



CANADIAN EQUITY FUND

PHILLIPS, HAGER & NORTH CANADIAN EQUITY PLUS PENSION TRUST

December 31, 2024

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 10, 2025.

A Note on Forward-looking Statements

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

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

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

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-661-6141, by writing to us at RBC Global Asset Management Inc., Phillips, Hager & North Investment Management, Investment Funds Centre, 20th Floor, 200 Burrard Street, Vancouver, B.C., V6C 3N5, or by visiting our website at www.rbcgam.com/regulatorydocuments or SEDAR+ at www.sedarplus.ca. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Phillips, Hager & North Investment Management is a division of RBC Global Asset Management Inc., the manager of the Fund and an indirect wholly owned subsidiary of Royal Bank of Canada ("Royal Bank").



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide investors with long-term capital growth by investing primarily in a well-diversified portfolio of Canadian common stocks that are qualified investments for registered Canadian pension plans. The Fund may also invest a portion of its assets in U.S. and international securities. To achieve the Fund's investment objective, the portfolio manager invests primarily in large-capitalization companies that they believe have a superior management team, a leadership position in their industry, a high level of profitability compared to their competitors, and strong earnings potential.

Risk

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

Results of Operations

The Fund's net asset value rose to \$90 million as of December 31, 2024, from \$88 million at the end of 2023. The increase was due to investment returns.

Over the past year, the Fund's Series F units gained 20.5%, which underperformed the 22.1% rise in the benchmark. The broad-based index rose 21.7%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

Canadian equities performed well in 2024, setting records and mirroring strong global stock-market gains. Canada's benchmark, which was led by the Financials and Energy sectors, underperformed the U.S. equivalent due to Canada's relatively low exposure to large-cap technology companies that surged amid optimism about artificial intelligence. Equity-index gains around the world were supported by easing interest rates and investor optimism that inflation has been brought under control.

The Bank of Canada lowered interest rates at a faster pace than the U.S. Federal Reserve in 2024, dropping the Canadian benchmark interest rate to 3.25% from 5% by year-end, in a bid to revive waning domestic economic growth and prevent prices from falling. While shelter costs, reflected in rising mortgage payments and rents, remained the biggest contributor to Canadian inflation, they had moderated by the end of the year given lower interest rates.

The Fund's relative exposure to Alphabet, BCE and Magna International had the most positive impact on the Fund's returns, while exposure to Rogers Communications, TC Energy and Boyd Group Services was negative for performance.

The sectors that had the most positive impact on the Fund's returns were Communication Services, Consumer Discretionary and Health Care, while exposure to Information Technology, Consumer Staples and Utilities had a negative impact.

The Fund had overweight positions in Rogers Communications, Alphabet and Enbridge and underweight positions in TC Energy, BCE and National Bank of Canada.

At the sector level, the Fund had overweight exposure to Health Care, Information Technology and Communication Services and underweight exposure to Financials, Materials and Energy.

Recent Developments

Many analysts are forecasting a stronger Canadian economy in 2025 driven by improved consumer spending, population growth and business investment at a time when interest rates are falling. At this point a soft landing – a situation where growth slows but the economy does not fall into a recession – seems more likely than not, in the view of the portfolio manager.

Related-Party Transactions

Manager and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank and is the manager and principal portfolio manager of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as 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 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 may distribute certain series of units of, the Fund. Dealers may receive an ongoing commission based on the total value of their clients' investment in certain series of units of the Fund.

Registrars

RBC GAM, RBC Investor Services Trust ("RBC IS") or Royal Bank (or a combination thereof) are the registrars of the Fund and keep records of who owns units of the Fund. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Trustee and Custodian

RBC IS is the trustee and holds title to the Fund's property on behalf of unitholders. RBC IS is the custodian of the Fund and holds the assets of the Fund.

RBC IS earns a fee as the trustee and custodian, which is paid by the manager from the fixed administration fee paid by the Fund.

Securities Lending Agent

To the extent the Fund may engage in securities lending transactions, RBC IS may act as the Fund's securities lending agent. Any revenue earned on such securities lending is split between the Fund and the securities lending agent.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. For the periods ended December 31, 2024 and 2023, the related-party commissions were \$4,000 (2023 – \$0) or 18% (2023 – 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, debt securities or mortgages from or sales of equity, debt securities or mortgages to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

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

The applicable standing instructions 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.

Change in Net Assets Per Unit (\$)

		Increase (Decrease) from Operations ¹					Annual Distributions ²					
For the Year/ Period Ended	Net Assets Beginning of Year/Period	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	Net Assets End of Year/Period
Series F												
Dec. 31, 2024	87.66	3.16	(0.61)	14.00	2.21	18.76	(0.15)	(2.06)	(12.38)	—	(14.59)	90.86
Dec. 31, 2023	84.22	2.60	(0.57)	4.46	3.89	10.38	(0.14)	(1.96)	(4.71)	—	(6.81)	87.66
Dec. 31, 2022	96.84	2.48	(0.57)	3.44	(12.09)	(6.74)	(0.09)	(1.88)	(3.85)	—	(5.82)	84.22
Dec. 31, 2021	86.58	2.39	(0.64)	9.82	10.44	22.01	(0.08)	(1.61)	(10.19)	—	(11.88)	96.84
Dec. 31, 2020	94.20	2.51	(0.59)	8.37	(0.92)	9.37	(0.07)	(2.19)	(13.63)	—	(15.89)	86.58
Series O												
Dec. 31, 2024	107.23	3.21	(0.04)	14.21	5.45	22.83	(0.24)	(3.27)	(15.23)	—	(18.74)	111.04
Dec. 31, 2023	103.09	3.18	(0.03)	5.45	4.67	13.27	(0.22)	(3.07)	(5.80)	—	(9.09)	107.23
Dec. 31, 2022	118.58	3.04	(0.04)	4.22	(15.13)	(7.91)	(0.15)	(2.96)	(4.75)	—	(7.86)	103.09
Dec. 31, 2021	106.08	2.93	(0.04)	12.06	13.22	28.17	(0.13)	(2.75)	(12.55)	—	(15.43)	118.58
Dec. 31, 2020	115.58	3.08	(0.04)	10.25	(3.49)	9.80	(0.11)	(3.46)	(16.83)	—	(20.40)	106.08

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

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

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series F							
Dec. 31, 2024	90.86	2	—	0.64	0.64	61.93	0.03
Dec. 31, 2023	87.66	430	5	0.64	0.64	71.12	0.03
Dec. 31, 2022	84.22	367	4	0.64	0.64	63.01	0.03
Dec. 31, 2021	96.84	377	4	0.64	0.64	52.14	0.04
Dec. 31, 2020	86.58	312	4	0.64	0.64	70.53	0.07
Series O							
Dec. 31, 2024	111.04	89,618	807	0.04	0.04	61.93	0.03
Dec. 31, 2023	107.23	87,767	818	0.03	0.03	71.12	0.03
Dec. 31, 2022	103.09	83,479	810	0.03	0.03	63.01	0.03
Dec. 31, 2021	118.58	92,679	782	0.03	0.03	52.14	0.04
Dec. 31, 2020	106.08	75,930	716	0.03	0.03	70.53	0.07

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

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

³ The trading expense ratio represents total commissions and other portfolio transaction costs of the Fund and the Fund's proportionate share of such costs of underlying funds expressed 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 and Administration Fees

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The management fee, breakdown of services received in consideration of the management fee, as a percentage of the management fee, and the administration fee for each series are as follows:

	Management Fees	Breakdown of Services		Administration Fees
		Distribution	Other*	
Series F	0.50%	—	100%	0.06%
Series O	n/a	n/a	n/a	0.03%

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.

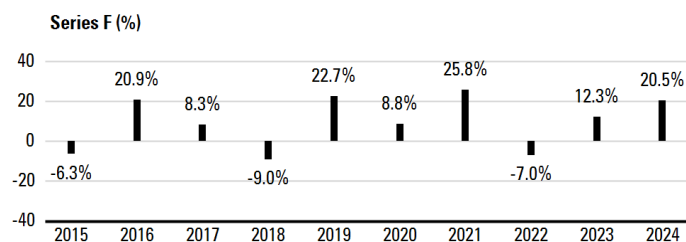
* Includes all costs related to management, investment advisory services, general administration and profit.

PAST PERFORMANCE

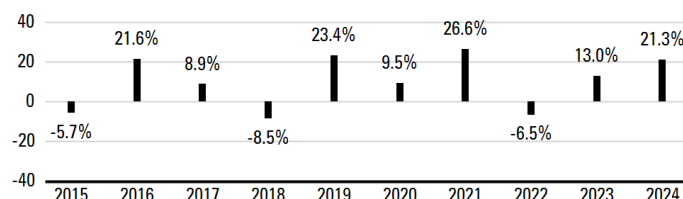
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional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

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how 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, 2024, compared with the following benchmarks:

The benchmark is composed of:

- 85% S&P/TSX Capped Composite Total Return Index
- 15% S&P 500 Total Return Index (hedged to 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	20.5	8.0	11.5	9.0	—
Benchmark	22.1	8.6	11.2	8.7	—
Broad-based index	21.7	8.6	11.1	8.7	—
Series O	21.3	8.6	12.2	9.6	—
Benchmark	22.1	8.6	11.2	8.7	—
Broad-based index	21.7	8.6	11.1	8.7	—

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

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 (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, 2024

Investment Mix

	% of Net Asset Value
Financials	30.5
Energy	13.9
Underlying Funds	10.7
Information Technology	10.1
Materials	9.0
Industrials	8.7
Communication Services	5.3
Consumer Staples	3.7
Utilities	3.4
Consumer Discretionary	2.4
Health Care	1.0
Real Estate	1.0
Cash/Other	0.3

Top 25 Holdings

	% of Net Asset Value
Phillips, Hager & North Small Float Fund - Series O	10.7
Royal Bank of Canada	6.0
Shopify Inc.	4.4
Enbridge Inc.	4.3
Toronto-Dominion Bank	3.9
Brookfield Corp.	3.2
Canadian Imperial Bank of Commerce	2.9
Manulife Financial Corp.	2.8
Constellation Software Inc.	2.3
Canadian National Railway Co.	2.3
Canadian Pacific Kansas City Ltd.	2.2
Bank of Nova Scotia	2.0
Bank of Montreal	2.0
Alphabet Inc.	2.0
Fairfax Financial Holdings Ltd.	1.7
Suncor Energy Inc.	1.7
Alimentation Couche-Tard Inc.	1.6
WSP Global Inc.	1.6
Canadian Natural Resources Ltd.	1.5
Agnico Eagle Mines Ltd.	1.5
Brookfield Infrastructure Partners LP	1.2
Cenovus Energy Inc.	1.2
Teck Resources Ltd.	1.1
Sun Life Financial Inc.	1.1
Tourmaline Oil Corp.	1.1
Top 25 Holdings	66.3

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/regulatorydocuments.

The Simplified Prospectus and other information about the underlying funds are available on the investment fund's designated website and on SEDAR+ at www.sedarplus.ca.