.05)	10.78
Dec. 31, 2016	9.35	0.26	(0.20)	0.19	(0.05)	0.20	—	(0.07)	—	—	(0.07)	9.59
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
Advisor Series												
Dec. 31, 2017	9.59	0.26	(0.22)	1.18	0.03	1.25	—	(0.06)	—	—	(0.06)	10.77
Dec. 31, 2016	9.34	0.26	(0.19)	0.19	(0.07)	0.19	—	(0.07)	—	—	(0.07)	9.59
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
Series D												
Dec. 31, 2017	9.64	0.27	(0.14)	1.19	0.02	1.34	—	(0.15)	—	—	(0.15)	10.83
Dec. 31, 2016	9.39	0.27	(0.12)	0.19	(0.05)	0.29	—	(0.15)	—	—	(0.15)	9.64
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
Series F												
Dec. 31, 2017	9.64	0.27	(0.11)	1.19	0.04	1.39	(0.01)	(0.17)	—	—	(0.18)	10.84
Dec. 31, 2016	9.40	0.27	(0.10)	0.19	0.24	0.60	—	(0.18)	—	—	(0.18)	9.64
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
Series O												
Dec. 31, 2017	10.82	0.30	—	1.35	0.55	2.20	(0.01)	(0.33)	—	—	(0.34)	12.15
Dec. 31, 2016	10.55	0.30	—	0.22	0.05	0.57	—	(0.32)	—	—	(0.32)	10.82
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

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, 2017	10.78	68 844	6 387	2.25	2.25	84.30	0.12
Dec. 31, 2016	9.59	70 610	7 363	2.25	2.25	72.78	0.11
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
Advisor Series							
Dec. 31, 2017	10.77	6 147	571	2.19	2.19	84.30	0.12
Dec. 31, 2016	9.59	5 589	583	2.20	2.20	72.78	0.11
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
Series D							
Dec. 31, 2017	10.83	11 529	1 065	1.37	1.37	84.30	0.12
Dec. 31, 2016	9.64	10 018	1 040	1.37	1.37	72.78	0.11
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
Series F							
Dec. 31, 2017	10.84	12 073	1 114	1.09	1.09	84.30	0.12
Dec. 31, 2016	9.64	6 531	677	1.09	1.09	72.78	0.11
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
Series O							
Dec. 31, 2017	12.15	300	25	0.02	0.02	84.30	0.12
Dec. 31, 2016	10.82	144	13	0.03	0.03	72.78	0.11
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

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.

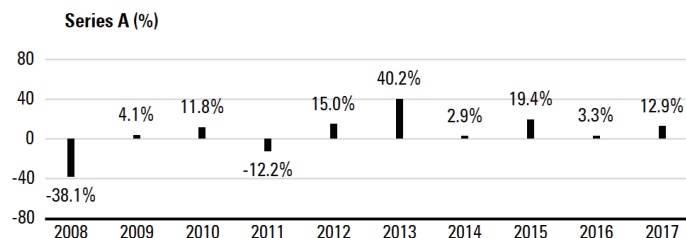
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE

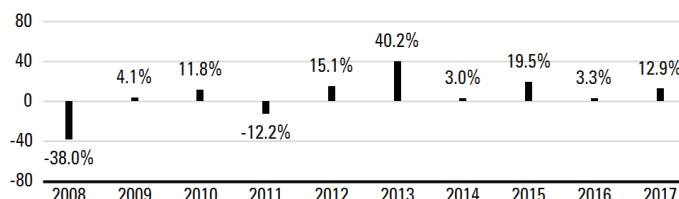
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional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

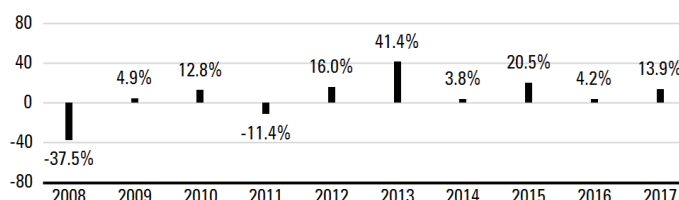
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



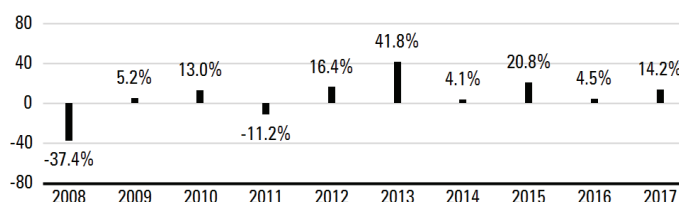
Advisor Series (%)



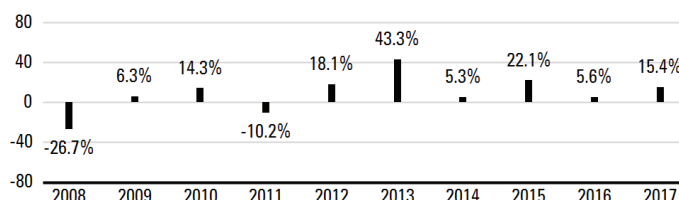
Series D (%)



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, 2017, 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	12.9	11.7	15.0	3.9	—
Benchmark	14.4	12.2	16.9	7.6	—
Advisor Series	12.9	11.7	15.0	3.9	—
Benchmark	14.4	12.2	16.9	7.6	—
Series D	13.9	12.6	16.0	4.8	—
Benchmark	14.4	12.2	16.9	7.6	—
Series F	14.2	12.9	16.3	5.1	—
Benchmark	14.4	12.2	16.9	7.6	—
Series O	15.4	14.1	17.5	—	8.3
Benchmark	14.4	12.2	16.9	—	9.4

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.

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, 2017

Investment Mix

	% of Net Asset Value
United States	48.2
Japan	8.9
South Korea	5.0
Canada	4.7
United Kingdom	3.0
France	3.0
Germany	1.9
Australia	1.8
Russia	1.6
Norway	1.3
South Africa	1.1
Switzerland	0.8
Brazil	0.3
Hong Kong	0.2
Other Countries	17.2
Cash/Other	1.0

Top 25 Holdings

	% of Net Asset Value
Regions Financial Corp.	2.7
Best Buy Co. Inc.	1.9
Novo Nordisk A/S	1.8
The Procter & Gamble Co.	1.5
Medifast Inc.	1.3
Valero Energy Corp.	1.3
LyondellBasell Industries N.V.	1.3
Hynix Semiconductor Inc.	1.3
Samsung Electronics Co. Ltd.	1.2
Intuitive Surgical Inc.	1.1
Magna International Inc., Class A	1.1
Boeing Co.	1.1
Shufersal Ltd.	1.1
CEZ A.S.	1.1
Wal-Mart Stores, Inc.	1.1
Gap Inc.	1.0
General Motors Co.	1.0
Delta Air Lines Inc.	1.0
Apple Inc.	1.0
Cash & Cash Equivalents	1.0
The Phoenix Holdings Ltd.	1.0
Centene Corp.	1.0
Ferrexpo Plc.	1.0
Prudential Financial Inc.	1.0
Kumba Iron Ore Ltd.	0.9
Top 25 Holdings	30.8

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



GLOBAL EQUITY FUND

**RBC QUBE ALL COUNTRY
WORLD EQUITY FUND**

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value fell to \$9 million as of December 31, 2017, from \$27 million at the end of 2016. The decrease was due to net redemptions.

Over the past year, the Fund's Series O units gained 20.7%, which outperformed the 15.8% 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.

Global equity markets, as measured by the MSCI All Country World Net Index, rose to record highs during the year driven by strong earnings growth, low inflation and loose monetary policies pursued by major central banks. Ten of the 11 industry sectors posted gains, with Energy being the only one to decline. The Information Technology sector advanced the most during 2017, supported by higher profits. Emerging-market stocks advanced alongside the invigorated global backdrop.

In the Health Care sector, a position in GlaxoSmithKline held back the Fund's returns over the year. A holding in the Consumer Staples sector was also detrimental. American multinational personal-care corporation, Kimberly-Clark, had a large negative impact on performance.

In the Industrials sector, the Fund's overweight position in Boeing added significantly to returns. Positions in the Consumer Discretionary sector also aided performance, with contributions from Michael Kors and Peugeot.

Portfolio turnover was high for the Fund given the portfolio manager's model-driven investment process.

Recent Developments

Economic momentum in developed and emerging markets has shown little sign of slowing, and low inflation and accommodative monetary policies remain supportive. Synchronized global growth continues to be led by the U.S., whose central bank will likely continue with interest-rate hikes in 2018. U.S. tax cuts have the potential to maintain corporate earnings momentum. A steady and sustained expansion continues globally but political tensions remain a risk on the horizon.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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 O												
Dec. 31, 2017	9.34	0.25	—	2.14	(0.29)	2.10	(2.66)	(0.13)	—	(3.61)	(6.40)	4.76
Dec. 31, 2016	10.73	0.28	—	0.31	(0.57)	0.02	—	(0.31)	(1.19)	—	(1.50)	9.34
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, 2017	4.76	8 877	1 865	0.02	0.04	146.30	0.21
Dec. 31, 2016	9.34	27 376	2 930	0.02	0.02	174.39	0.17
Dec. 31, 2015	10.73	109 744	10 227	0.02	0.02	130.68	0.11
Dec. 31, 2014 ⁴	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.

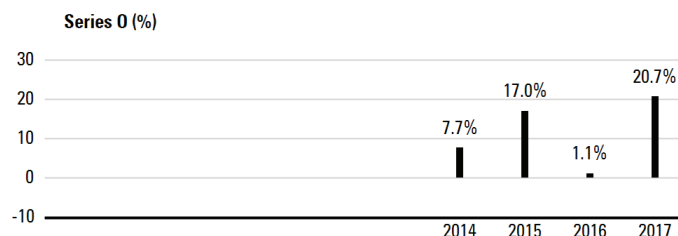


PAST PERFORMANCE

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Year-by-Year Returns (%)

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



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2017, 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	20.7	12.6	—	—	12.0
Benchmark	15.8	12.2	—	—	11.7

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 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, 2017

Investment Mix

	% of Net Asset Value
United States	50.2
China	5.9
United Kingdom	5.7
Denmark	4.8
Switzerland	4.3
Australia	4.0
South Korea	3.3
Japan	3.1
Netherlands	2.8
Canada	1.5
France	0.5
Other Countries	13.8
Cash/Other	0.1

Top 25 Holdings

	% of Net Asset Value
Roche Holdings AG Genusscheine	3.4
Philip Morris International Inc.	3.2
Boeing Co.	3.1
Intuit Inc.	3.0
China Construction Bank Corp.	2.7
Apple Inc.	2.7
Novo Nordisk A/S	2.5
Mastercard Inc.	2.5
TJX Companies Inc.	2.4
Danske Bank A/S	2.3
3i Group Plc.	2.3
Electronic Arts Inc.	2.2
Facebook Inc., Class A	2.2
China Petroleum & Chemical Corp.	2.0
Nvidia Corp.	2.0
Samsung Electronics Co. Ltd.	2.0
Michael Kors Holdings Ltd.	1.8
CaixaBank S.A.	1.8
Deutsche Lufthansa AG	1.8
The Coca-Cola Co.	1.8
Fiat Chrysler Automobiles N.V.	1.7
Applied Materials Inc.	1.7
Lam Research Corp.	1.7
Ameriprise Financial Inc.	1.6
Centene Corp.	1.6
Top 25 Holdings	56.0

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



GLOBAL EQUITY FUND

**RBC QUBE LOW VOLATILITY ALL
COUNTRY WORLD EQUITY FUND**

December 31, 2017

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 8, 2018.

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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. 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund's risk rating changed from medium to low-to-medium.

Results of Operations

The Fund's net asset value rose to \$130 million as of December 31, 2017, from \$71 million at the end of 2016. The increase was due to net inflows.

Over the past year, the Fund's Series O units gained 11.9%, which underperformed the 15.8% 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.

Global equity markets, as measured by the MSCI All Country World Net Index, rose to record highs during the year driven by strong earnings growth, low inflation and loose monetary policies pursued by major central banks. Ten of the 11 industry sectors posted gains, with Energy being the only one to decline. The Information Technology sector advanced the most during 2017, supported by higher profits. Emerging-market stocks advanced alongside the invigorated global backdrop.

In the Utilities sector, a position in PG&E held back the Fund's returns over the year. A holding in the Consumer Staples sector was also detrimental. Singapore Press Holdings had a large negative impact on performance.

In the Information Technology sector, the Fund's overweight position in Texas Instruments added significantly to returns. Positions in the Utilities sector also aided performance, with contributions from CLP Holdings and Xcel Energy.

Recent Developments

Economic momentum in developed and emerging markets has shown little sign of slowing, and low inflation and accommodative monetary policies remain supportive. Synchronized global growth continues to be led by the U.S., whose central bank will likely continue with interest-rate hikes in 2018. U.S. tax cuts have the potential to maintain corporate earnings momentum. A steady and sustained expansion continues globally but political tensions remain a risk on the horizon.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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 0												
Dec. 31, 2017	11.88	0.32	—	0.89	0.34	1.55	—	(0.25)	(0.70)	—	(0.95)	12.35
Dec. 31, 2016	12.60	0.35	—	0.81	(0.69)	0.47	—	(0.33)	(0.83)	—	(1.16)	11.88
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 0							
Dec. 31, 2017	12.35	130 072	10 535	0.02	0.02	87.85	0.08
Dec. 31, 2016	11.88	70 562	5 938	0.02	0.02	89.89	0.07
Dec. 31, 2015	12.60	62 713	4 979	0.02	0.03	46.05	0.06
Dec. 31, 2014 ⁴	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 0 units. Series 0 unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

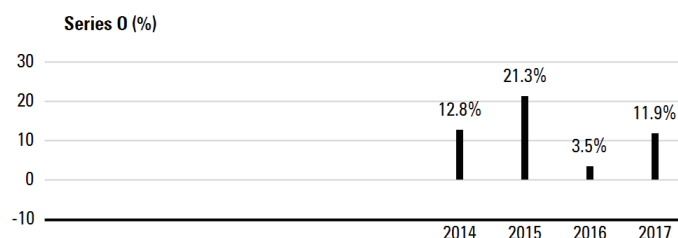


PAST PERFORMANCE

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

Year-by-Year Returns (%)

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



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2017, 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	11.9	12.0	—	—	13.3
Benchmark	15.8	12.2	—	—	12.0

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 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, 2017

Investment Mix

	% of Net Asset Value
United States	49.9
Japan	12.4
Canada	8.3
Switzerland	5.9
Belgium	4.2
Hong Kong	3.1
Taiwan	3.1
Malaysia	2.9
Israel	2.5
Other Countries	7.6
Cash/Other	0.1

Top 25 Holdings

	% of Net Asset Value
UnitedHealth Group Incorporated	3.0
Royal Bank of Canada	2.9
Consolidated Edison Inc.	2.9
Swisscom AG	2.9
The Procter & Gamble Co.	2.9
The Coca-Cola Co.	2.8
Wal-Mart Stores, Inc.	2.7
NTT DoCoMo Inc.	2.5
Xcel Energy Inc.	2.4
Colruyt S.A.	2.3
Texas Instruments Inc.	2.2
Duke Energy Corp.	2.1
Roche Holdings AG Genusscheine	2.1
Accenture Plc., Class A	2.1
Loews Corp.	2.1
Chunghwa Telecom Co. Ltd.	1.9
Ameren Corporation	1.9
PepsiCo Inc.	1.7
BCE Inc.	1.7
Johnson & Johnson	1.6
CLP Holdings Ltd.	1.6
Intuit Inc.	1.6
Varian Medical Systems Inc.	1.4
Starbucks Corp.	1.4
Bank of Nova Scotia	1.3
Top 25 Holdings	54.0

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



GLOBAL EQUITY FUND

RBC GLOBAL ENERGY FUND

December 31, 2017

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 8, 2018.

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 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value fell to \$248 million as of December 31, 2017, from \$321 million at the end of 2016. The decrease was due mainly to investment losses.

Over the past year, the Fund's Series A units lost 14.7%, which underperformed the 1.9% loss in the benchmark. The broad-based index rose 14.4%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

The Energy sector rallied in the second half of 2017 from a poor start to the year, as the oil price rose toward US\$60 per barrel and natural-gas prices remained relatively stable. Robust consumer demand for crude oil and other petroleum products, high refinery utilization and successful efforts by OPEC to limit production helped chip away at global stockpiles. Tensions in the Middle East, particularly involving Saudi Arabia, also supported prices. Energy-related equities did not rally as much as investors might have expected given uncertainty about the longer-term impact of electric vehicles on supply. The price of West Texas Intermediate crude oil, the North American benchmark, rose 12% to close 2017 at over US\$60 per barrel for the first time since mid-2015. Natural-gas prices hovered around US\$3 per million per British thermal unit.

Security selection was the main reason for the Fund's underperformance during the period. Returns were held back by a preference for U.S. exploration and production companies, many of whose shares did not recover from losses experienced in the first half of the year. In an environment of rising prices, these companies typically outperform larger companies that also refine crude oil and sell gasoline. This was not the case, however, in 2017 because of concern that investors were not receiving sufficient returns on the increased production. Overweight positions in Continental Resources, Pioneer Natural Resources, Crew Energy and Seven Generations Energy negatively affected relative returns, while overweight positions in Galp Energia, Yangaarra Resources and GeoPark had a positive impact.

Portfolio turnover was high for the Fund as the portfolio manager attempted to generate better returns through active fund management.

Recent Developments

There are signs that excess crude inventories are beginning to fall, although inventories still remain above historical levels. The portfolio manager believes that OPEC's November extension limiting production until the end of this year should help to accelerate inventory rebalancing and that global inventories will gradually fall in the second half of 2018, even with an increase in U.S. shale production.

With benchmark oil prices back near US\$60 per barrel, producers will be tempted to increase production, and any significant rise in output could lead to concerns that production growth is being favoured over capital discipline and shareholder returns. Assuming global inventories decline as expected, the portfolio manager sees the potential for continued gains in oil prices and energy-equity prices during 2018. Natural-gas prices may decline in 2018 if output associated with shale basins drilled principally for oil leads to an oversupply. The portfolio manager's approach remains to invest in companies with high-quality assets, strong management and the ability to internally 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$23,000 (2016 – \$37,000) or 3% (2016 – 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, 2017	44.87	0.54	(0.81)	(2.78)	(3.99)	(7.04)	—	—	—	—	—	38.29
Dec. 31, 2016	34.87	0.54	(0.84)	(0.39)	10.73	10.04	—	—	—	—	—	44.87
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
Advisor Series												
Dec. 31, 2017	45.15	0.54	(0.79)	(2.80)	(4.09)	(7.14)	—	—	—	—	—	38.61
Dec. 31, 2016	35.07	0.55	(0.83)	(0.39)	11.52	10.85	—	—	—	—	—	45.15
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
Series D												
Dec. 31, 2017	48.78	0.59	(0.52)	(3.04)	(3.67)	(6.64)	—	—	—	—	—	41.99
Dec. 31, 2016	37.59	0.59	(0.54)	(0.42)	11.77	11.40	—	—	—	—	—	48.78
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
Series F												
Dec. 31, 2017	52.84	0.64	(0.44)	(3.30)	(2.96)	(6.06)	—	—	—	—	—	45.58
Dec. 31, 2016	40.65	0.64	(0.47)	(0.45)	13.00	12.72	—	—	—	—	—	52.84
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
Series O												
Dec. 31, 2017 ³	10.00 [†]	0.11	—	(0.58)	(0.83)	(1.30)	—	—	—	—	—	9.53

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

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

³ From February 27, 2017.

[†] 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, 2017	38.29	184 851	4 828	2.13	2.13	99.18	0.31
Dec. 31, 2016	44.87	249 695	5 565	2.13	2.13	103.45	0.24
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
Advisor Series							
Dec. 31, 2017	38.61	4 810	125	2.07	2.07	99.18	0.31
Dec. 31, 2016	45.15	6 374	141	2.09	2.09	103.45	0.24
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
Series D							
Dec. 31, 2017	41.99	42 245	1 006	1.26	1.26	99.18	0.31
Dec. 31, 2016	48.78	50 986	1 045	1.26	1.26	103.45	0.24
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
Series F							
Dec. 31, 2017	45.58	16 116	354	0.98	0.98	99.18	0.31
Dec. 31, 2016	52.84	13 872	263	0.99	0.99	103.45	0.24
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
Series O							
Dec. 31, 2017⁴	9.53	1	—	0.02	0.02	99.18	0.31

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

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

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

⁴ From February 27, 2017.

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.

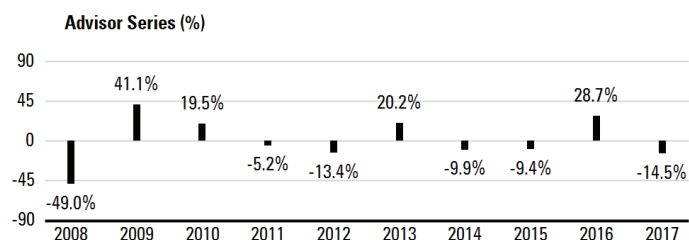
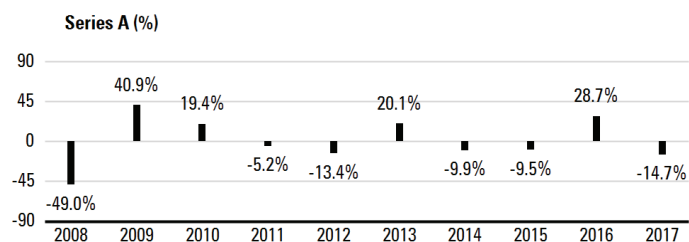


PAST PERFORMANCE

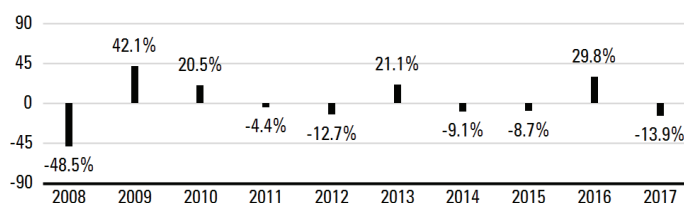
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional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

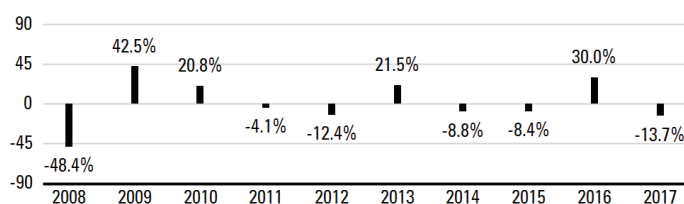
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



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, 2017, 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	-14.7	-0.2	1.5	-2.7	—
Benchmark	-1.9	3.5	6.2	2.0	—
Broad-based index	14.4	12.2	16.9	7.6	—
Advisor Series	-14.5	-0.1	1.6	-2.7	—
Benchmark	-1.9	3.5	6.2	2.0	—
Broad-based index	14.4	12.2	16.9	7.6	—
Series D	-13.9	0.7	2.4	-1.9	—
Benchmark	-1.9	3.5	6.2	2.0	—
Broad-based index	14.4	12.2	16.9	7.6	—
Series F	-13.7	0.9	2.6	-1.6	—
Benchmark	-1.9	3.5	6.2	2.0	—
Broad-based index	14.4	12.2	16.9	7.6	—
Series O	—	—	—	—	-4.7
Benchmark	—	—	—	—	5.5
Broad-based index	—	—	—	—	11.1

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 O units have been available for sale to unitholders since February 27, 2017.

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, 2017

Investment Mix – Sectors

	% of Net Asset Value
Oil, Gas and Consumable Fuels	86.5
Energy Equipment and Services	6.1
Metals and Mining	3.9
Cash/Other	3.5

Investment Mix – Countries/Regions

	% of Net Asset Value
United States	51.5
Canada	26.3
United Kingdom	8.0
Portugal	6.9
France	5.7
Cash/Other	1.6

Top 25 Holdings

	% of Net Asset Value
Royal Dutch Shell Plc., A Shares	7.5
Chevron Corp.	7.0
Galp Energia SGPS S.A.	6.9
Concho Resources Inc.	5.9
Total S.A.	5.7
EOG Resources Inc.	5.7
Suncor Energy Inc.	5.1
Encana Corp.	4.8
Diamondback Energy Inc.	4.1
ConocoPhillips	3.6
Canadian Natural Resources Ltd.	3.1
Halliburton Co.	3.0
Marathon Petroleum Corp.	2.8
Trican Well Service Ltd.	2.5
Exxon Mobil Corp.	2.5
Valero Energy Corp.	2.4
Parex Resources Inc.	2.2
Parsley Energy Inc.	2.1
Hess Corp.	2.1
Phillips 66 Company	1.7
RSP Permian Inc.	1.6
TransCanada Corp.	1.4
Cash & Cash Equivalents	1.3
Continental Resources Inc.	1.3
Pioneer Natural Resources Co.	1.2
Top 25 Holdings	87.5

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



GLOBAL EQUITY FUND

RBC GLOBAL PRECIOUS METALS FUND

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$553 million as of December 31, 2017, from \$547 million at the end of 2016. The increase was due to investment returns, largely offset by net redemptions.

Over the past year, the Fund's Series A units gained 6.8%, which outperformed the 1.4% rise in the benchmark. The broad-based index rose 9.1%. 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.

Gold prices climbed 14% in 2017, with most of the gains recorded in the first two months of the year, after President Trump's initial failure to achieve passage of pro-growth economic policies weakened the U.S. dollar. Following this rally, gold fluctuated between US\$1,200 and US\$1,350 per ounce. Renewed strength in the U.S. dollar, propelled by U.S. economic quickening growth and indications of higher U.S. interest rates, capped gains. Also aiding gold was geopolitical turmoil involving North Korea and the Middle East, and an investigation into the possibility that Russia interfered with the U.S. presidential election. The rise of the Bitcoin and other cryptocurrencies also appeared to hurt demand for gold. Palladium prices surged 56% amid expectations for increased demand for catalytic converters for use in gasoline engines while silver and palladium rose 6% and 3%, respectively.

Security selection was the main reason for the Fund's outperformance during the period. Relative performance was aided by an overweight position in Kirkland Lake Gold, which climbed after the discovery of high-grade gold at a mine in Australia, and Richmond Mines, which agreed to be acquired by Alamos Gold. Overweight positions in companies with advancing development projects, including Osisko Mining and Marathon Gold, also benefited performance. Underweight positions in Barrick Gold and Eldorado Gold, which performed poorly, also helped relative returns. Underweight positions in Franco-Nevada and Randgold Resources held back relative performance, as did an overweight position in Mountain Province Diamonds.

Recent Developments

In the portfolio manager's view, precious-metals equities are poised to take advantage of: any hint of economic weakness that could disrupt the U.S. Federal Reserve's ability to raise interest rates in 2018; political uncertainties stemming from the U.S.-election probe; and/or renewed geopolitical tensions.

The portfolio manager continues to invest primarily in higher-quality companies with superior assets, good cost controls and disciplined management teams. Precious-metals reserves and spending on exploration are in decline, which could lead to increased merger-and-acquisition activity in 2018. The Fund holds junior mining companies with attractive deposits, some of which could become takeover targets as larger companies seek to increase reserves.



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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$71,000 (2016 – \$48,000) or 4% (2016 – 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		
Series A												
Dec. 31, 2017	31.47	0.09	(0.73)	2.07	0.85	2.28	—	—	—	—	—	33.59
Dec. 31, 2016	19.58	0.16	(0.68)	5.87	6.99	12.34	—	—	—	—	—	31.47
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
Advisor Series												
Dec. 31, 2017	31.66	0.09	(0.73)	2.09	0.68	2.13	—	—	—	—	—	33.81
Dec. 31, 2016	19.69	0.16	(0.68)	5.91	6.38	11.77	—	—	—	—	—	31.66
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
Series D												
Dec. 31, 2017	34.19	0.10	(0.48)	2.26	0.67	2.55	—	—	—	—	—	36.81
Dec. 31, 2016	21.09	0.17	(0.44)	6.35	7.26	13.34	—	—	—	—	—	34.19
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
Series F												
Dec. 31, 2017	36.80	0.11	(0.40)	2.44	(0.29)	1.86	—	—	—	—	—	39.73
Dec. 31, 2016	22.64	0.18	(0.38)	6.84	2.77	9.41	—	—	—	—	—	36.80
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
Series O												
Dec. 31, 2017	35.38	0.10	(0.01)	2.36	0.42	2.87	—	—	—	—	—	38.57
Dec. 31, 2016	21.56	0.17	(0.01)	6.53	7.46	14.15	—	—	—	—	—	35.38
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

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, 2017	33.59	363 596	10 824	2.13	2.13	51.20	0.29
Dec. 31, 2016	31.47	376 847	11 977	2.12	2.12	125.59	0.61
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
Advisor Series							
Dec. 31, 2017	33.81	30 010	888	2.09	2.09	51.20	0.29
Dec. 31, 2016	31.66	29 840	943	2.08	2.08	125.59	0.61
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
Series D							
Dec. 31, 2017	36.81	111 596	3 032	1.26	1.26	51.20	0.29
Dec. 31, 2016	34.19	102 191	2 989	1.26	1.26	125.59	0.61
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
Series F							
Dec. 31, 2017	39.73	47 066	1 185	0.99	0.99	51.20	0.29
Dec. 31, 2016	36.80	33 318	905	0.99	0.99	125.59	0.61
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
Series O							
Dec. 31, 2017	38.57	1 101	29	0.02	0.02	51.20	0.29
Dec. 31, 2016	35.38	813	23	0.02	0.02	125.59	0.61
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

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.

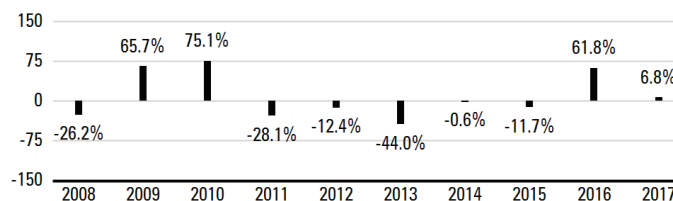
PAST PERFORMANCE

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.

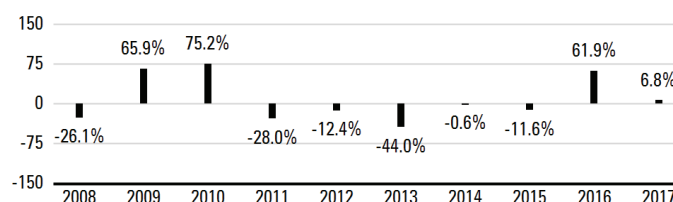
Year-by-Year Returns (%)

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.

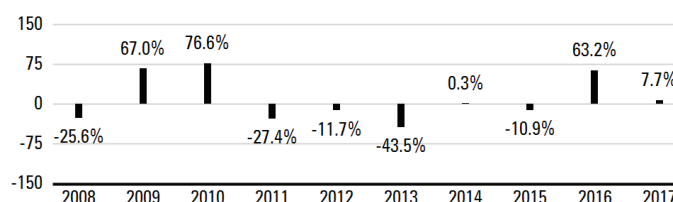
Series A (%)



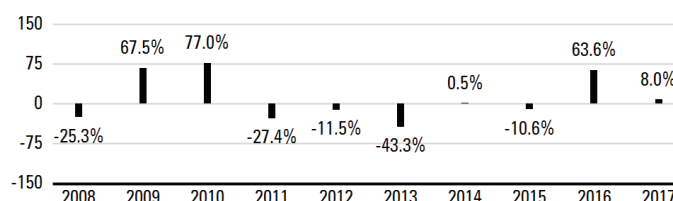
Advisor Series (%)



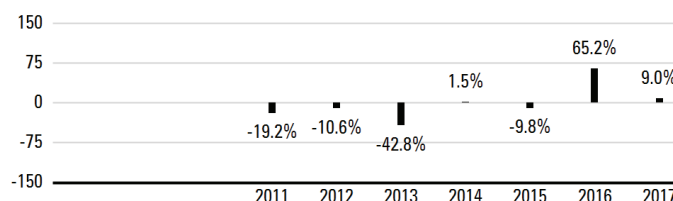
Series D (%)



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, 2017, 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	6.8	14.9	-3.3	1.3	—
Benchmark	1.4	11.2	-7.4	-3.6	—
Broad-based index	9.1	6.6	8.6	4.7	—
Advisor Series	6.8	14.9	-3.3	1.4	—
Benchmark	1.4	11.2	-7.4	-3.6	—
Broad-based index	9.1	6.6	8.6	4.7	—
Series D	7.7	15.9	-2.5	2.2	—
Benchmark	1.4	11.2	-7.4	-3.6	—
Broad-based index	9.1	6.6	8.6	4.7	—
Series F	8.0	16.2	-2.2	2.4	—
Benchmark	1.4	11.2	-7.4	-3.6	—
Broad-based index	9.1	6.6	8.6	4.7	—
Series O	9.0	17.3	-1.3	—	-5.9
Benchmark	1.4	11.2	-7.4	—	-9.1
Broad-based index	9.1	6.6	8.6	—	7.0

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 O units have been available for sale to unitholders since August 2, 2011.

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, 2017

Investment Mix – Sectors

	% of Net Asset Value
Gold	81.9
Diversified Metals and Mining	7.6
Silver	4.7
Precious Metals and Minerals	4.0
Copper	0.5
Coal and Consumable Fuels	0.1
Cash/Other	1.2

Investment Mix – Countries/Regions

	% of Net Asset Value
Canada	90.8
United States	4.8
Australia	1.8
Cash/Other	2.6

Top 25 Holdings

	% of Net Asset Value
Kirkland Lake Gold Ltd.	10.1
Agnico Eagle Mines Ltd.	8.2
Alamos Gold Inc., Class A	7.5
Endeavour Mining Corp.	7.1
B2Gold Corp.	6.7
Newmont Mining Corporation	4.3
Kinross Gold Corp.	3.9
IAMGOLD Corporation	2.9
Wesdome Gold Mines Ltd.	2.9
Detour Gold Corp.	2.8
MAG Silver Corp.	2.8
OceanaGold Corp.	2.6
Roxgold Inc.	2.4
Pretium Resources Inc.	2.3
Belo Sun Mining Corp.	2.1
Aurion Resources Ltd.	1.7
Semafo Inc.	1.5
Wheaton Precious Metals Corp.	1.5
Continental Gold Inc.	1.5
Torex Gold Resources Inc.	1.4
Mountain Province Diamonds Inc.	1.3
Cash & Cash Equivalents	1.3
Marathon Gold Corp.	1.3
Cardinal Resources Ltd.	1.3
Orla Mining Ltd.	1.1
Top 25 Holdings	82.5

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, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value fell to \$163 million as of December 31, 2017, from \$178 million at the end of 2016. The decrease was due to net redemptions.

Over the past year, the Fund's Series A units gained 4.0%, which underperformed the 5.6% rise in the benchmark. The broad-based index rose 14.4%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

The Fund's investments in the Energy sector underperformed, while Materials-sector holdings had a positive impact on the Fund's relative returns. The negative impact of the Energy sector was due to a large overweight position in companies that explore for and produce oil

and natural gas. The preference for these stocks was premised on the assumption that crude-oil prices would rise and inventories would fall, but for most of the period the opposite occurred. More recently, this trend has reversed and energy stocks have begun to outperform the broader market.

In the Energy segment of the portfolio, the Fund's positions in QEP Resources, Continental Resources and Anadarko Petroleum hurt performance during the period, offset somewhat by underweight positions in ExxonMobil and Chevron. The Materials portion of the Fund outperformed the benchmark during the period because of the Fund's overweight position in gold equities and exposure to multinational mining companies. The price of gold rose modestly during the year boosted by a weaker U.S. dollar and geopolitical tensions.

The Fund's investment in Kirkland Lake Gold aided relative returns. Prices for copper and zinc also rose during the period, aided by the U.S. dollar's weakness and tighter supplies. Overweight exposure to Ivanhoe Mines and Rio Tinto helped the Fund outperform in the period.

Recent Developments

The portfolio manager believes that OPEC's November extension limiting production until the end of 2018 should help to stabilize oil prices. The portfolio manager anticipates that global inventories should gradually fall in the second half of 2018, even with an increase in U.S. shale production.

In the portfolio manager's view, precious-metal equities are poised to take advantage of any hint of economic weakness that could disrupt the U.S. Federal Reserve's ability to raise interest rates in 2018. Renewed geopolitical tensions regarding North Korea could also be positive for the price of gold.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$13,000 (2016 – \$32,000) or 2% (2016 – 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, 2017	34.56	0.56	(0.72)	1.75	(0.48)	1.11	—	—	—	—	—	35.94
Dec. 31, 2016	27.04	0.46	(0.67)	2.10	5.62	7.51	—	—	—	—	—	34.56
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
Advisor Series												
Dec. 31, 2017	34.72	0.56	(0.70)	1.76	(0.61)	1.01	—	—	—	—	—	36.12
Dec. 31, 2016	27.15	0.46	(0.66)	2.11	5.71	7.62	—	—	—	—	—	34.72
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
Series D												
Dec. 31, 2017	37.91	0.62	(0.47)	1.93	(0.55)	1.53	—	—	—	—	—	39.76
Dec. 31, 2016	29.39	0.50	(0.42)	2.29	6.17	8.54	—	—	—	—	—	37.91
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
Series F												
Dec. 31, 2017	41.34	0.68	(0.40)	2.12	0.40	2.80	—	—	—	—	—	43.48
Dec. 31, 2016	31.96	0.54	(0.37)	2.50	5.82	8.49	—	—	—	—	—	41.34
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
Series O												
Dec. 31, 2017	39.03	0.64	(0.01)	2.00	(0.53)	2.10	—	—	—	—	—	41.45
Dec. 31, 2016	29.89	0.51	(0.01)	2.34	6.26	9.10	—	—	—	—	—	39.03
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

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, 2017	35.94	117 183	3 261	2.14	2.14	86.10	0.32
Dec. 31, 2016	34.56	132 035	3 820	2.20 ⁴	2.20	106.14	0.31
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
Advisor Series							
Dec. 31, 2017	36.12	6 507	180	2.08	2.08	86.10	0.32
Dec. 31, 2016	34.72	8 275	238	2.14 ⁴	2.14	106.14	0.31
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
Series D							
Dec. 31, 2017	39.76	22 754	572	1.26	1.26	86.10	0.32
Dec. 31, 2016	37.91	26 077	688	1.26	1.26	106.14	0.31
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
Series F							
Dec. 31, 2017	43.48	13 369	308	0.99	0.99	86.10	0.32
Dec. 31, 2016	41.34	8 050	195	1.00	1.00	106.14	0.31
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
Series O							
Dec. 31, 2017	41.45	3 215	78	0.02	0.02	86.10	0.32
Dec. 31, 2016	39.03	3 730	96	0.02	0.02	106.14	0.31
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

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 Effective June 30, 2016, the management fees were changed in respect of Series A and Advisor Series units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 2.14% and Advisor Series – 2.09%.



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%	62%	38%
Advisor Series	1.75%	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.

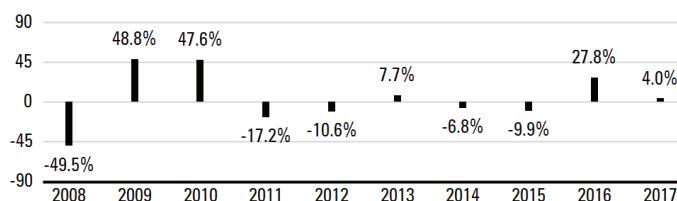
PAST PERFORMANCE

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.

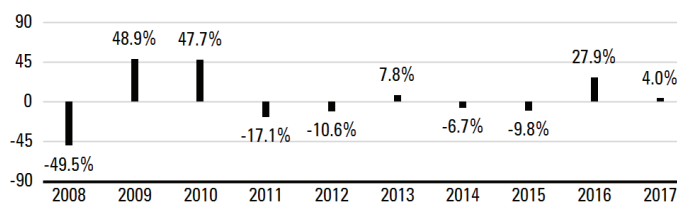
Year-by-Year Returns (%)

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.

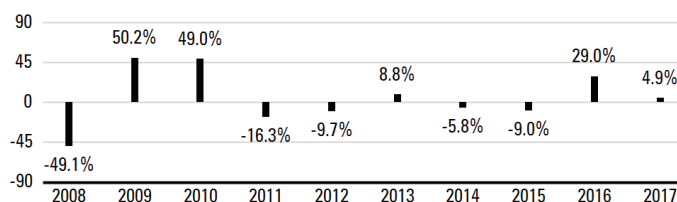
Series A (%)



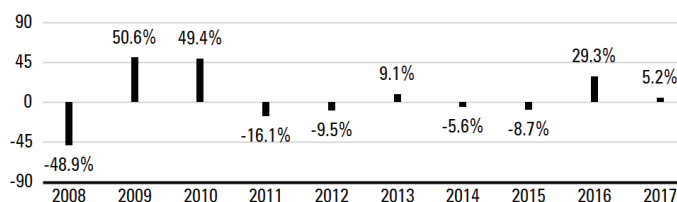
Advisor Series (%)



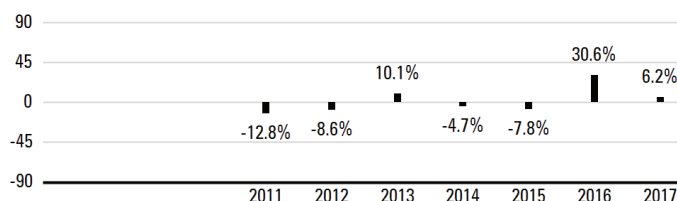
Series D (%)



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, 2017, 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	4.0	6.2	3.8	-0.1	–
Benchmark	5.6	7.0	7.9	2.8	–
Broad-based index	14.4	12.2	16.9	7.6	–
Advisor Series	4.0	6.2	3.8	-0.1	–
Benchmark	5.6	7.0	7.9	2.8	–
Broad-based index	14.4	12.2	16.9	7.6	–
Series D	4.9	7.2	4.7	0.8	–
Benchmark	5.6	7.0	7.9	2.8	–
Broad-based index	14.4	12.2	16.9	7.6	–
Series F	5.2	7.5	5.0	1.1	–
Benchmark	5.6	7.0	7.9	2.8	–
Broad-based index	14.4	12.2	16.9	7.6	–
Series O	6.2	8.5	6.1	–	1.0
Benchmark	5.6	7.0	7.9	–	5.3
Broad-based index	14.4	12.2	16.9	–	14.2

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 O units have been available for sale to unitholders since July 11, 2011.

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, 2017

Investment Mix – Sectors

	% of Net Asset Value
Oil, Gas and Consumable Fuels	46.0
Metals and Mining	26.6
Chemicals	16.5
Energy Equipment and Services	3.2
Construction Materials	2.7
Containers and Packaging	2.3
Paper and Forest Products	1.1
Cash/Other	1.6

Investment Mix – Countries/Regions

	% of Net Asset Value
United States	44.9
Canada	23.2
United Kingdom	12.9
France	4.6
Australia	4.4
Germany	1.0
Other Countries	7.9
Cash/Other	1.1



SUMMARY OF INVESTMENT PORTFOLIO (cont.)

(after consideration of derivative products, if any)

As at December 31, 2017

Top 25 Holdings

	% of Net Asset Value
Royal Dutch Shell Plc., A Shares	6.4
Chevron Corp.	6.0
Rio Tinto Plc.	5.4
BHP Billiton Plc.	3.5
EOG Resources Inc.	3.5
Total S.A.	3.4
Diamondback Energy Inc.	3.1
Concho Resources Inc.	2.8
ConocoPhillips	2.6
Galp Energia SGPS S.A.	2.5
Halliburton Co.	2.5
Exxon Mobil Corp.	2.0
DowDuPont Inc.	2.0
Praxair Inc.	2.0
Encana Corp.	1.8
Kirkland Lake Gold Ltd.	1.6
Glencore Plc.	1.6
Canadian Natural Resources Ltd.	1.5
Marathon Petroleum Corp.	1.5
First Quantum Minerals Ltd.	1.4
Valero Energy Corp.	1.4
PPG Industries Inc.	1.3
Parex Resources Inc.	1.2
Potash Corporation of Saskatchewan Inc.	1.2
Air Liquide S.A.	1.2
Top 25 Holdings	63.4

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



GLOBAL EQUITY FUND

RBC GLOBAL TECHNOLOGY FUND

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund's risk rating changed from high to medium-to-high.

Results of Operations

The Fund's net asset value rose to \$99 million as of December 31, 2017, from \$50 million at the end of 2016. The increase was due to a combination of net inflows and investment returns.

Over the past year, the Fund's Series A units gained 27.8%, which underperformed the 29.2% rise in the benchmark. The broad-based index rose 14.4%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

Information Technology was the best-performing global sector in 2017, led by semiconductors, hardware, and software and services. The sector weakened toward the end of the year, however, as investors sought increased exposure to stocks with more attractive valuations and as concerns mounted that chip sales had reached a temporary peak. Regionally, the Information Technology sector performed best in Japan, followed by the U.S. and Europe.

Semiconductor stocks benefited from strong demand in the automotive, gaming and real estate (data centres) industries. Apple Inc. climbed on expectations that new versions of the company's iPhone will continue to sell well. Returns were also boosted by robust demand for gaming stocks and for advertising on social-media sites such as Facebook. Stocks that had a positive impact on the Fund's returns included Amazon, Shopify and Tencent, a Chinese Internet company. The Fund's below-benchmark allocation to Apple, holdings of which are restricted by the Fund's mandate, had a negative impact on returns. STMicroelectronics and Finisar also held back the Fund's performance.

Portfolio turnover is normally high for this Fund given the volatility of the 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 outlook for the Information Technology sector continues to strengthen given the passage of U.S. tax reform, which will enable companies to more easily bring back cash held outside the U.S., and expectations of higher capital spending. However, Information Technology stocks have had a strong run and could be susceptible to declines if economic conditions are not optimal.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$1,000 (2016 – \$2,000) or 5% (2016 – 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, 2017	4.06	0.06	(0.10)	0.07	1.06	1.09	—	—	—	—	—	5.20
Dec. 31, 2016	3.85	0.04	(0.08)	0.38	(0.14)	0.20	—	—	—	—	—	4.06
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
Advisor Series												
Dec. 31, 2017	4.15	0.06	(0.10)	0.07	1.11	1.14	—	—	—	—	—	5.31
Dec. 31, 2016	3.93	0.04	(0.08)	0.39	(0.13)	0.22	—	—	—	—	—	4.15
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
Series D												
Dec. 31, 2017	4.46	0.07	(0.07)	0.08	1.05	1.13	—	—	—	—	—	5.75
Dec. 31, 2016	4.18	0.05	(0.05)	0.42	(0.21)	0.21	—	—	—	—	—	4.46
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
Series F												
Dec. 31, 2017	4.97	0.07	(0.06)	0.09	1.18	1.28	—	—	—	—	—	6.42
Dec. 31, 2016	4.65	0.05	(0.05)	0.47	(0.21)	0.26	—	—	—	—	—	4.97
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

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, 2017	5.20	51 790	9 970	2.16	2.16	32.17	0.03
Dec. 31, 2016	4.06	31 513	7 754	2.21 ⁴	2.21	305.25	0.15
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
Advisor Series							
Dec. 31, 2017	5.31	3 140	591	2.12	2.12	32.17	0.03
Dec. 31, 2016	4.15	1 889	455	2.18 ⁴	2.19	305.25	0.15
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
Series D							
Dec. 31, 2017	5.75	37 351	6 497	1.27	1.27	32.17	0.03
Dec. 31, 2016	4.46	14 538	3 261	1.26	1.27	305.25	0.15
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
Series F							
Dec. 31, 2017	6.42	6 939	1 081	1.01	1.01	32.17	0.03
Dec. 31, 2016	4.97	1 718	346	1.02	1.02	305.25	0.15
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

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 Effective June 30, 2016, the management fees were changed in respect of Series A and Advisor Series units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 2.15% and Advisor Series – 2.13%.

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%	62%	38%
Advisor Series	1.75%	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.

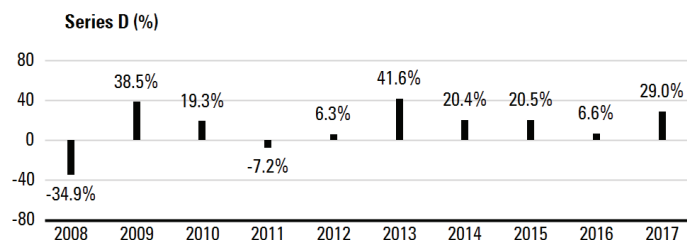
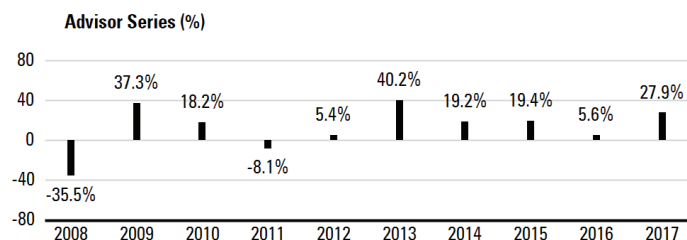
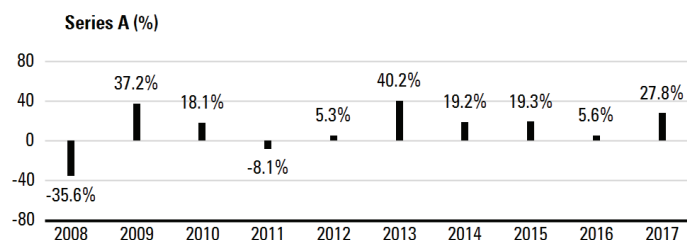


PAST PERFORMANCE

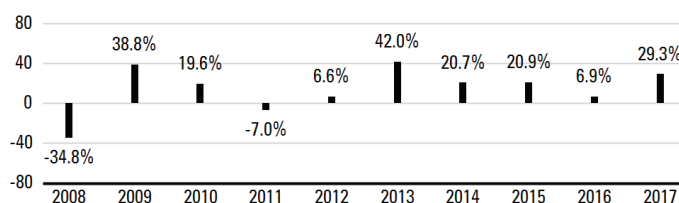
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional 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, 2017, 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	27.8	17.2	21.9	10.5	—
Benchmark	29.2	20.4	24.9	12.3	—
Broad-based index	14.4	12.2	16.9	7.6	—
Advisor Series	27.9	17.3	21.9	10.5	—
Benchmark	29.2	20.4	24.9	12.3	—
Broad-based index	14.4	12.2	16.9	7.6	—
Series D	29.0	18.3	23.1	11.6	—
Benchmark	29.2	20.4	24.9	12.3	—
Broad-based index	14.4	12.2	16.9	7.6	—
Series F	29.3	18.6	23.4	11.9	—
Benchmark	29.2	20.4	24.9	12.3	—
Broad-based index	14.4	12.2	16.9	7.6	—

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

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, 2017

Investment Mix – Sectors

	% of Net Asset Value
Software	24.6
Internet Software and Services	18.5
Semiconductors and Semiconductor Equipment	17.5
IT Services	15.4
Technology Hardware, Storage and Peripherals	11.4
Electronic Equipment and Instruments	5.2
Communications Equipment	4.6
Internet and Direct Marketing Retail	0.3
Cash/Other	2.5

Investment Mix – Countries/Regions

	% of Net Asset Value
United States	85.3
Japan	5.2
Other Countries	7.3
Cash/Other	2.2

Top 25 Holdings

	% of Net Asset Value
Alphabet Inc., Class A	9.8
Apple Inc.	9.8
Microsoft Corp.	9.6
Facebook Inc., Class A	6.6
Visa Inc., Class A	3.5
Intel Corp.	3.4
Cisco Systems Inc.	3.2
Mastercard Inc.	2.5
Oracle Corporation	2.3
Cash & Cash Equivalents	2.2
Broadcom Ltd.	2.2
Nvidia Corp.	2.1
Texas Instruments Inc.	2.0
Accenture Plc., Class A	1.8
International Business Machines	1.8
SAP SE ADR	1.7
Adobe Systems Inc.	1.7
PayPal Holdings Inc.	1.5
QUALCOMM Inc.	1.5
Salesforce.com Inc.	1.4
Applied Materials Inc.	1.3
Keyence Corp.	1.0
Activision Blizzard Inc.	1.0
Cognizant Technology Solutions Corp., Class A	0.9
Nintendo Co. Ltd.	0.9
Top 25 Holdings	75.7

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

**RBC PRIVATE SHORT-TERM
INCOME POOL**

December 31, 2017

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 8, 2018.

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 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value fell to \$1.3 billion as of December 31, 2017, from \$1.6 billion at the end of 2016. The decrease was due to net redemptions.

Over the past year, the Fund's Series O units gained 0.3%, which outperformed the 0.4% 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.

A stronger-than-expected start to 2017 prompted investors to reconsider their view that the Bank of Canada (the "BOC") would continue to leave interest rates unchanged, as emergency-level rates were no longer necessary given rising business investment, a buoyant housing market and falling unemployment. Accordingly, in June the BOC announced that its commitment to historically low rates had outlived its usefulness, and shortly thereafter hiked its benchmark rate for the first time in seven years by a quarter percentage point. The BOC raised rates a second time in September.

The BOC's tightening bias remained in place at the end of the year. However, a more cautious approach was in evidence as economic growth produced little inflation, household debt climbed further and the North American Free Trade Agreement ("NAFTA") negotiations became increasingly difficult. Canadian short-term bond yields rose over the year as the BOC tightened monetary policy and were also pulled higher by the rise in U.S. yields amid tightening by the U.S. Federal Reserve (the "Fed").

The portfolio manager emphasized short-term securities once the BOC shifted toward removing monetary stimulus, giving the Fund the chance to invest at higher rates. The Fund's primary asset remained corporate bonds, although the allocation to this area was reduced as valuations rose over the period. The rest of the portfolio was divided about equally between federal and provincial debt. The Fund's performance was helped by the exposure to corporate bonds, which outperformed government fixed-income securities.

Recent Developments

The BOC has signalled that it's leaning toward raising policy rates as the economy expands. The medium-term outlook for the domestic economy is somewhat uncertain, however, given risks surrounding the renegotiation of NAFTA, heavily indebted households and geopolitical risks. Supporting the trend of rate hikes in Canada is the strengthening U.S. economy, which prompted three hikes in 2017 by the Fed, with more expected in 2018.

Major central banks are retreating from emergency-level interest rates as most industrial economies are quickly recovering. The portfolio manager expects this trend to continue into 2018, prompting further monetary-policy tightening.



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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrar earns a fee, which is paid by the manager from the fixed administration fee paid by 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 F												
Dec. 31, 2017	102.76	2.45	(0.44)	(0.57)	(1.46)	(0.02)	(2.00)	—	—	—	(2.00)	100.68
Dec. 31, 2016	103.88	2.67	(0.44)	(0.16)	(1.02)	1.05	(2.18)	—	—	—	(2.18)	102.76
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
Series O												
Dec. 31, 2017	102.91	2.42	(0.06)	(0.56)	(1.36)	0.44	(2.39)	—	—	—	(2.39)	100.82
Dec. 31, 2016	104.06	2.66	(0.06)	(0.16)	(1.11)	1.33	(2.60)	—	—	—	(2.60)	102.91
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

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, 2017	100.68	19 981	198	0.43	0.43	27.61	—
Dec. 31, 2016	102.76	23 147	225	0.43	0.43	29.34	—
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	—
Series O							
Dec. 31, 2017	100.82	1 240 866	12 307	0.05	0.05	27.61	—
Dec. 31, 2016	102.91	1 606 366	15 608	0.06	0.06	29.34	—
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	—

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 0.35% and 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 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.

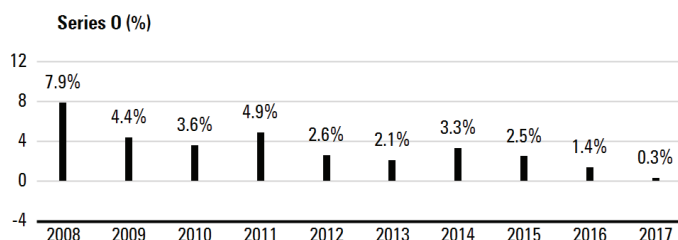
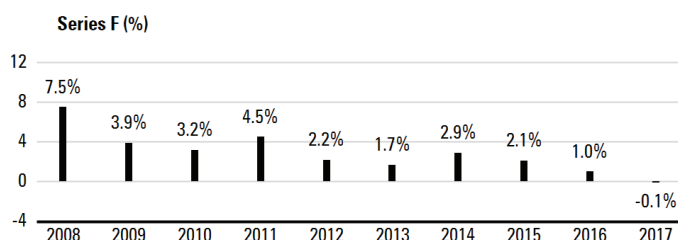


PAST PERFORMANCE

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, 2017, compared with the following benchmark:

FTSE TMX Canada Short Term Government Bond Index

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series F	-0.1	1.0	1.5	2.9	—
Benchmark	-0.4	0.8	1.3	2.8	—
Series O	0.3	1.4	1.9	3.3	—
Benchmark	-0.4	0.8	1.3	2.8	—

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

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.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Corporate Bonds	43.8
Provincial Bonds	30.6
Federal Bonds	22.9
Cash/Other	2.7

Top 25 Holdings

	% of Net Asset Value
Province of Ontario 2.100% Sep 8 2019	4.3
Canada Housing Trust No. 1 2.650% Mar 15 2022	4.1
Province of Ontario 4.000% Jun 2 2021	3.8
Province of Quebec 3.500% Dec 1 2022	3.1
Canada Housing Trust No. 1 1.250% Jun 15 2021	2.7
Province of Ontario 1.350% Mar 8 2022	2.6
Province of Manitoba 1.550% Sep 5 2021	2.2
Canada Housing Trust No. 1 1.950% Jun 15 2019	2.1
Province of Ontario 2.850% Jun 2 2023	2.0
Government of Canada 1.500% Jun 1 2023	2.0
Province of Quebec 4.500% Dec 1 2019	2.0
Government of Canada 0.500% Mar 1 2022	1.9
Province of Alberta 1.350% Sep 1 2021	1.8
Cash & Cash Equivalents	1.6
Province of New Brunswick 4.500% Jun 2 2020	1.5
Province of Alberta 1.600% Jun 15 2018	1.5
Royal Bank of Canada 1.920% Jul 17 2020	1.5
National Bank of Canada 1.742% Mar 3 2020	1.5
HSBC Bank Canada 2.938% Jan 14 2020	1.4
Canada Housing Trust No. 1 1.250% Dec 15 2020	1.4
Province of Ontario 3.150% Jun 2 2022	1.4
Government of Canada 0.750% Mar 1 2021	1.2
Canadian Imperial Bank of Commerce 1.850% Jul 14 2020	1.2
Government of Canada 0.750% Sep 1 2020	1.2
Province of Manitoba 4.750% Feb 11 2020	1.1
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.



FIXED INCOME

**RBC PRIVATE CANADIAN
CORPORATE BOND POOL**

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value fell to \$1.4 billion as of December 31, 2017, from \$2.3 billion at the end of 2016. The decrease was due to net redemptions.

Over the past year, the Fund's Series O units gained 3.3%, which underperformed the 3.4% rise in the benchmark. The broad-based index rose 2.5%. 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.

Corporate bonds, especially longer-term securities, outperformed in 2017 amid strong global economic growth and demand for investments that return more than the unappealing yields offered by government fixed income. Steady growth in Canada and the burgeoning global expansion boosted earnings of Canadian companies.

The Fund benefited from an overweight position in longer-maturity securities in the Telecommunication Services sector and holdings in "rate-reset" preferred stocks, whose yields tend to closely track interest-rate fluctuations. These securities outperformed corporate bonds as they were very sensitive to the overall rise in interest rates in response to two Bank of Canada rate hikes during the year. The Fund's generally lower sensitivity to changes in interest rates hurt performance.

Recent Developments

The portfolio manager expects economic growth to continue supporting earnings during the first half of 2018, and corporate bonds should therefore outperform government bonds over that period. However, any outperformance would be modest, since the excess yield earned on corporate bonds over similar-maturity government bonds is close to or at the lowest level since the financial crisis. The Fund will continue to hold rate-reset preferred securities in the belief that they will outperform corporate bonds in a flat or gradually rising interest-rate environment. The Fund will also maintain a slightly lower-than-benchmark sensitivity to changes in the level of interest rates, which would be a positive if rates move higher.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrar earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$1,000 (2016 – \$4,000) or 2% (2016 – 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 Year/Period
		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, 2017	11.23	0.40	(0.06)	0.09	(0.14)	0.29	(0.34)	(0.01)	—	—	(0.35)	11.20
Dec. 31, 2016	11.21	0.41	(0.06)	0.02	(0.02)	0.35	(0.35)	—	—	—	(0.35)	11.23
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
Series O												
Dec. 31, 2017	11.20	0.39	—	0.09	(0.11)	0.37	(0.39)	(0.01)	—	—	(0.40)	11.16
Dec. 31, 2016	11.17	0.41	—	0.02	(0.02)	0.41	(0.40)	—	—	—	(0.40)	11.20
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

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, 2017	11.20	51 165	4 567	0.49	0.49	20.84	—
Dec. 31, 2016	11.23	59 493	5 295	0.54 ⁴	0.54	13.35	—
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	—
Series O							
Dec. 31, 2017	11.16	1 321 954	118 445	0.03	0.03	20.84	—
Dec. 31, 2016	11.20	2 201 614	196 625	0.03	0.03	13.35	—
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	—

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

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

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

⁴ Effective June 30, 2016, the management fees were changed in respect of Series F units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series F – 0.49%.

Management Fees

RBC GAM is the manager, trustee and portfolio manager of the Fund. The management fee with respect to Series F units is 0.40% and 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 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.

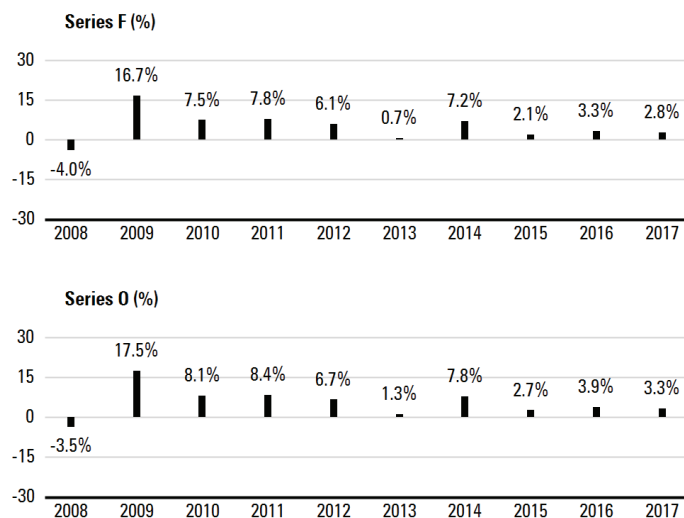


PAST PERFORMANCE

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, 2017, 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	2.8	2.8	3.2	4.9	—
Benchmark	3.4	3.3	3.6	5.6	—
Broad-based index	2.5	2.6	3.0	4.7	—
Series O	3.3	3.3	3.8	5.5	—
Benchmark	3.4	3.3	3.6	5.6	—
Broad-based index	2.5	2.6	3.0	4.7	—

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

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Canadian Bonds	94.1
Foreign Bonds	2.0
Canadian Equities	1.5
Cash/Other	2.4

Top 25 Holdings

	% of Net Asset Value
Government of Canada 2.750% Dec 1 2048	1.4
Greater Toronto Airports Authority 6.470% Feb 2 2034	1.2
Cash & Cash Equivalents	1.1
Hydro One Inc. 5.360% May 20 2036	1.1
FortisAlberta Inc. 6.220% Oct 31 2034	1.1
Greater Toronto Airports Authority 7.100% Jun 4 2031	1.1
Canadian Imperial Bank of Commerce 2.040% Mar 21 2022	1.1
Bank of Montreal 1.610% Oct 28 2021	1.0
Enbridge Gas Distribution Inc. 5.210% Feb 25 2036	1.0
Bank of Nova Scotia 3.270% Jan 11 2021	1.0
Bank of Nova Scotia 2.130% Jun 15 2020	1.0
Bell Canada 3.350% Mar 22 2023	0.9
Bell Canada 6.100% Mar 16 2035	0.9
Toronto-Dominion Bank 3.226% Jul 24 2024	0.9
Greater Toronto Airports Authority 6.980% Oct 15 2032	0.9
TELUS Corp. 4.400% Apr 1 2043	0.9
Bank of Nova Scotia 2.090% Sep 9 2020	0.9
Bank of Nova Scotia 2.290% Jun 28 2024	0.9
Loblaw Companies Ltd. 6.050% Jun 9 2034	0.9
407 International Inc. 5.750% Feb 14 2036	0.9
TransCanada PipeLines Ltd. 5.650% Jun 20 2029	0.8
Loblaw Companies Ltd. 5.900% Jan 18 2036	0.8
Hydro One Inc. 6.030% Mar 3 2039	0.8
Bell Canada 3.000% Oct 3 2022	0.8
Wells Fargo Canada Corp. 3.460% Jan 24 2023	0.8
Top 25 Holdings	24.2

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.



BALANCED

RBC PRIVATE INCOME POOL

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$93 million as of December 31, 2017, from \$90 million at the end of 2016. The increase was due to investment returns, partially offset by net redemptions.

Over the past year, the Fund's Series O units gained 6.0%, which underperformed the 6.9% rise in the benchmark. The broad-based index 1 rose 2.5% and the broad-based index 2 rose 9.1%.

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 2017, the Fund made monthly distributions of 56.00 cents per Series O unit. For the year, the Fund made total distributions of \$6.76 per Series O unit, consisting of \$3.01 per unit of interest and \$3.75 of capital gains. The annual payout included an additional year-end distribution of 4 cents. In January 2018, monthly distributions for the Fund were increased to 57.50 cents per Series O unit.

The Canadian stock market lagged most other major equity markets during 2017. The index was held back by the Energy sector, appreciation in the Canadian dollar and concern that the economy lacks a growth driver to offset the slowing housing market. Furthermore, market sentiment continues to be hurt by ongoing uncertainty regarding the North American Free Trade Agreement ("NAFTA").

The Bank of Canada surprised markets this year by shifting to a hawkish stance, hiking rates twice on the back of strong economic growth. However, the Canadian economy is not without risks. In addition to housing concerns, items that may impact Canada's competitiveness include U.S. protectionism, increasing taxes, tougher labour laws, stricter environmental standards, rising electricity costs and persistently low oil prices.

Corporate bonds, especially longer-term securities, outperformed in 2017 amid strong global economic growth and demand for investments that return more than the unappealing yields offered by government fixed income. Steady growth in Canada and the burgeoning global expansion boosted earnings of Canadian companies.

The fixed-income portion of the portfolio benefited from overweight exposure to securities with lower credit ratings, which outperformed debt with higher credit quality. The Fund also benefited from an above-benchmark position in longer-maturity securities in the Telecommunication Services sector.

In the equity segment of the Fund, relative performance was boosted by the Utilities and Consumer Staples sectors, while Energy had a negative impact.

In Utilities, security selection and an overweight allocation to the sector aided returns. In particular, an overweight position in Brookfield Infrastructure Partners helped performance as the stock had a strong year, supported by acquisitions and a number of growth projects.

Grocers continued to weigh on the Consumer Staples sector due to concerns about competitive pressure from online retailers such as Amazon, as well as higher minimum wages, the fate of NAFTA and falling prices for generic drugs. The Fund's overweight allocation to Maple Leaf Foods contributed to returns.

Energy was the worst-performing TSX sector in 2017, due to volatility in crude-oil prices, weak natural-gas prices and ongoing energy-infrastructure bottlenecks. Underperformance in this sector from the Fund's overweight allocation was partially offset by strong security selection.



Recent Developments

Global stock markets continue to be supported by the synchronized global expansion and better-than-expected corporate profit growth around the world, but the recent rally has pushed equities closer to fair value. It may be prudent to lower total-return expectations and consider the potential for higher volatility in the months ahead. Without support from rising valuations, further gains in stocks will likely be paced by corporate profit growth.

The portfolio manager expects economic growth to continue supporting earnings during the first half of 2018, and corporate bonds should therefore outperform government bonds over that period. However, any outperformance would be modest, since the excess yield earned on corporate bonds over similar-maturity government bonds is close to or at the lowest level since the financial crisis. The fixed-income portion of the Fund will also maintain a slightly lower-than-benchmark sensitivity to changes in interest rates, which would be a positive for relative performance if interest rates move higher.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrar earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$1,000 (2016 – \$0) or 17% (2016 – 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 F												
Dec. 31, 2017	193.26	6.97	(1.18)	3.48	1.01	10.28	(2.50)	(3.12)	—	—	(5.62)	197.95
Dec. 31, 2016	174.56	7.11	(1.10)	0.15	18.49	24.65	(2.97)	(3.28)	—	—	(6.25)	193.26
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
Series O												
Dec. 31, 2017	192.64	6.95	(0.11)	3.47	1.19	11.50	(3.01)	(3.75)	—	—	(6.76)	197.22
Dec. 31, 2016	173.99	7.09	(0.11)	0.15	18.54	25.67	(3.43)	(3.78)	—	—	(7.21)	192.64
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

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, 2017	197.95	28 158	142	0.60	0.60	10.11	0.01
Dec. 31, 2016	193.26	28 400	147	0.60	0.60	6.26	0.02
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
Series O							
Dec. 31, 2017	197.22	64 758	328	0.06	0.06	10.11	0.01
Dec. 31, 2016	192.64	61 651	320	0.06	0.06	6.26	0.02
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

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 0.50% and 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 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.

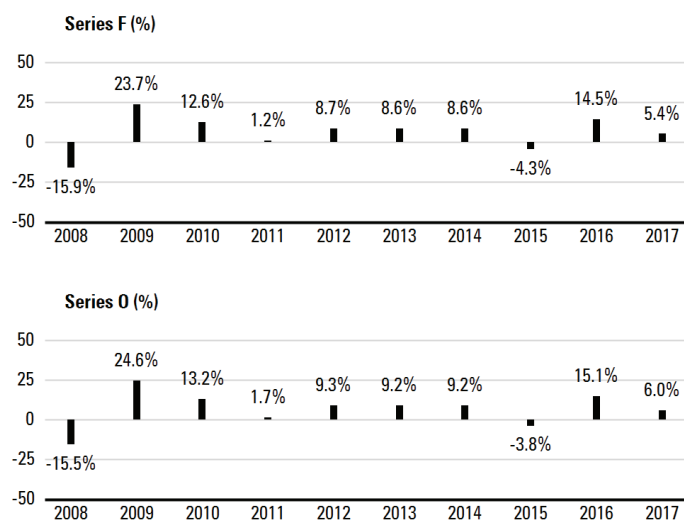


PAST PERFORMANCE

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, 2017, 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 indexes are as follows:

- New broad-based index 1 – FTSE TMX Canada Universe Bond Index
- New broad-based index 2 – S&P/TSX Capped Composite Total Return Index

The old broad-based index (the "Old broad-based index") is the FTSE TMX Corporate Bond Index.

In January 2018, the Fund's broad-based indexes were changed to the FTSE TMX Canada Universe Bond Index and S&P/TSX Capped Composite Total Return Index to more closely reflect the Fund's composition. The previous broad-based index was the FTSE TMX Corporate Bond Index.

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series F	5.4	4.9	6.4	5.8	—
Benchmark	6.9	5.8	7.0	6.0	—
New broad-based index 1	2.5	2.6	3.0	4.7	—
New broad-based index 2	9.1	6.6	8.6	4.7	—
Old broad-based index	3.4	3.3	3.6	5.6	—
Series O	6.0	5.5	7.0	6.4	—
Benchmark	6.9	5.8	7.0	6.0	—
New broad-based index 1	2.5	2.6	3.0	4.7	—
New broad-based index 2	9.1	6.6	8.6	4.7	—
Old broad-based index	3.4	3.3	3.6	5.6	—

The returns of each series may vary because of differences in management fees and expenses. The Benchmark, New broad-based indexes and Old 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, New broad-based indexes and Old 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 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.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Bonds	43.0
Financials	18.2
Energy	14.5
Industrials	4.6
Materials	3.8
Utilities	3.7
Telecommunication Services	3.2
Real Estate	2.1
Consumer Discretionary	1.7
Consumer Staples	0.9
Health Care	0.4
Cash/Other	3.9

Top 25 Holdings

	% of Net Asset Value
Toronto-Dominion Bank	3.8
Cash & Cash Equivalents	3.3
Canadian National Railway Co.	3.0
Bank of Nova Scotia	3.0
Manulife Financial Corporation	2.6
Bank of Montreal	2.6
Canadian Imperial Bank of Commerce	2.5
Enbridge Inc.	2.4
Canadian Natural Resources Ltd.	2.1
Suncor Energy Inc.	1.9
TransCanada Corp.	1.9
Agrium Inc.	1.8
Sun Life Financial Inc.	1.7
Greater Toronto Airports Authority 6.980% Oct 15 2032	1.7
407 International Inc. 5.750% Feb 14 2036	1.6
Bell Canada 6.100% Mar 16 2035	1.6
Rogers Communications Inc. 6.110% Aug 25 2040	1.6
TransCanada PipeLines Ltd. 5.650% Jun 20 2029	1.5
Loblaw Companies Ltd. 6.450% Feb 9 2028	1.5
Fairfax Financial Holdings Ltd. 6.400% May 25 2021	1.4
Brookfield Property Partners LP	1.4
Rogers Communications Inc. 5.340% Mar 22 2021	1.4
Inter Pipeline Ltd. 4.967% Feb 2 2021	1.4
Pembina Pipeline Corp. 4.890% Mar 29 2021	1.4
Genworth MI Canada Inc. 5.680% Jun 15 2020	1.4
Top 25 Holdings	50.5

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available by calling us at 1-800-662-0652.



CANADIAN EQUITY

**RBC PRIVATE CANADIAN
DIVIDEND POOL**

December 31, 2017

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 8, 2018.

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, 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund's risk rating changed from medium to low-to-medium.

Results of Operations

The Fund's net asset value was \$2.8 billion as of December 31, 2017, unchanged from the end of 2016.

Over the past year, the Fund's Series O units gained 10.2%, which underperformed the 10.6% rise in the blended benchmark. The broad-based index rose 9.1%. 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 Canadian stock market lagged most other major equity markets during 2017. The index was held back by the Energy sector, appreciation in the Canadian dollar and concern that the economy lacks a growth driver to offset the slowing housing market. Furthermore, market sentiment continues to be hurt by ongoing uncertainty regarding the North American Free Trade Agreement.

The Bank of Canada (the "BOC") surprised markets this year by shifting to a hawkish stance, hiking rates twice on the back of strong economic growth. However, the Canadian economy is not without risks. In addition to housing concerns, items that may impact Canada's competitiveness include U.S. protectionism, increasing taxes, tougher labour laws, stricter environmental standards, rising electricity costs and persistently low oil prices.

During the year, the Fund's relative performance was boosted by the Financials and Materials sectors, while Consumer Discretionary had a negative impact.

The Fund benefited from strong security selection and an overweight allocation to the Financials sector, with bank stocks producing strong returns during the latter part of the year. Bank shares are now trading slightly above their historical average, boosted in part by the BOC's more hawkish rate outlook.

The Materials sector trailed the broader market as gold equities, which make up roughly half of the sector's weight, retreated amid uncertainty in the outlook for gold prices. The Fund benefited from underweight exposure to gold equities as well as an overweight position in Teck Resources, which rallied in the latter half of 2017 as a result of healthy demand and price gains for copper and zinc.

The Consumer Discretionary sector rose overall in 2017. However, traditional retailers have been under pressure as consumers shift towards purchasing items online and for experiences rather than material goods. The Fund's lack of exposure to Dollarama detracted from relative returns as the stock had a good year. The portfolio manager was concerned about the stock's valuation.

Recent Developments

Global stock markets continue to be supported by the synchronized global expansion and better-than-expected corporate profit growth around the world, but the recent rally has pushed equities closer to fair value. It may be prudent to lower total-return expectations and consider the potential for higher volatility in the months ahead. Without support from rising valuations, further gains in stocks will likely be paced by corporate profit growth.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$137,000 (2016 – \$118,000) or 17% (2016 – 15%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the 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, 2017	44.06	1.38	(0.32)	2.04	1.06	4.16	(0.01)	(1.06)	—	—	(1.07)	47.10
Dec. 31, 2016	37.28	1.33	(0.28)	0.47	6.52	8.04	(0.08)	(0.95)	—	—	(1.03)	44.06
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
Series O												
Dec. 31, 2017	44.61	1.40	(0.03)	2.06	0.96	4.39	(0.01)	(1.37)	—	—	(1.38)	47.69
Dec. 31, 2016	37.75	1.34	(0.03)	0.48	6.46	8.25	(0.09)	(1.21)	—	—	(1.30)	44.61
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

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, 2017	47.10	60 036	1 275	0.70	0.70	20.86	0.03
Dec. 31, 2016	44.06	54 281	1 232	0.70	0.70	15.29	0.03
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
Series O							
Dec. 31, 2017	47.69	2 744 014	57 537	0.07	0.07	20.86	0.03
Dec. 31, 2016	44.61	2 697 350	60 465	0.07	0.07	15.29	0.03
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

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 0.55% and 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 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.

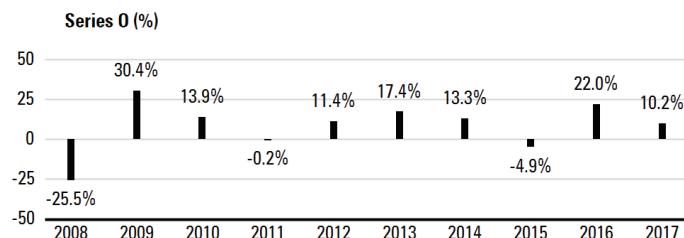
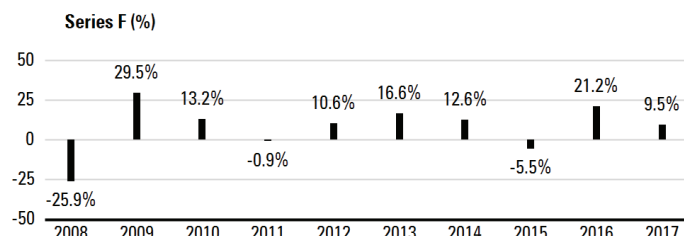


PAST PERFORMANCE

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, 2017, 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	9.5	7.8	10.5	7.0	—
Benchmark	10.6	8.2	10.3	6.1	—
Broad-based index	9.1	6.6	8.6	4.7	—
Series O	10.2	8.5	11.2	7.6	—
Benchmark	10.6	8.2	10.3	6.1	—
Broad-based index	9.1	6.6	8.6	4.7	—

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

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, 2017

Investment Mix

	% of Net Asset Value
Financials	43.8
Energy	19.5
Industrials	8.3
Utilities	5.1
Materials	4.3
Consumer Staples	4.0
Real Estate	3.8
Telecommunication Services	3.6
Consumer Discretionary	2.4
Health Care	0.2
Cash/Other	5.0

Top 25 Holdings

	% of Net Asset Value
Royal Bank of Canada	8.0
Toronto-Dominion Bank	7.2
Bank of Nova Scotia	6.0
Cash & Cash Equivalents	4.2
Brookfield Asset Management Inc., Class A	4.1
Bank of Montreal	4.0
Canadian National Railway Co.	3.6
Enbridge Inc.	3.5
Canadian Imperial Bank of Commerce	3.2
TransCanada Corp.	2.9
Manulife Financial Corporation	2.7
Suncor Energy Inc.	2.5
Canadian Natural Resources Ltd.	2.4
Canadian Pacific Railway Ltd.	2.1
Sun Life Financial Inc.	1.6
Loblaw Companies Ltd.	1.5
PrairieSky Royalty Ltd.	1.5
Power Corporation of Canada	1.5
Imperial Oil Ltd.	1.3
Rogers Communications Inc., Class B	1.3
Fairfax Financial Holdings Ltd.	1.2
Pembina Pipeline Corp.	1.2
TELUS Corp.	1.2
Fortis Inc.	1.2
BCE Inc.	1.1
Top 25 Holdings	71.0

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, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value fell to \$93 million as of December 31, 2017, from \$122 million at the end of 2016. The decrease was due to net redemptions.

Over the past year, the Fund's Series O units gained 9.4%, which outperformed the 9.0% rise in the benchmark. The broad-based index rose 9.1%. 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.

Equity markets provided strong returns in 2017 with many global markets finishing the year close to all-time highs. A robust global economy provided the backdrop for higher corporate earnings, which boosted equity prices. Canadian stocks lagged other markets as the Canadian stock benchmark was weighed down by the Energy sector.

The portfolio outperformed the benchmark in 2017, as stock selection and sector allocation contributed to relative returns. Stock selection in the Industrials, Financials and Real Estate sectors was the biggest contributor to relative performance. Stock selection in Consumer Discretionary and Energy held back returns.

From a stock perspective, Waste Connections, Element Fleet Management and New Flyer Industries were three of the biggest contributors to relative performance in 2017. Waste Connections' unique position in the waste-management industry and its ability to execute is helping drive market-leading growth and free cash flow. Their acquisition of Progressive Waste Solutions in 2016 continues to add to their bottom line as they exploit inefficiencies to a greater extent than initially expected.

ARC Resources, Vermilion Energy and Cineplex were among the stocks that had the most negative impact on relative performance. ARC Resources came under pressure as Canadian natural-gas prices remained weak throughout the year. The sub-advisor expects gas prices to rise during the winter, and the company remains well positioned to beat analysts' expectations.

During the year, the sub-advisor added to the portfolio's exposure to banks by purchasing Bank of Montreal, which has overcome slower domestic growth in part by making acquisitions outside Canada. Bank of Montreal's U.S. earnings rose 13% over the past two years and the U.S. now accounts for 25% of profits.

Recent Developments

The sub-advisor believes that the global economic expansion has longer to run. Equity prices can continue to rise but will likely need further earnings growth to do so, as valuation levels are already fairly high. The U.S. Federal Reserve has indicated that its benchmark rate will likely be increased three times in 2018, and investors also expect the Bank of Canada to increase rates, albeit more slowly, as the Canadian economy beats expectations. The sub-advisor expects longer-term yields to rise as data point to higher inflation even before the fiscal stimulus of U.S. tax reform takes effect. The sub-advisor is confident that an approach that includes both income and growth holdings can succeed, primarily through stock selection. The portfolio remains most overweight the Financials sector, which provides attractive income but would also benefit from earnings growth if interest rates rise.



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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrar earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$10,000 (2016 – \$6,000) or 23% (2016 – 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 F												
Dec. 31, 2017	21.19	0.77	(0.20)	1.29	(0.09)	1.77	(0.01)	(0.59)	—	—	(0.60)	22.37
Dec. 31, 2016	19.16	0.72	(0.18)	0.21	1.88	2.63	(0.01)	(0.63)	—	—	(0.64)	21.19
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
Series O												
Dec. 31, 2017	21.20	0.76	(0.02)	1.29	(0.11)	1.92	(0.01)	(0.77)	—	—	(0.78)	22.37
Dec. 31, 2016	19.17	0.70	(0.02)	0.20	1.86	2.74	(0.02)	(0.80)	—	—	(0.82)	21.20
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

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, 2017	22.37	3 583	160	0.91	0.91	16.43	0.04
Dec. 31, 2016	21.19	3 596	170	0.91	0.91	39.18	0.11
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
Series O							
Dec. 31, 2017	22.37	89 816	4 015	0.10	0.10	16.43	0.04
Dec. 31, 2016	21.20	118 268	5 580	0.10	0.10	39.18	0.11
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

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 0.75% and 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 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.

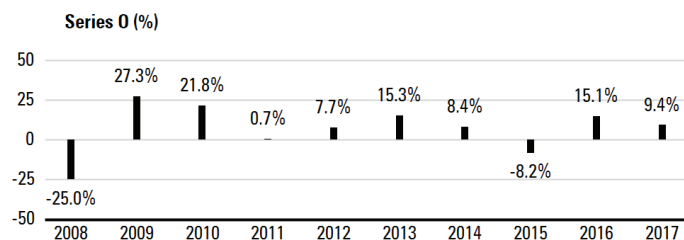
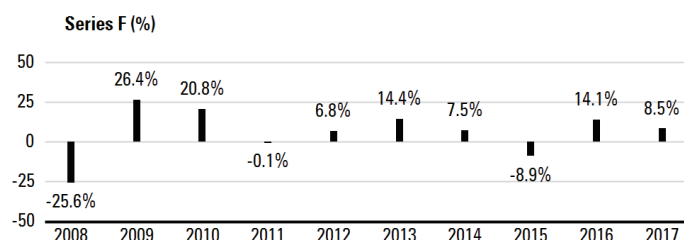


PAST PERFORMANCE

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, 2017, 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	8.5	4.1	6.8	5.3	—
Benchmark	9.0	6.7	8.6	5.6	—
Broad-based index	9.1	6.6	8.6	4.7	—
Series O	9.4	5.0	7.6	6.2	—
Benchmark	9.0	6.7	8.6	5.6	—
Broad-based index	9.1	6.6	8.6	4.7	—

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

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 – 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, 2017

Investment Mix

	% of Net Asset Value
Financials	35.6
Energy	22.1
Utilities	9.8
Real Estate	8.0
Telecommunication Services	7.9
Industrials	7.9
Consumer Discretionary	3.9
Materials	3.8
Cash/Other	1.0

Top 25 Holdings

	% of Net Asset Value
Suncor Energy Inc.	4.2
Pembina Pipeline Corp.	4.1
Canadian Natural Resources Ltd.	4.1
Toronto-Dominion Bank	4.1
Allied Properties Real Estate Investment Trust	4.0
Royal Bank of Canada	4.0
TELUS Corp.	4.0
Bank of Montreal	4.0
Sun Life Financial Inc.	4.0
BCE Inc.	3.9
Manulife Financial Corporation	3.9
Intact Financial Corp.	3.9
Fortis Inc.	3.9
Bank of Nova Scotia	3.9
National Bank of Canada	3.9
Enbridge Inc.	3.9
Waste Connections Inc.	3.9
Emera Inc.	3.9
Shaw Communications Inc., Class B	3.9
AltaGas Ltd.	3.9
WSP Global Inc.	2.0
Chemtrade Logistics Income Fund	2.0
Altus Group Ltd.	2.0
SmartCentres Real Estate Investment Trust	2.0
Great-West Lifeco Inc.	2.0
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, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$4.3 billion as of December 31, 2017, from \$3.8 billion at the end of 2016. The increase was due to a combination of net inflows and investment returns.

Over the past year, the Fund's Series O units gained 8.9%, which underperformed the 9.1% 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 Canadian stock market lagged most other major equity markets during 2017. The index was held back by the Energy sector, appreciation in the Canadian dollar and concern that the economy lacks a growth driver to offset the slowing housing market. Furthermore, market sentiment continues to be hurt by ongoing uncertainty regarding the North American Free Trade Agreement.

The Bank of Canada surprised markets this year by shifting to a hawkish stance, hiking rates twice on the back of strong economic growth. However, the Canadian economy is not without risks. In addition to housing concerns, items that may impact Canada's competitiveness include U.S. protectionism, increasing taxes, tougher labour laws, stricter environmental standards, rising electricity costs and persistently low oil prices.

During the year, the Fund's relative performance was boosted by the Utilities and Industrials sectors, while Consumer Discretionary had a negative impact.

In Utilities, security selection and an overweight allocation in the sector aided returns. In particular, an overweight position in Brookfield Infrastructure Partners helped performance as the stock had a strong year, supported by acquisitions and growth projects.

Security selection and an overweight allocation contributed to performance in the Industrials sector. The Fund's overweight positions in Brookfield Business Partners and Air Canada produced strong returns during the year.

The Consumer Discretionary sector rose overall in 2017. However, traditional retailers have been under pressure as consumers shift towards purchasing items online and for experiences rather than material goods. The Fund's exposure to Aritzia weighed on relative returns.

Recent Developments

Global stock markets continue to be supported by the synchronized global expansion and better-than-expected corporate profit growth around the world, but the recent rally has pushed equities closer to fair value. It may be prudent to lower total-return expectations and consider the potential for higher volatility in the months ahead. Without support from rising valuations, further gains in stocks will likely be paced by corporate profit growth.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$294,000 (2016 – \$279,000) or 14% (2016 – 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	
Series F												
Dec. 31, 2017	24.59	0.69	(0.17)	0.52	1.03	2.07	(0.01)	(0.49)	(0.03)	—	(0.53)	26.06
Dec. 31, 2016	20.68	0.69	(0.16)	(0.32)	4.24	4.45	(0.05)	(0.48)	—	—	(0.53)	24.59
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
Series O												
Dec. 31, 2017	24.71	0.69	(0.02)	0.52	1.01	2.20	(0.01)	(0.66)	(0.03)	—	(0.70)	26.18
Dec. 31, 2016	20.78	0.69	(0.01)	(0.32)	4.30	4.66	(0.06)	(0.62)	—	—	(0.68)	24.71
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

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, 2017	26.06	20 547	789	0.70	0.70	23.97	0.06
Dec. 31, 2016	24.59	17 156	698	0.70	0.70	36.35	0.09
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
Series O							
Dec. 31, 2017	26.18	4 316 989	164 913	0.07	0.07	23.97	0.06
Dec. 31, 2016	24.71	3 763 296	152 293	0.07	0.07	36.35	0.09
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

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 0.55% and 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 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.

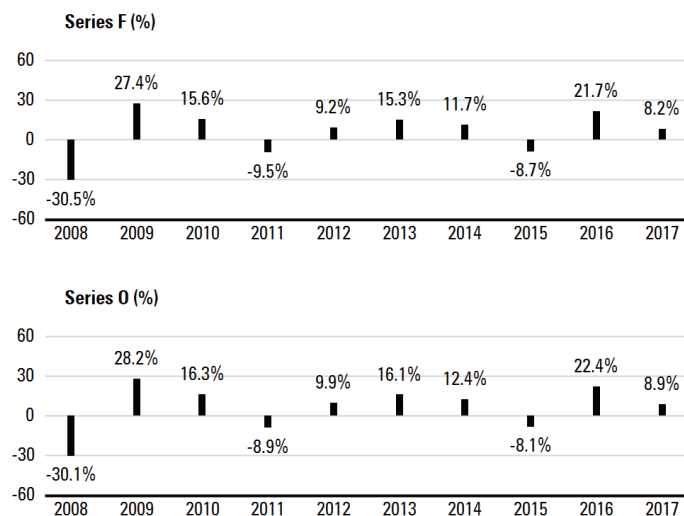


PAST PERFORMANCE

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, 2017, 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	8.2	6.3	9.1	4.6	—
Benchmark	9.1	6.6	8.6	4.7	—
Series O	8.9	7.0	9.8	5.3	—
Benchmark	9.1	6.6	8.6	4.7	—

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

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, 2017

Investment Mix

	% of Net Asset Value
Financials	31.3
Energy	19.6
Industrials	10.0
Materials	7.7
Utilities	5.0
Consumer Staples	4.8
Consumer Discretionary	4.6
Real Estate	4.0
Telecommunication Services	3.4
Investment Funds	2.5
Information Technology	2.2
Health Care	0.5
Cash/Other	4.4

Top 25 Holdings

	% of Net Asset Value
Royal Bank of Canada	5.9
Toronto-Dominion Bank	5.1
Enbridge Inc.	4.3
Cash & Cash Equivalents	4.2
Bank of Nova Scotia	3.6
Canadian National Railway Co.	3.2
Suncor Energy Inc.	3.2
Manulife Financial Corporation	2.9
Brookfield Asset Management Inc., Class A	2.6
Canadian Natural Resources Ltd.	2.6
RBC Canadian Small & Mid-Cap Resources Fund	2.5
Bank of Montreal	2.4
Sun Life Financial Inc.	2.3
Alimentation Couche-Tard Inc.	2.2
Canadian Imperial Bank of Commerce	2.1
TransCanada Corp.	2.0
BCE Inc.	1.9
Canadian Pacific Railway Ltd.	1.8
Agrium Inc.	1.4
Potash Corporation of Saskatchewan Inc.	1.4
SNC-Lavalin Group Inc.	1.4
CGI Group Inc., Class A	1.3
Teck Resources Ltd., Class B	1.2
Waste Connections Inc.	1.2
Keyera Corp.	1.1
Top 25 Holdings	63.8

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.

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, 2017

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 8, 2018.

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 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value fell to \$201 million as of December 31, 2017, from \$218 million at the end of 2016. The decrease was due to net redemptions, partially offset by investment returns.

Over the past year, the Fund's Series O units gained 5.6%, which underperformed the 9.1% 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 Fund's return was negatively impacted primarily by individual investments in gold and silver miners, energy companies and banks. Most of the underperformance in precious metals came from Torex Gold, Tahoe Resources and Eldorado Gold, which encountered political, permitting or union-related setbacks. The negative performance in the Energy sector was largely a function of Seven Generations, which posted disappointing financial results and production, and Cenovus Energy, which took on debt to acquire assets from ConocoPhillips in March 2017, just as the oil price started to decline. The underperformance among banks was attributable to having an underweight position in Royal Bank of Canada. Returns were also hampered by a lack of exposure in the portfolio to higher-yielding sectors such as Real Estate, Telecommunication Services and Utilities, which outperformed the index. The biggest contributors to the Fund's performance came from BRP, West Fraser Timber, Waste Connections, IGM Financial and Sleep Country. Among the worst performers were Seven Generations, MEG Energy, Cenovus Energy, Torex Gold and Tahoe Resources.

During 2017, the Fund added five stocks and sold nine. Additions included Agrium/PotashCorp, Dollarama, Enerplus, Kinaxis and Trican Well Service. Agrium and PotashCorp were purchased in anticipation of the expected new-year completion of their pending merger to form an entity called Nutrien. Deletions from the portfolio included Cenovus Energy, ECN Capital, Eldorado Gold, Element Financial, IMAX, Maple Leaf Foods, MEG Energy, New Gold and Tahoe Resources.

Recent Developments

The sub-advisor remains optimistic about prospects for the equity market heading into 2018. The U.S. economy is accelerating, even before any impact from U.S. tax cuts or infrastructure spending. The sub-advisor expects the backdrop to lead to earnings growth. Additionally, the sub-advisor believes that stocks with relatively low valuations can still benefit from higher P/E ratios. However, the outlook will depend on how quickly central banks raise interest rates and the U.S. Federal Reserve reduces bond holdings accumulated through quantitative easing. In the view of the sub-advisor, the rising market for non-resource stocks will occur only if and when longer-term rates rise significantly or a situation arises where longer-term yields equal or fall below yields on shorter-term debt. The latter situation is often cited as a harbinger of recession. Two final concerns for the portfolio are the potential for trade tariffs/barriers imposed by the U.S. and the uncertainty caused by any renegotiation of NAFTA.



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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$20,000 (2016 – \$41,000) or 13% (2016 – 13%) 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, 2017	214.81	4.50	(1.99)	(2.42)	9.68	9.77	(0.02)	(2.41)	—	—	(2.43)	222.44
Dec. 31, 2016	182.83	4.02	(1.81)	9.59	23.40	35.20	—	(2.12)	(1.33)	—	(3.45)	214.81
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
Series O												
Dec. 31, 2017	216.24	4.53	(0.12)	(2.44)	9.79	11.76	(0.04)	(4.35)	—	—	(4.39)	223.86
Dec. 31, 2016	184.12	4.05	(0.11)	9.66	24.92	38.52	—	(3.97)	(1.33)	—	(5.30)	216.24
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

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, 2017	222.44	5 470	25	0.93	0.93	18.80	0.08
Dec. 31, 2016	214.81	5 738	27	0.93	0.93	57.21	0.15
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
Series O							
Dec. 31, 2017	223.86	195 520	873	0.05	0.05	18.80	0.08
Dec. 31, 2016	216.24	212 730	984	0.06	0.06	57.21	0.15
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

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 0.75% and 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 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.

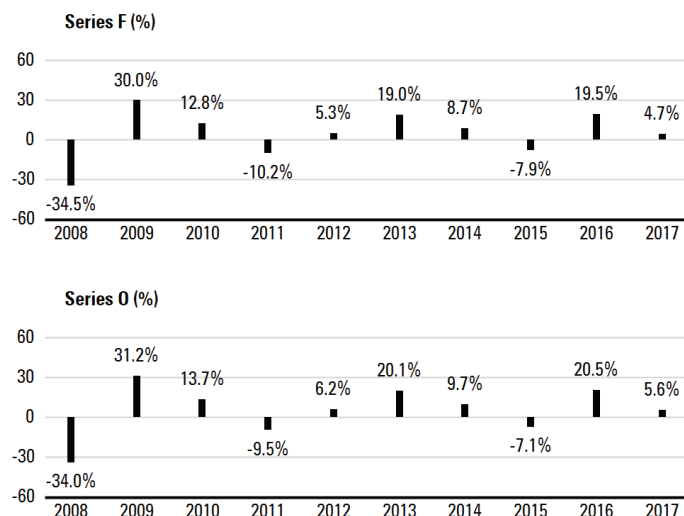


PAST PERFORMANCE

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, 2017, 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	4.7	4.9	8.3	3.1	—
Benchmark	9.1	6.6	8.6	4.7	—
Series O	5.6	5.8	9.3	4.0	—
Benchmark	9.1	6.6	8.6	4.7	—

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

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, 2017

Investment Mix

	% of Net Asset Value
Financials	29.6
Energy	20.5
Materials	14.4
Industrials	12.5
Information Technology	9.8
Consumer Discretionary	7.0
Consumer Staples	2.8
Cash/Other	3.4

Top 25 Holdings

	% of Net Asset Value
Toronto-Dominion Bank	6.6
Bank of Montreal	6.1
Bank of Nova Scotia	6.0
Canadian Pacific Railway Ltd.	4.6
Manulife Financial Corporation	4.3
Canadian Natural Resources Ltd.	4.0
Open Text Corp.	3.6
CGI Group Inc., Class A	3.4
Encana Corp.	3.4
Cash & Cash Equivalents	3.3
Waste Connections Inc.	3.2
Enbridge Inc.	3.2
Methanex Corp.	3.0
SNC-Lavalin Group Inc.	2.9
Alimentation Couche-Tard Inc.	2.8
CCL Industries, Class B	2.7
Royal Bank of Canada	2.7
Goldcorp Inc.	2.2
IGM Financial Inc.	2.1
Pembina Pipeline Corp.	2.1
West Fraser Timber Co. Ltd.	2.1
Dollarama Inc.	2.1
Gildan Activewear Inc., Class A	2.0
Seven Generations Energy Ltd.	1.9
Intact Financial Corp.	1.8
Top 25 Holdings	82.1

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
MID-CAP EQUITY POOL**

December 31, 2017

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 8, 2018.

A Note on Forward-looking Statements

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

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

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MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund pursues long-term 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund's risk rating changed from medium-to-high to medium.

Results of Operations

The Fund's net asset value rose to \$207 million as of December 31, 2017, from \$154 million at the end of 2016. The increase was due to a combination of net inflows and investment returns.

Over the past year, the Fund's Series O units gained 13.8%, which outperformed the 8.1% 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 Canadian stock market lagged most other major equity markets during 2017. The index was held back by the Energy sector, appreciation in the Canadian dollar and concern that the economy lacks a growth driver to offset the slowing housing market. Furthermore, market sentiment continues to be hurt by ongoing uncertainty regarding the North American Free Trade Agreement. Canadian mid-cap stocks underperformed the broad domestic benchmark.

The Bank of Canada surprised markets this year by shifting to a hawkish stance, hiking rates twice on the back of strong economic growth. However, the Canadian economy is not without risks. In addition to housing concerns, items that may impact Canada's competitiveness include U.S. protectionism, increasing taxes, tougher labour laws, stricter environmental standards, rising electricity costs and persistently low oil prices.

During the year, the Fund's relative performance was boosted by the Energy and Materials sectors, while Health Care had a negative impact.

Energy was the worst-performing TSX sector in 2017, due to volatility in crude-oil prices, weak natural-gas prices and ongoing bottlenecks in our energy infrastructure. Security selection in the sector aided relative returns during the period. In particular, the Fund's lack of exposure to Peyto Exploration & Development boosted returns as the stock declined significantly during the year.

The Materials sector trailed the broader market as a number of gold stocks, which make up roughly half of the sector's weight, retreated amid uncertainty about the outlook for gold prices. This created an opportunity for stock selection, and the exclusion of Eldorado Gold and an overweight position in Kirkland Lake Gold helped returns.

The Health Care sector experienced a strong shift towards the end of 2017, fuelled in large part by a rally in marijuana producers. Limited exposure to these companies weighed on relative returns in the sector.

Recent Developments

Global stock markets continue to be supported by the synchronized global expansion and better-than-expected corporate profit growth around the world, but the recent rally has pushed equities closer to fair value. It may be prudent to lower total-return expectations and consider the potential for higher volatility in the months ahead. Without support from rising valuations, further gains in stocks will likely be paced by corporate profit growth.



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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$42,000 (2016 – \$32,000) or 10% (2016 – 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 F												
Dec. 31, 2017	23.81	0.53	(0.18)	0.76	1.82	2.93	(0.03)	(0.29)	(0.57)	—	(0.89)	26.01
Dec. 31, 2016	19.20	0.44	(0.16)	2.12	2.87	5.27	(0.05)	(0.22)	(0.35)	—	(0.62)	23.81
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
Series O												
Dec. 31, 2017	24.05	0.53	(0.03)	0.76	1.95	3.21	(0.05)	(0.43)	(0.57)	—	(1.05)	26.28
Dec. 31, 2016	19.40	0.45	(0.03)	2.13	2.83	5.38	(0.07)	(0.34)	(0.35)	—	(0.76)	24.05
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

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, 2017	26.01	2 984	115	0.71	0.71	56.30	0.23
Dec. 31, 2016	23.81	2 645	111	0.71	0.71	103.19	0.35
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
Series O							
Dec. 31, 2017	26.28	204 151	7 768	0.11	0.11	56.30	0.23
Dec. 31, 2016	24.05	151 507	6 300	0.11	0.11	103.19	0.35
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

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 0.55% and 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 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.

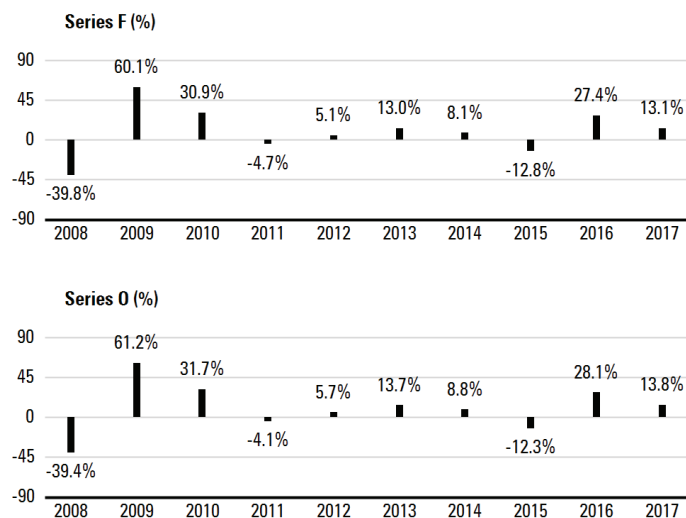


PAST PERFORMANCE

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, 2017, 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	13.1	7.9	8.9	6.9	—
Benchmark	8.1	4.5	5.5	4.6	—
Series O	13.8	8.5	9.6	7.5	—
Benchmark	8.1	4.5	5.5	4.6	—

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

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 a customized 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, 2017

Investment Mix

	% of Net Asset Value
Energy	22.3
Materials	20.1
Industrials	13.4
Real Estate	12.4
Utilities	9.3
Financials	5.7
Consumer Discretionary	4.5
Consumer Staples	4.5
Information Technology	3.7
Health Care	2.1
Cash/Other	2.0

Top 25 Holdings

	% of Net Asset Value
Enerplus Corp.	2.8
Parex Resources Inc.	2.6
Pembina Pipeline Corp.	2.4
Kirkland Lake Gold Ltd.	2.3
Canadian Utilities Ltd., Class A	2.3
Lundin Mining Corp.	2.3
B2Gold Corp.	2.2
Endeavour Mining Corp.	2.2
Brookfield Property Partners LP	2.0
Air Canada	1.9
Hydro One Ltd.	1.9
Algonquin Power & Utilities Corp.	1.8
CAE Inc.	1.8
Cash & Cash Equivalents	1.8
Brookfield Renewable Partners LP	1.8
BlackBerry Ltd.	1.7
Bombardier Inc., Class B	1.7
Industrial Alliance Insurance & Financial Services Inc.	1.7
Trican Well Service Ltd.	1.6
H&R Real Estate Investment Trust	1.6
PrairieSky Royalty Ltd.	1.6
Methanex Corp.	1.5
Allied Properties Real Estate Investment Trust	1.5
Finning International Inc.	1.5
Husky Energy Inc.	1.5
Top 25 Holdings	48.0

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, 2017

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 8, 2018.

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 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value was \$371 million as of December 31, 2017, essentially unchanged from the end of 2016.

Over the past year, the Fund's Series O units gained 13.4%, which outperformed the 6.4% 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.

The year 2017 began with high expectations that President Trump and the Republican-controlled Congress would pass fiscal stimulus, but it was not until the end of the year that tax reform was enacted. Monetary policy also moved further towards normalization as the U.S. Federal Reserve hiked rates and began reducing its balance sheet. Improved economic growth around the globe and strong earnings drove the U.S. stock market higher throughout the year.

Relative performance was aided by strong security selection across the Health Care, Industrials and Materials sectors. Top individual contributors included Boeing, whose stock benefited from impressive cash flow and continued strong demand for aircraft. Shares of Abbott Laboratories gained on optimism about the company's acquisition of medical-device maker St. Jude and recently closed purchase of Alere. Also in the medical-device arena, Becton Dickinson posted strong results and acquired C.R. Bard to boost its global growth. Cigna rose on strong earnings growth, clarity regarding anticipated changes to the Affordable Care Act and the termination of its proposed merger with Anthem. Continued strength in the housing market boosted shares of paint company Sherwin-Williams.

Unfavourable security selection in the Information Technology and Consumer Staples sectors and a modest overweight position in Energy held back relative performance. Halliburton shares were hit by a midyear decline in oil prices and disappointing returns in its business that uses pumping technology to help extract oil from shale deposits. RSP Permian declined on costs linked to the company's acquisition of Silver Hill. AT&T shares declined on fierce competition in the wireless business and pressure on profit margins in the entertainment segment. Shares of food company General Mills were hurt by revenue pressure in some categories and higher marketing costs. CVS Health stock fell on lost business in its retail pharmacy and concern that Amazon would pose competition in the health care arena.

Recent Developments

Looking towards 2018, fiscal stimulus from tax reform is expected to serve as an additional catalyst for earnings growth. Additionally, inflationary forces appear to be rising, driven by strong global economies and the improved ability of companies to pass on price increases. Large multinational companies would be less negatively impacted by higher interest rates than smaller domestic competitors, while domestic-oriented businesses stand to benefit from the lower tax rate, providing incremental cash flow to support growth or to return to shareholders. The sub-advisor continues to focus on identifying high-quality businesses with undervalued growth prospects and strong downside protection in order to preserve client capital should volatility increase.

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.



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Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$2,000 (2016 – \$2,000) or 2% (2016 – 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

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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, 2017	261.64	4.92	(3.28)	29.71	3.77	35.12	(0.02)	(1.59)	(6.39)	—	(8.00)	285.54
Dec. 31, 2016	245.73	4.49	(2.87)	25.67	(15.64)	11.65	—	(1.46)	—	—	(1.46)	261.64
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
Series O												
Dec. 31, 2017	264.86	4.97	(0.27)	30.01	0.44	35.15	(0.06)	(4.72)	(6.55)	—	(11.33)	288.88
Dec. 31, 2016	248.81	4.56	(0.24)	26.06	(10.83)	19.55	—	(4.23)	—	—	(4.23)	264.86
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

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, 2017	285.54	1 359	5	1.20	1.20	25.53	0.03
Dec. 31, 2016	261.64	1 017	4	1.19	1.19	36.01	0.03
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
Series O							
Dec. 31, 2017	288.88	369 250	1 278	0.10	0.10	25.53	0.03
Dec. 31, 2016	264.86	370 299	1 398	0.10	0.10	36.01	0.03
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

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 1.00% and 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 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.

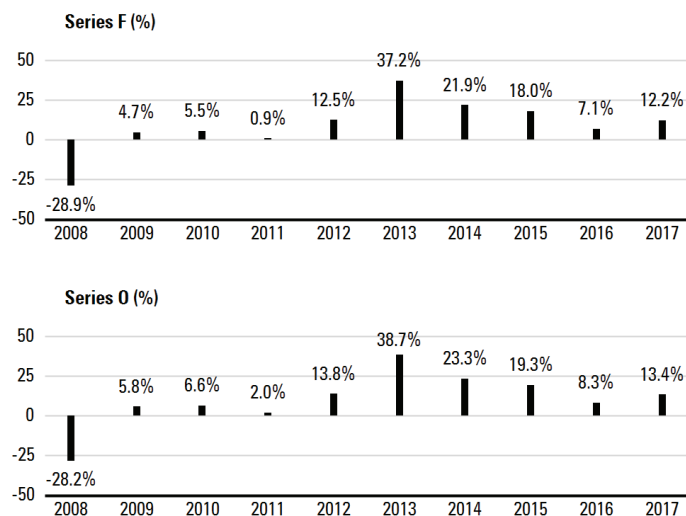


PAST PERFORMANCE

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, 2017, compared with the following benchmark:

Russell 1000 Value Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series F	12.2	12.4	18.9	7.8	—
Benchmark	6.4	11.5	19.5	9.7	—
Series O	13.4	13.6	20.2	8.9	—
Benchmark	6.4	11.5	19.5	9.7	—

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 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.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Financials	21.9
Information Technology	15.1
Consumer Staples	11.8
Health Care	11.5
Industrials	10.6
Energy	8.1
Consumer Discretionary	6.0
Utilities	4.1
Real Estate	4.1
Telecommunication Services	3.4
Materials	1.8
Cash/Other	1.6

Top 25 Holdings

	% of Net Asset Value
Bank of America Corp.	4.0
JPMorgan Chase & Co.	4.0
Johnson & Johnson	3.5
AT&T Inc.	3.4
Becton Dickinson & Co.	3.0
Union Pacific Corp.	2.5
EOG Resources Inc.	2.2
Chevron Corp.	2.2
Hormel Foods Corp.	2.1
Simon Property Group Inc.	2.1
Dr Pepper Snapple Group Inc.	2.1
Wells Fargo & Company	2.1
NextEra Energy Inc.	2.1
Amdocs Ltd.	2.1
General Dynamics Corp.	2.1
Accenture Plc., Class A	2.1
Intercontinental Exchange, Inc.	2.1
Chubb Ltd.	2.0
V.F. Corporation	2.0
Home Depot Inc.	2.0
Alphabet Inc., Class A	2.0
Colgate-Palmolive Company	2.0
Abbott Laboratories	2.0
WEC Energy Group Inc.	2.0
RSP Permian Inc.	2.0
Top 25 Holdings	59.7

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available by calling us at 1-800-662-0652.



U.S. EQUITY

RBC PRIVATE U.S. LARGE-CAP VALUE EQUITY CURRENCY NEUTRAL POOL

December 31, 2017

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 8, 2018.

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

The Fund has multiple risks, which are similar to the risks of investing in the underlying fund. The Fund is suitable for investors who plan to hold their investments for the long term and can tolerate medium-to-high 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the “new risk classification methodology”). Pursuant to the new risk classification methodology, certain funds’ risk ratings were changed. RBC GAM reviews each fund’s risk rating on an annual basis or if there has been a material change to a fund’s investment objectives or investment strategies. Any changes to a fund’s risk rating are the result of RBC GAM’s annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund’s risk rating changed from medium to medium-to-high.

Results of Operations

The Fund’s net asset value rose to \$20 million as of December 31, 2017, from \$18 million at the end of 2016. The increase was due to investment returns, partially offset by net redemptions.

Over the past year, the Fund’s Series O units gained 20.4%, which outperformed the 13.0% 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.

The year 2017 began with high expectations that President Trump and the Republican-controlled Congress would pass fiscal stimulus, but it was not until the end of the year that tax reform was enacted. Monetary policy also moved further towards normalization as the U.S. Federal Reserve hiked rates and began reducing its balance sheet. Improved economic growth around the globe and strong earnings drove the U.S. stock market higher throughout the year.

Relative performance was aided by strong security selection across the Health Care, Industrials and Materials sectors. Top individual contributors included Boeing, whose stock benefited from impressive cash flow and continued strong demand for aircraft. Shares of Abbott Laboratories gained on optimism about the company’s acquisition of medical-device maker St. Jude and recently closed purchase of Alere. Also in the medical-device arena, Becton Dickinson posted strong results and acquired C.R. Bard to boost its global growth. Cigna rose on strong earnings growth, clarity regarding anticipated changes to the Affordable Care Act and the termination of its proposed merger with Anthem. Continued strength in the housing market boosted shares of paint company Sherwin-Williams.

Unfavourable security selection in the Information Technology and Consumer Staples sectors and a modest overweight position in Energy held back relative performance. Halliburton shares were hit by a midyear decline in oil prices and disappointing returns in its business that uses pumping technology to help extract oil from shale deposits. RSP Permian declined on costs linked to the company’s acquisition of Silver Hill. AT&T shares declined on fierce competition in the wireless business and pressure on profit margins in the entertainment segment. Shares of food company General Mills were hurt by revenue pressure in some categories and higher marketing costs. CVS Health stock fell on lost business in its retail pharmacy and concern that Amazon would pose competition in the health care arena.

It is the policy of the Fund to maintain currency hedges at all times in order to neutralize exchange-rate movements between the Canadian dollar and the U.S. dollar. This policy had a positive impact on the Fund during 2017, as investors were shielded from the depreciation of the U.S. dollar versus the Canadian dollar.



Recent Developments

Looking towards 2018, fiscal stimulus from tax reform is expected to serve as an additional catalyst for earnings growth. Additionally, inflationary forces appear to be rising, driven by strong global economies and the improved ability of companies to pass on price increases. Large multinational companies would be less negatively impacted by higher interest rates than smaller domestic competitors, while domestic-oriented businesses stand to benefit from the lower tax rate, providing incremental cash flow to support growth or to return to shareholders. The sub-advisor continues to focus on identifying high-quality businesses with undervalued growth prospects and strong downside protection in order to preserve client capital should volatility increase.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrar earns a fee, which is paid by the manager from the fixed administration fee paid by 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 O												
Dec. 31, 2017	16.40	0.30	(0.01)	1.97	1.04	3.30	—	(0.29)	(1.21)	—	(1.50)	18.22
Dec. 31, 2016	15.06	0.25	(0.01)	3.09	(0.89)	2.44	—	(0.23)	—	—	(0.23)	16.40
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

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, 2017	18.22	19 765	1 085	0.15	0.16	16.92	0.02
Dec. 31, 2016	16.40	18 486	1 127	0.15	0.16	132.44	0.03
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

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.

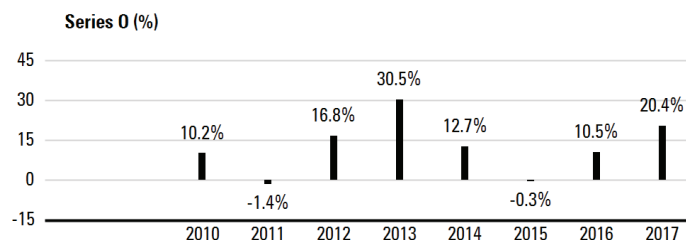


PAST PERFORMANCE

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 each series of the Fund and for each of the periods indicated ended on December 31, 2017, compared with the following benchmark:

Russell 1000 Value Total Return Net Index (hedged to CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series 0	20.4	9.9	14.3	—	12.0
Benchmark	13.0	8.1	14.0	—	13.1

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 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 DESCRIPTION

Russell 1000 Value Total Return Net Index (hedged to CAD) This index measures the performance of companies in the Russell 1000 Index that have lower price-to-book ratios and lower forecasted growth values. The index is hedged to Canadian dollars.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Financials	21.9
Information Technology	15.1
Consumer Staples	11.8
Health Care	11.5
Industrials	10.6
Energy	8.1
Consumer Discretionary	6.0
Utilities	4.1
Real Estate	4.1
Telecommunication Services	3.4
Materials	1.8
Cash/Other	1.6

Top 25 Holdings*

	% of Net Asset Value
Bank of America Corp.	4.0
JPMorgan Chase & Co.	4.0
Johnson & Johnson	3.5
AT&T Inc.	3.4
Becton Dickinson & Co.	3.0
Union Pacific Corp.	2.5
EOG Resources Inc.	2.2
Chevron Corp.	2.2
Hormel Foods Corp.	2.1
Simon Property Group Inc.	2.1
Dr Pepper Snapple Group Inc.	2.1
Wells Fargo & Company	2.1
NextEra Energy Inc.	2.1
Amdocs Ltd.	2.1
General Dynamics Corp.	2.1
Accenture Plc., Class A	2.1
Intercontinental Exchange, Inc.	2.1
Chubb Ltd.	2.0
V.F. Corporation	2.0
Home Depot Inc.	2.0
Alphabet Inc., Class A	2.0
Colgate-Palmolive Company	2.0
Abbott Laboratories	2.0
WEC Energy Group Inc.	2.0
RSP Permian Inc.	2.0
Top 25 Holdings	59.7

* 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 funds are available on SEDAR website at www.sedar.com.



U.S. EQUITY

RBC PRIVATE U.S. GROWTH EQUITY POOL

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$376 million as of December 31, 2017, from \$341 million at the end of 2016. The increase was due to investment returns, partially offset by net redemptions.

Over the past year, the Fund's Series O units gained 22.8%, which outperformed the 21.9% 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 Fund's relative performance was strong given changes in the factors affecting the market in 2017. As the year progressed, investors focused on earnings strength and balance-sheet quality rather than specific beneficiaries of policies advocated by President Trump. The Fund benefited from stocks leading the way in e-commerce, such as Alibaba and Amazon. It also invested in the cosmetics company Estée Lauder, which has successfully made the transition to selling products across multiple channels. Under Armour was among the stocks that had the most negative impact on returns. The sub-advisor eliminated the position in January after a recently hired chief financial officer resigned.

In 2017, the sub-advisor added to holdings in the Health Care sector, with positions initiated in Edwards Lifesciences, Thermo Fisher Scientific and Zoetis. Positions in DaVita and Alexion were eliminated. Intuitive Surgical, a long-time Fund holding, gained significantly, offset by weaknesses in Dexcom and Alexion. The sub-advisor increased holdings in Dexcom, a leader in glucose-monitoring devices for diabetes patients.

The Fund's investment process continues to favour sustainable growth, a good indicator of stock outperformance over the long term, over all other factors.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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 F												
Dec. 31, 2017	151.86	0.89	(2.06)	10.58	29.19	38.60	—	—	—	—	—	184.40
Dec. 31, 2016	161.98	0.65	(1.82)	15.95	(23.45)	(8.67)	—	—	—	—	—	151.86
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
Series O												
Dec. 31, 2017	156.05	0.91	(0.14)	10.84	24.05	35.66	(0.03)	(0.75)	—	—	(0.78)	190.77
Dec. 31, 2016	165.20	0.67	(0.12)	16.30	(25.78)	(8.93)	—	(0.57)	—	—	(0.57)	156.05
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

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, 2017	184.40	2 562	14	1.19	1.19	32.25	0.02
Dec. 31, 2016	151.86	1 043	7	1.20	1.20	31.76	0.03
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
Series O							
Dec. 31, 2017	190.77	373 078	1 956	0.08	0.08	32.25	0.02
Dec. 31, 2016	156.05	339 941	2 178	0.08	0.08	31.76	0.03
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

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 1.00% and 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 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.

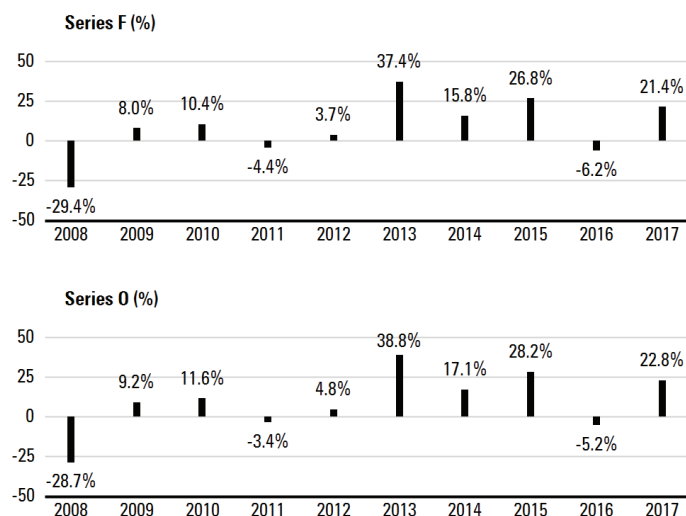


PAST PERFORMANCE

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, 2017, compared with the following benchmark:

Russell 1000 Growth Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series F	21.4	13.0	18.1	6.7	—
Benchmark	21.9	16.8	23.0	12.6	—
Series O	22.8	14.3	19.4	7.9	—
Benchmark	21.9	16.8	23.0	12.6	—

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.

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

INDEX DESCRIPTION

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.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Information Technology	41.4
Health Care	17.8
Consumer Discretionary	12.8
Industrials	12.5
Consumer Staples	6.5
Real Estate	3.6
Materials	3.4
Cash/Other	2.0

Top 25 Holdings

	% of Net Asset Value
Visa Inc., Class A	4.4
Zoetis Inc.	4.3
Amazon.com, Inc.	4.0
PayPal Holdings Inc.	3.9
Amphenol Corp., Class A	3.8
Facebook Inc., Class A	3.8
Intuitive Surgical Inc.	3.7
Roper Technologies Inc.	3.7
Adobe Systems Inc.	3.6
Alphabet Inc., Class C	3.6
SBA Communications Corp., Class A Real Estate Investment Trust	3.6
Salesforce.com Inc.	3.5
Estée Lauder Companies Inc., Class A	3.5
Danaher Corp.	3.5
Ecolab Inc.	3.4
Fortive Corp.	3.3
Intuit Inc.	3.0
FleetCor Technologies Inc.	3.0
Costco Wholesale Corp.	3.0
Thermo Fisher Scientific Inc.	2.9
Genpact Ltd.	2.6
TJX Companies Inc.	2.4
Starbucks Corp.	2.3
Smith (A.O.) Corp.	2.2
Charter Communications Inc.	2.1
Top 25 Holdings	83.1

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available by calling us at 1-800-662-0652.



U.S. EQUITY

**RBC PRIVATE U.S. LARGE-CAP
CORE EQUITY POOL**

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$2.2 billion as of December 31, 2017, from \$1.9 billion at the end of 2016. The increase was due to investment returns, partially offset by net redemptions.

Over the past year, the Fund's Series O units gained 15.7%, which outperformed the 14.1% 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 U.S. stock market finished a strong year, on the back of solid returns from cyclical sectors. The strong overall performance was driven by the continuation of the synchronized global economic expansion, still accommodative global central-bank policy and low

market interest rates and inflation, which drove better-than-expected financial performance for most U.S. companies. Tax reform also helped to lift investor sentiment late in the year.

During the year, the Fund's relative performance was boosted by the Information Technology and Financials sectors, while Consumer Staples had a negative impact.

The Fund benefited from strong security selection and an overweight allocation to the Information Technology sector during the year. Technology advancements such as artificial intelligence and electric vehicles have boosted demand for semiconductors. As a result, the Fund's overweight position in Lam Research aided relative returns.

Relative performance in the Financials sectors was aided by security selection. U.S. financial companies, particularly U.S. banks, are poised to be large beneficiaries of recently enacted U.S. tax legislation. Higher growth, rising interest rates and low credit provisions are potential catalysts for the banks.

Conversely, security selection in the Consumer Staples sector had a negative impact on relative returns during the year. The Fund's overweight position in Kraft Heinz weighed on the Fund as packaged-foods companies have been under pressure from tightening profit margins.

Recent Developments

While the portfolio manager's base case is for stocks to rise modestly over the next year, there are several scenarios that could lead to declines, including an escalation of tensions with North Korea, a policy mistake by the U.S. Federal Reserve (the "Fed") or protectionist trade moves by the Trump administration. The portfolio manager's indicators suggest that the odds of a recession remain fairly low, but with valuations at an eight-year high and the Fed intent on normalizing interest rates, the risks have increased and earnings growth remains key for return 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$126,000 (2016 – \$0) or 8% (2016 – 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 F												
Dec. 31, 2017	21.27	0.34	(0.17)	1.80	1.32	3.29	—	(0.17)	(0.99)	—	(1.16)	23.32
Dec. 31, 2016	20.89	0.45	(0.16)	(0.17)	0.61	0.73	—	(0.30)	—	—	(0.30)	21.27
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
Series O												
Dec. 31, 2017	21.51	0.34	(0.03)	1.82	1.27	3.40	(0.01)	(0.31)	(1.01)	—	(1.33)	23.57
Dec. 31, 2016	21.11	0.46	(0.02)	(0.18)	0.73	0.99	—	(0.43)	—	—	(0.43)	21.51
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

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, 2017	23.32	24 226	1 039	0.74	0.74	81.28	0.08
Dec. 31, 2016	21.27	20 497	963	0.82 ⁴	0.82	70.35	0.07
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
Series O							
Dec. 31, 2017	23.57	2 210 157	93 782	0.11	0.11	81.28	0.08
Dec. 31, 2016	21.51	1 915 981	89 080	0.11	0.11	70.35	0.07
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

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

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

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

⁴ Effective June 30, 2016, the management fees were changed in respect of Series F units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series F – 0.74%.

Management Fees

RBC GAM is the manager, trustee and portfolio manager of the Fund. The management fee with respect to Series F units is 0.60% and 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 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.

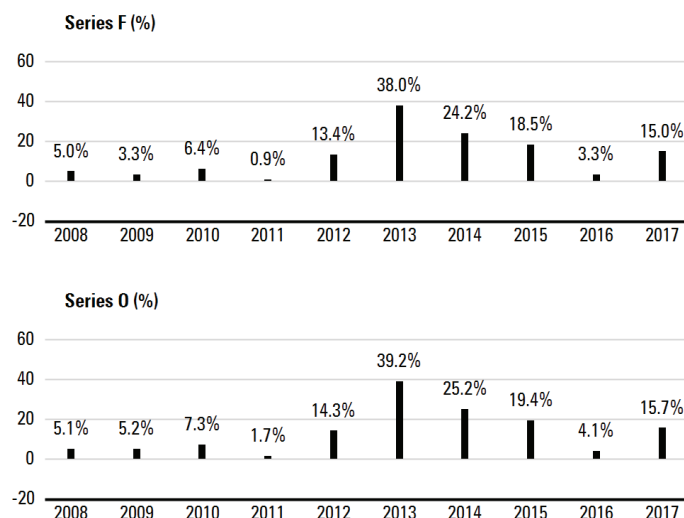


PAST PERFORMANCE

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, 2017, 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	15.0	12.1	19.3	—	13.5
Benchmark	14.1	14.4	21.4	—	15.2
Series O	15.7	12.9	20.2	—	14.5
Benchmark	14.1	14.4	21.4	—	15.2

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 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, 2017

Investment Mix

	% of Net Asset Value
Information Technology	23.3
Financials	15.1
Consumer Discretionary	13.6
Health Care	13.2
Industrials	10.9
Consumer Staples	7.9
Energy	6.5
Materials	2.3
Utilities	1.9
Telecommunication Services	1.5
Real Estate	1.4
Cash/Other	2.4

Top 25 Holdings

	% of Net Asset Value
Apple Inc.	4.3
Microsoft Corp.	3.4
Alphabet Inc., Class C	3.3
Amazon.com, Inc.	3.2
Cash & Cash Equivalents	2.4
Berkshire Hathaway Inc., Class B	2.2
Johnson & Johnson	2.0
JPMorgan Chase & Co.	1.9
Facebook Inc., Class A	1.9
Bank of America Corp.	1.8
Exxon Mobil Corp.	1.8
Home Depot Inc.	1.6
UnitedHealth Group Incorporated	1.5
Chevron Corp.	1.5
Comcast Corp., Class A	1.3
General Dynamics Corp.	1.2
Intel Corp.	1.2
Visa Inc., Class A	1.2
AbbVie Inc.	1.2
Union Pacific Corp.	1.2
Cisco Systems Inc.	1.2
3M Co.	1.2
McDonald's Corp.	1.1
The Procter & Gamble Co.	1.0
Texas Instruments Inc.	1.0
Top 25 Holdings	45.6

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available by calling us at 1-800-662-0652.



U.S. EQUITY

**RBC PRIVATE U.S. LARGE-CAP CORE
EQUITY CURRENCY NEUTRAL POOL**

December 31, 2017

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 8, 2018.

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

The Fund has multiple risks, which are similar to the risks of investing in the underlying fund. 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the “new risk classification methodology”). Pursuant to the new risk classification methodology, certain funds’ risk ratings were changed. RBC GAM reviews each fund’s risk rating on an annual basis or if there has been a material change to a fund’s investment objectives or investment strategies. Any changes to a fund’s risk rating are the result of RBC GAM’s annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund’s risk rating during the reporting period.

Results of Operations

The Fund’s net asset value fell to \$60 million as of December 31, 2017, from \$65 million at the end of 2016. The decrease was due to net redemptions, partially offset by investment returns.

Over the past year, the Fund’s Series O units gained 23.0%, which outperformed the 21.2% 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 U.S. stock market finished a strong year, on the back of solid returns from cyclical sectors. The strong overall performance was driven by the continuation of the synchronized global economic expansion, still accommodative global central-bank policy and low market interest rates and inflation, which drove better-than-expected financial performance for most U.S. companies. Tax reform also helped to lift investor sentiment late in the year.

During the year, the Fund’s relative performance was boosted by the Information Technology and Financials sectors, while Consumer Staples had a negative impact.

The Fund benefited from strong security selection and an overweight allocation to the Information Technology sector during the year. Technology advancements such as artificial intelligence and electric vehicles have boosted demand for semiconductors. As a result, the Fund’s overweight position in Lam Research aided relative returns.

Relative performance in the Financials sectors was aided by security selection. U.S. financial companies, particularly U.S. banks, are poised to be large beneficiaries of recently enacted U.S. tax legislation. Higher growth, rising interest rates and low credit provisions are potential catalysts for the banks.

Conversely, security selection in the Consumer Staples sector had a negative impact on relative returns during the year. The Fund’s overweight position in Kraft Heinz weighed on the Fund as packaged-foods companies have been under pressure from tightening profit margins.

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 positive impact on the Fund in 2017.

Recent Developments

While the portfolio manager’s base case is for stocks to rise modestly over the next year, there are several scenarios that could lead to declines, including an escalation of tensions with North Korea, a policy mistake by the U.S. Federal Reserve (the “Fed”) or protectionist trade moves by the Trump administration. The portfolio manager’s indicators suggest that the odds of a recession remain fairly low, but with valuations at an eight-year high and the Fed intent on normalizing interest rates, the risks have increased and earnings growth remains key for return 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrar earns a fee, which is paid by the manager from the fixed administration fee paid by 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 O												
Dec. 31, 2017	13.60	0.20	(0.01)	2.04	0.87	3.10	(0.01)	(0.19)	(1.04)	—	(1.24)	15.47
Dec. 31, 2016	13.01	0.26	(0.01)	1.34	0.69	2.28	—	(0.28)	—	—	(0.28)	13.60
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

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, 2017	15.47	59 769	3 864	0.17	0.17	13.71	0.08
Dec. 31, 2016	13.60	65 291	4 802	0.17	0.17	112.19	0.07
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

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.

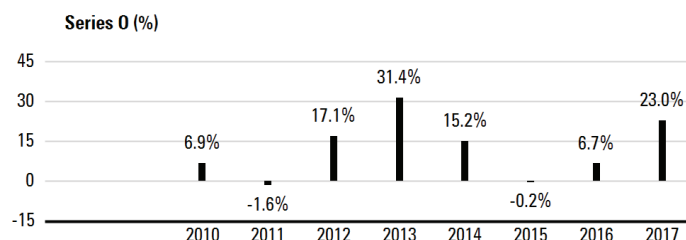


PAST PERFORMANCE

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Year-by-Year Returns (%)

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



Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2017, compared with the following benchmark:

S&P 500 Total Return Index (hedged to CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series 0	23.0	9.4	14.7	—	11.9
Benchmark	21.2	11.0	15.8	—	14.4

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 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 DESCRIPTION

S&P 500 Total Return Index (hedged to CAD) This index is a capitalization-weighted index measuring the 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 and is hedged to Canadian dollars.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
Information Technology	23.3
Financials	15.1
Health Care	13.6
Consumer Discretionary	13.2
Industrials	10.9
Consumer Staples	7.9
Energy	6.5
Utilities	2.3
Materials	1.9
Real Estate	1.5
Telecommunication Services	1.4
Cash/Other	2.4

Top 25 Holdings*

	% of Net Asset Value
Apple Inc.	4.3
Microsoft Corp.	3.4
Alphabet Inc., Class C	3.3
Amazon.com, Inc.	3.2
Cash & Cash Equivalents	2.4
Berkshire Hathaway Inc., Class B	2.2
Johnson & Johnson	2.0
JPMorgan Chase & Co.	1.9
Facebook Inc., Class A	1.9
Bank of America Corp.	1.8
Exxon Mobil Corp.	1.8
Home Depot Inc.	1.6
UnitedHealth Group Incorporated	1.5
Chevron Corp.	1.5
Comcast Corp., Class A	1.3
General Dynamics Corp.	1.2
Intel Corp.	1.2
Visa Inc., Class A	1.2
AbbVie Inc.	1.2
Union Pacific Corp.	1.2
Cisco Systems Inc.	1.2
3M Co.	1.2
McDonald's Corp.	1.1
The Procter & Gamble Co.	1.0
Texas Instruments Inc.	1.0
Top 25 Holdings	45.6

* 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 funds are available on SEDAR website at www.sedar.com.



U.S. EQUITY

RBC PRIVATE U.S. SMALL-CAP EQUITY POOL

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund's risk rating changed from medium-to-high to medium.

Results of Operations

The Fund's net asset value rose to \$187 million as of December 31, 2017, from \$185 million at the end of 2016. The increase was due to investment returns, largely offset by net redemptions.

Over the past year, the Fund's Series O units gained 4.9%, which underperformed the 7.3% 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 Fund increased its weighting in Health Care throughout the year, and this was a positive for relative performance given that the sector was the best-performing in the Fund's benchmark. To finance the shift, the sub-advisor reduced exposure to the Energy, Industrials and Real Estate sectors. Energy and Real Estate were two of the worst-performing sectors on a relative basis.

Individual holdings that performed well in 2017 included Winnebago Industries and Terex, the latter of which benefited more than expected from a restructuring. Specific holdings in the Health Care and Information Technology sectors contributed significantly to relative returns.

The sectors that had the most negative impact on relative performance were Energy and Real Estate. In the Energy sector, SM Energy and Forum Energy Technologies had a negative impact on relative returns. In the Real Estate sector, CBL & Associates, a real estate investment trust that owns shopping malls, was hurt by the impact of growth in online retailing. The Fund was also negatively affected by decisions to retain several stocks in the portfolio for too long.

Recent Developments

The sub-advisor has in recent years had a preference for stocks with steadily rising earnings (generally known as growth stocks) over those with attractive valuations (value stocks). In 2017, U.S. growth stocks outperformed value stocks significantly, a trend that the sub-advisor expects to moderate by the end of 2018. As a result, the Fund's bias will shift somewhat to the value side. The sub-advisor also expects to make changes to holdings that will result in the portfolio having a lower overall debt level. These shifts reflect a reduction in U.S. corporate-tax rates, slowly rising U.S. interest rates and a move to limit the portfolio's risk profile.

In early 2018, the Fund is underweight the Financials, Consumer Staples, Energy and Real Estate sectors. The Fund has overweight positions in the Information Technology, Health Care and Industrials sectors. As always, this positioning is based on stock selection rather than any preference for specific 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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 F												
Dec. 31, 2017	134.92	1.21	(1.97)	12.19	(8.47)	2.96	—	—	(9.99)	—	(9.99)	129.91
Dec. 31, 2016	117.16	1.44	(1.84)	16.56	12.75	28.91	—	—	(11.00)	—	(11.00)	134.92
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
Series O												
Dec. 31, 2017	147.85	1.33	(0.17)	13.42	(7.14)	7.44	(0.04)	(1.16)	(11.05)	—	(12.25)	143.13
Dec. 31, 2016	127.78	1.57	(0.15)	18.08	12.51	32.01	—	(1.44)	(11.81)	—	(13.25)	147.85
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

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, 2017	129.91	541	4	1.48	1.48	48.94	0.11
Dec. 31, 2016	134.92	476	4	1.49	1.49	50.99	0.13
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
Series O							
Dec. 31, 2017	143.13	186 833	1 305	0.11	0.11	48.94	0.11
Dec. 31, 2016	147.85	185 021	1 251	0.11	0.11	50.99	0.13
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

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 1.25% and 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 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.

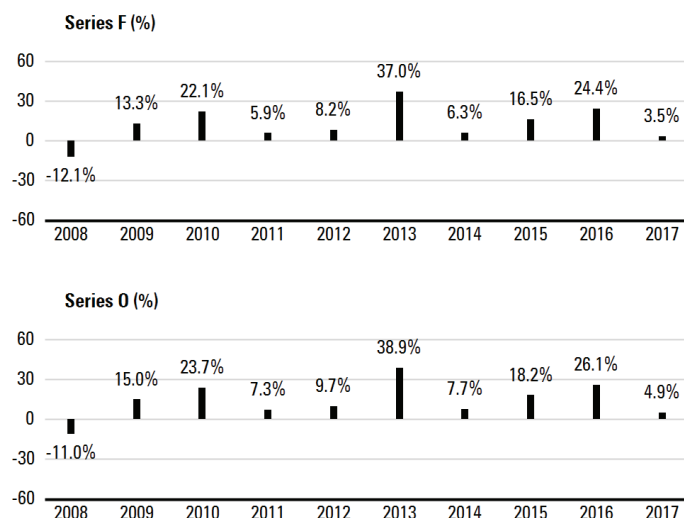


PAST PERFORMANCE

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, 2017, compared with the following benchmark:

Russell 2000 Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series F	3.5	14.5	16.9	11.8	—
Benchmark	7.3	12.9	19.6	11.3	—
Series O	4.9	16.1	18.5	13.3	—
Benchmark	7.3	12.9	19.6	11.3	—

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.

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, 2017

Investment Mix

	% of Net Asset Value
Information Technology	22.5
Health Care	17.6
Industrials	17.4
Financials	14.5
Consumer Discretionary	10.7
Real Estate	5.3
Materials	4.2
Utilities	2.8
Energy	1.1
Cash/Other	3.9

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	3.9
Winnebago Industries Inc.	3.2
Terex Corp.	3.0
ICU Medical Inc.	2.8
Spire Inc.	2.8
Western Alliance Bancorp	2.5
Woodward Inc.	2.4
Education Realty Trust Inc. Real Estate Investment Trust	2.4
ESCO Technologies Inc.	2.4
Oxford Industries Inc.	2.4
West Pharmaceutical Services Inc.	2.4
EnerSys	2.3
ICON Plc.	2.3
BancorpSouth Bank	2.2
PROS Holdings Inc.	2.2
OM Asset Management Plc.	2.2
LivaNova Plc.	2.2
Euronet Worldwide Inc.	2.2
Neenah Paper Inc.	2.2
Belden CDT Inc.	2.1
Union Bankshares Corp.	2.1
Cubic Corp.	2.1
TTM Technologies Inc.	2.1
Rollins Inc.	2.0
Silgan Holdings Inc.	2.0
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 by calling us at 1-800-662-0652.



INTERNATIONAL EQUITY

RBC PRIVATE EAFE EQUITY POOL

December 31, 2017

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 8, 2018.

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 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the “new risk classification methodology”). Pursuant to the new risk classification methodology, certain funds’ risk ratings were changed. RBC GAM reviews each fund’s risk rating on an annual basis or if there has been a material change to a fund’s investment objectives or investment strategies. Any changes to a fund’s risk rating are the result of RBC GAM’s annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund’s risk rating during the reporting period.

Results of Operations

The Fund’s net asset value rose to \$278 million as of December 31, 2017, from \$262 million at the end of 2016. The increase was due to investment returns, partially offset by net redemptions.

Over the past year, the Fund’s Series O units gained 20.7%, which outperformed the 16.8% 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 Fund’s performance was largely driven by stock selection. All but two sectors benefited from stock selection, with Industrials and Consumer Staples among the strongest in terms of relative performance. The Fund had overweight positions in the Information Technology, Financials, Consumer Discretionary, Materials and Health Care sectors, and underweight positions in Industrials, Consumer Staples, Real Estate and Utilities. The Fund’s above-benchmark allocation to Information Technology aided performance as it was the best-performing sector in 2017. The portfolio has a 20% allocation to emerging markets, which provided a boost to relative performance as developing markets outperformed developed markets in 2017.

Stocks that aided relative returns included Amadeus, a Spanish software company that dominates the market for processing airline tickets and travel. The company benefited from gains in bookings and contract renewals. Shire, an Irish-based pharmaceuticals company, had a negative impact on returns given concerns about its competitive position and a takeover made in 2016. The sub-advisor continues to be optimistic about the company’s prospects given recent acquisitions and a robust drug-development pipeline.

There were no material changes in the composition of the Fund during the year, and sector and country allocations remained relatively stable.

Recent Developments

Investors have turned their focus away from policymakers and toward company earnings. The Fund tends to do well in an environment where investors make decisions predicated on fundamentals. It would be reasonable to expect the current market environment to continue to bode well for the 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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$0 (2016 – \$2,000) or 0% (2016 – 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 F												
Dec. 31, 2017	12.01	0.34	(0.16)	0.96	1.41	2.55	—	(0.20)	—	—	(0.20)	14.13
Dec. 31, 2016	12.13	0.28	(0.14)	0.91	(0.96)	0.09	—	(0.14)	—	—	(0.14)	12.01
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
Series O												
Dec. 31, 2017	12.05	0.34	(0.01)	0.97	1.19	2.49	—	(0.35)	—	—	(0.35)	14.17
Dec. 31, 2016	12.17	0.28	(0.01)	0.91	(1.23)	(0.05)	—	(0.27)	—	—	(0.27)	12.05
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

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, 2017	14.13	2 428	172	1.21	1.21	17.50	0.08
Dec. 31, 2016	12.01	6 898	574	1.22	1.22	23.58	0.11
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
Series O							
Dec. 31, 2017	14.17	275 385	19 429	0.09	0.09	17.50	0.08
Dec. 31, 2016	12.05	254 669	21 140	0.09	0.09	23.58	0.11
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

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 1.00% and 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 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.

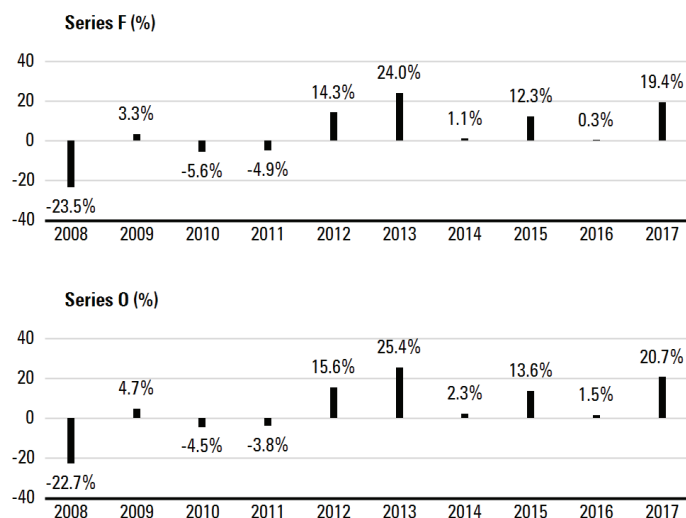


PAST PERFORMANCE

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, 2017, 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	19.4	10.4	11.0	3.2	—
Benchmark	16.8	10.7	13.0	4.4	—
Series O	20.7	11.6	12.3	4.4	—
Benchmark	16.8	10.7	13.0	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

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, 2017

Investment Mix

	% of Net Asset Value
United Kingdom	12.3
Japan	8.6
France	7.3
United States	6.8
Austria	5.5
Switzerland	5.4
China	5.4
Norway	5.3
Germany	4.8
Netherlands	4.1
Italy	4.0
Ireland	3.2
Taiwan	3.0
Spain	2.6
South Korea	2.6
Australia	2.3
Brazil	1.9
Sweden	1.4
Other Countries	11.1
Cash/Other	2.4

Top 25 Holdings

	% of Net Asset Value
ICON Plc.	3.2
Carnival Corp.	2.8
Amadeus IT Group S.A.	2.6
Voestalpine AG	2.5
Diageo Plc.	2.4
DnB ASA	2.4
Denso Corp.	2.4
Cash & Cash Equivalents	2.3
Core Laboratories N.V.	2.3
Sodexo	2.3
Safran S.A.	2.2
Nice Ltd. ADR	2.1
Unilever Plc.	2.1
Luxottica Group S.p.A. ADR	2.1
Roche Holdings AG Genusscheine	2.1
Relx N.V.	2.1
Novartis AG	2.0
Heineken N.V.	2.0
Toray Industries Inc.	2.0
Prysmian S.p.A.	1.9
Taiwan Semiconductor Manufacturing Co. Ltd.	1.9
HSBC Holdings Plc. (U.K. Reg.)	1.9
Shire Plc.	1.9
Continental AG	1.9
Everest Re Group Ltd.	1.7
Top 25 Holdings	55.1

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available by calling us at 1-800-662-0652.



INTERNATIONAL EQUITY

RBC PRIVATE OVERSEAS EQUITY POOL

December 31, 2017

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 8, 2018.

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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

The Fund's net asset value rose to \$223 million as of December 31, 2017, from \$190 million at the end of 2016. The increase was due to investment returns, partially offset by net redemptions.

Over the past year, the Fund's Series O units gained 18.9%, which outperformed the 16.8% 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.

It became increasingly evident as 2017 progressed that economic growth was strengthening across the global economy. Against this backdrop, international equities performed well, led by economically sensitive industries such as banks.

All regions had a positive impact on returns, with Asia-Pacific performing strongly, in particular, led by further gains by casino operator Galaxy Entertainment. The best-performing area of the portfolio was banks, and German lender Commerzbank the best-performing stock in the portfolio. All sectors recorded gains, and few individual stocks actually declined.

Portfolio changes were limited during 2017. The sub-advisor sold the Fund's positions in Toyota, Carnival, Yamaha Motor and Genting Singapore as their valuations rose. The Fund added Chinese internet company Baidu; Gemalto, a Dutch-based seller of secure smart cards; Norwegian bank DNB, Shanghai Fosun Pharma and Alps Electric. The purchases have generally performed well with good contributions from Baidu and Shanghai Fosun Pharma, in particular. Gemalto performed poorly, but recovered towards the end of the year after receiving a takeover bid.

The stock changes allied to price movements altered our geographic exposures, the biggest change being in Europe which increased to about 36%. The Fund's exposure to Japanese equities fell to about 27% whereas Asia-Pacific increased to about 19%.

At the sector level, the Fund's allocation to banks increased to about 25% through price appreciation and the addition of Norwegian lender DNB. The banking industry is in much better condition with stronger capital and funding. The Fund's technology exposure increased through the purchase of Baidu and Gemalto, whereas exposure to travel and leisure was reduced following the sale of Carnival and Genting Singapore.

Recent Developments

The global economy remains on a recovery path, which should support continuing growth in corporate earnings. Since the financial crisis, monetary stimulus has supported a rise in valuations across a range of asset classes including equities where valuations generally are at elevated levels. As this stimulus is withdrawn, the cost of money should rise and bouts of volatility are likely. In this environment a clear focus on risk is required.

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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by 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 F												
Dec. 31, 2017	9.20	0.27	(0.13)	0.31	1.30	1.75	—	(0.15)	(0.23)	—	(0.38)	10.44
Dec. 31, 2016	10.15	0.31	(0.12)	0.51	(1.43)	(0.73)	—	(0.20)	(0.50)	—	(0.70)	9.20
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
Series O												
Dec. 31, 2017	9.32	0.27	(0.02)	0.32	1.17	1.74	—	(0.26)	(0.23)	—	(0.49)	10.57
Dec. 31, 2016	10.27	0.31	(0.02)	0.52	(1.18)	(0.37)	—	(0.31)	(0.50)	—	(0.81)	9.32
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

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, 2017	10.44	452	43	1.25	1.25	10.55	0.03
Dec. 31, 2016	9.20	495	54	1.28	1.28	12.79	0.06
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
Series O							
Dec. 31, 2017	10.57	222 855	21 080	0.16	0.16	10.55	0.03
Dec. 31, 2016	9.32	189 423	20 335	0.16	0.16	12.79	0.06
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

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 1.00% and 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 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.

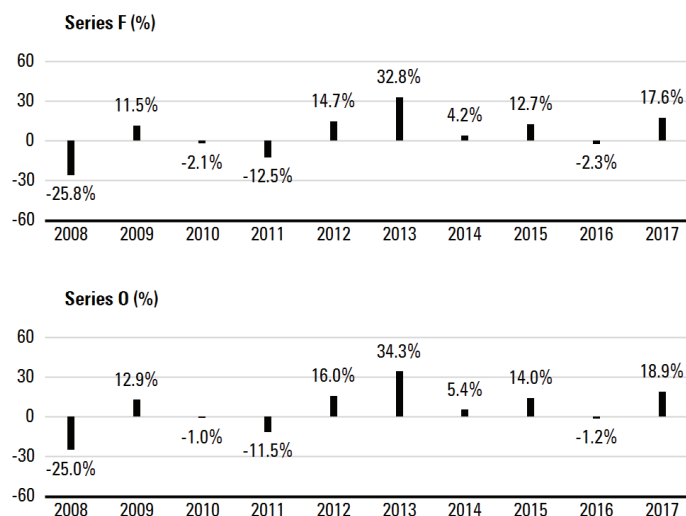


PAST PERFORMANCE

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, 2017, 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	17.6	9.0	12.4	3.9	—
Benchmark	16.8	10.7	13.0	4.4	—
Series O	18.9	10.2	13.6	5.0	—
Benchmark	16.8	10.7	13.0	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

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, 2017

Investment Mix

	% of Net Asset Value
Japan	27.2
United Kingdom	17.0
Switzerland	8.3
France	8.1
Germany	8.0
China	7.1
Hong Kong	7.0
Spain	3.8
Singapore	2.9
Thailand	2.2
Finland	2.1
Norway	2.0
Netherlands	0.1
Cash/Other	4.2

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	4.2
Royal Dutch Shell Plc., A Shares	3.9
Panasonic Corp.	3.4
Novartis AG	3.3
Commerzbank AG	3.3
Galaxy Entertainment Group Ltd.	3.2
BP Plc.	3.1
Omron Corp.	3.0
AstraZeneca Plc.	3.0
DBS Group Holdings Ltd.	2.9
Sumitomo Mitsui Financial Group Inc.	2.8
Tesco Plc.	2.7
BNP Paribas S.A.	2.7
Shanghai Fosun Pharmaceutical Group Co. Ltd.	2.7
Roche Holdings AG Genusscheine	2.7
Sanofi	2.7
Bayer AG	2.6
Total S.A.	2.6
East Japan Railway Company	2.6
Sumitomo Mitsui Trust Holdings Inc.	2.5
Baidu.com Inc. ADR	2.4
Adecco S.A.	2.3
HSBC Holdings Plc. (U.K. Reg.)	2.3
Bangkok Bank PCL	2.2
Takashimaya Co. Ltd.	2.2
Top 25 Holdings	71.3

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.



GLOBAL EQUITY

RBC PRIVATE WORLD EQUITY POOL

December 31, 2017

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 8, 2018.

A Note on Forward-looking Statements

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

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

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MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide 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.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the “new risk classification methodology”). Pursuant to the new risk classification methodology, certain funds’ risk ratings were changed. RBC GAM reviews each fund’s risk rating on an annual basis or if there has been a material change to a fund’s investment objectives or investment strategies. Any changes to a fund’s risk rating are the result of RBC GAM’s annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund’s risk rating changed from medium to low-to-medium.

Results of Operations

The Fund’s net asset value rose to \$323 million as of December 31, 2017, from \$271 million at the end of 2016. The increase was due to investment returns.

Over the past year, the Fund’s Series O units gained 20.4%, which outperformed the 14.4% 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.

Global equities moved higher in 2017 as the world’s major economies expanded simultaneously for the first time in a decade. Gains were especially pronounced outside the U.S., as sturdier economies in Europe and the emerging markets raised hope that sustainable recoveries were taking hold in those regions. The factors that have long paced the U.S. economy — job gains, low inflation and robust consumer sentiment — remained firmly rooted. In Europe, there was a notable increase in the number of companies issuing positive earnings surprises. Economic strength elsewhere in the world helped to propel growth in China and other emerging markets.

The portfolio was aided by positive results from Keyence, a maker of factory-automation sensors, which reported higher earnings as customers streamline manufacturing operations. ASML Holding, which supplies equipment used to make semiconductors, issued upbeat guidance after better-than-expected earnings. Novo Nordisk, a Danish diabetes company, reported above-expectation earnings and progress on several oncology drugs. Naspers, a global internet company, reported strong earnings due partly to its holding in Chinese internet giant Tencent Holdings. AIA Group benefited from its strong market position in the Asian insurance market.

On the downside, the portfolio was negatively impacted by a modest cash position, which can serve as a drag on results in a rising market. Newell Brands lowered its earnings guidance as Hurricane Harvey disrupted its supply chain. Shares of Incyte declined as an expected buyout offer for the immuno-oncology researcher failed to materialize. Gilead Sciences was affected by pricing pressures for its Hepatitis C and other medications.

Recent Developments

As U.S. stock prices have climbed over the past year, the sub-advisor has sought to deploy cash in less richly valued sectors. For example, positions have been initiated in some agriculture- and food-related businesses. The growth of the middle class in the developing world is expected to bring a rise in meat consumption as consumers have greater disposable income. But share prices of agriculture-related stocks — including farm-equipment and fertilizer makers — have lagged, creating attractive long-term buying opportunities. The sub-advisor has been attracted to leading global hotel chains, which are well positioned given their scale and strong customer loyalty programs.



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. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the 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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrar earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were \$0 (2016 – \$1,000) or 0% (2016 – 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 F												
Dec. 31, 2017	205.52	4.88	(2.84)	15.28	21.23	38.55	(0.02)	(2.10)	(6.63)	—	(8.75)	235.91
Dec. 31, 2016	213.17	5.57	(2.53)	10.01	(16.45)	(3.40)	—	(2.81)	(3.09)	—	(5.90)	205.52
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
Series O												
Dec. 31, 2017	205.90	4.89	(0.38)	15.32	21.98	41.81	(0.05)	(4.48)	(6.63)	—	(11.16)	236.42
Dec. 31, 2016	213.62	5.58	(0.34)	10.04	(15.17)	0.11	—	(5.07)	(3.09)	—	(8.16)	205.90
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

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, 2017	235.91	7 814	33	1.25	1.25	30.64	0.05
Dec. 31, 2016	205.52	5 622	27	1.25	1.25	22.16	0.03
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
Series O							
Dec. 31, 2017	236.42	315 437	1 334	0.17	0.17	30.64	0.05
Dec. 31, 2016	205.90	265 049	1 287	0.17	0.17	22.16	0.03
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

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 1.00% and 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 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.

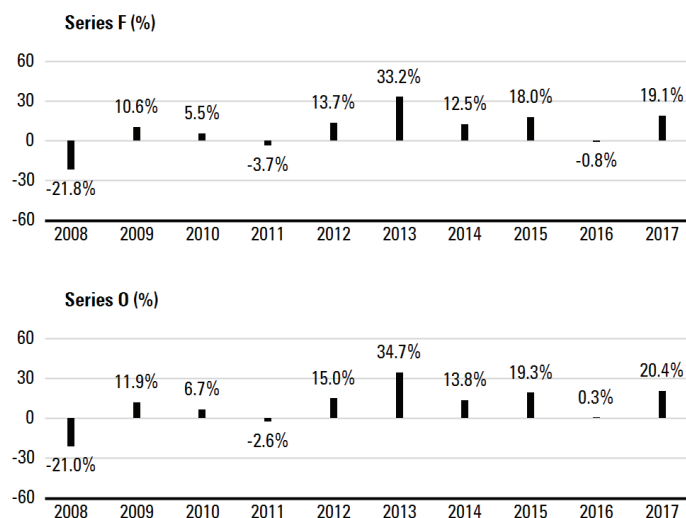


PAST PERFORMANCE

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, 2017, 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	19.1	11.7	15.9	7.6	—
Benchmark	14.4	12.2	16.9	7.6	—
Series O	20.4	12.9	17.1	8.8	—
Benchmark	14.4	12.2	16.9	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.

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, 2017

Investment Mix

	% of Net Asset Value
United States	46.0
France	10.0
Japan	8.4
United Kingdom	6.7
Denmark	4.2
Hong Kong	4.0
Switzerland	3.4
Netherlands	2.7
Taiwan	2.3
Finland	0.7
Other Countries	6.7
Cash/Other	4.9

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	4.8
AIA Group Ltd.	3.1
ASML Holding N.V.	2.8
JPMorgan Chase & Co.	2.7
Novo Nordisk A/S	2.7
Las Vegas Sands Corp.	2.5
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	2.3
Enbridge Inc.	2.2
CME Group Inc., Class A	2.1
Pernod-Ricard S.A.	2.0
Gilead Sciences Inc.	1.9
Roche Holdings AG Genusschein	1.9
Royal Dutch Shell Plc. ADR	1.9
Safran S.A.	1.8
QUALCOMM Inc.	1.8
Visa Inc., Class A	1.7
Keyence Corp.	1.6
Amazon.com, Inc.	1.6
Apple Inc.	1.6
Nestlé S.A.	1.5
American Tower Corp. Real Estate Investment Trust	1.5
Airbus SE	1.5
Carlsberg A/S	1.5
AstraZeneca Plc.	1.5
BNP Paribas S.A.	1.4
Top 25 Holdings	51.9

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.

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