



U.S. EQUITY FUND

**PHILLIPS, HAGER & NORTH U.S.
MULTI-STYLE ALL-CAP EQUITY CLASS**

March 31, 2018

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

The Board of Directors of RBC Corporate Class Inc. approved this annual management report of fund performance on June 13, 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 a well-diversified portfolio of U.S. equity securities.

To achieve its investment objective, the Fund invests most of its assets in the Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund (the “underlying fund”). The underlying fund invests in U.S. equity securities with the objective of building a portfolio that encompasses multiple investment styles. The underlying fund’s portfolio will be comprised of the following investment styles, which are managed by RBC GAM’s sub-advisors as separate portfolios within the underlying fund: U.S. Large Cap Growth, U.S. Mid Cap Growth, U.S. Large Cap Value, U.S. Mid Cap Value, U.S. Small Cap Core and U.S. Small Cap Value.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund’s overall level of risk during the 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 October 25, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the “new risk classification methodology”) in respect of the RBC Corporate Class Funds. Pursuant to the new risk classification methodology, certain RBC Corporate Class 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 \$37 million as of March 31, 2018, from \$33 million as of March 31, 2017. The increase was due mainly to investment returns.

Over the past year, the Fund’s Series A shares gained 9.5%, which underperformed the 10.3% rise in the benchmark. The Fund’s return is after the deduction of fees and expenses, while the benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights 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.

Uncertainty returned to financial markets in early 2018 following a long period of robust returns and minimal volatility. U.S. equity markets posted strong gains over the 12-month period, supported by a solid economic backdrop and robust earnings growth. Corporate profits rose meaningfully, bolstered by U.S. tax cuts, and are expected to advance considerably in 2018. The expanding economy led the U.S. Federal Reserve (the “Fed”) to raise interest rates three times during the period.

The Small Cap Core strategy underperformed versus its benchmark, the Russell 2000 Index, during the period due primarily to adverse stock selection in the Industrials, Financials and Consumer Discretionary sectors. From a sector-allocation standpoint, a significant underweight position in the poorly performing Real Estate sector added to performance, while an underweight position in Health Care held back returns.

The Mid Cap Value component underperformed its benchmark, the Russell Mid Cap Value Index, due to adverse stock selection. Unfavourable stock picks in the Consumer Discretionary, Financials and Industrials sectors had the largest negative impact on performance. Overall, sector-allocation bets had a neutral impact on returns. A moderate overweight position in the Energy sector hurt returns, partially offset by the positive impact of an overweight allocation to the strong-performing Information Technology sector.

The Large Cap Growth sleeve outperformed versus its Russell Large Cap Growth benchmark during the period. Both sector-allocation and security-selection decisions contributed positively to returns. An underweight position in the Consumer Staples sector had a positive impact on performance, while an underweight position in Energy was negative for returns. From a security-selection standpoint, favourable stock picks in the Consumer Staples and Industrials sectors bolstered performance.

Recent Developments

The portfolio manager expects the global economy to grow at its fastest pace since the financial crisis, allowing central banks to continue dialing back monetary accommodation. While the portfolio manager’s base case is for U.S. stocks to rise modestly over 2018, there are several scenarios that could lead to declines, including a policy mistake by the Fed or protectionist trade moves by the U.S. government.



The portfolio manager deems recent steps by the Trump administration to place tariffs on aluminum and steel imports to not be helpful, as they raise inflation and could lead to retaliation by trading partners. An escalation of tensions with North Korea would also likely result in a spike in volatility and lower equity valuations. The odds of a recession remain fairly low, according to the portfolio manager's indicators, but with higher valuations and the Fed intent on normalizing interest rates, the risks have increased and earnings growth remains key for return prospects.

Related-Party Transactions

Manager and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager and 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 mutual fund shares 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 shareholders 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 the principal distributors of, or distribute certain series of the mutual fund shares of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series and Series D mutual fund shares.

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 mutual fund shares 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.



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FINANCIAL HIGHLIGHTS

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

Change in Net Assets Per Mutual Fund Share (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		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												
Mar. 31, 2018	21.95	0.38	(0.42)	1.94	0.18	2.08	—	—	—	—	—	24.03
Mar. 31, 2017	18.71	0.30	(0.37)	1.40	1.72	3.05	—	—	—	—	—	21.95
Mar. 31, 2016	18.85	0.28	(0.38)	2.16	(2.27)	(0.21)	—	—	—	—	—	18.71
Mar. 31, 2015	15.00	0.20	(0.33)	2.28	1.84	3.99	—	—	—	—	—	18.85
Mar. 31, 2014	11.87	0.20	(0.27)	1.52	2.02	3.47	—	—	(0.28)	—	(0.28)	15.00
Advisor Series												
Mar. 31, 2018	21.98	0.38	(0.42)	1.94	(0.13)	1.77	—	—	—	—	—	24.06
Mar. 31, 2017	18.73	0.30	(0.37)	1.41	1.58	2.92	—	—	—	—	—	21.98
Mar. 31, 2016	18.86	0.28	(0.37)	2.17	(2.27)	(0.19)	—	—	—	—	—	18.73
Mar. 31, 2015	15.01	0.20	(0.32)	2.28	1.83	3.99	—	—	—	—	—	18.86
Mar. 31, 2014	11.87	0.20	(0.26)	1.52	2.02	3.48	—	—	(0.28)	—	(0.28)	15.01
Series D												
Mar. 31, 2018	22.98	0.40	(0.23)	2.04	0.13	2.34	—	—	—	—	—	25.37
Mar. 31, 2017	19.42	0.32	(0.21)	1.48	1.91	3.50	—	—	—	—	—	22.98
Mar. 31, 2016	19.39	0.28	(0.22)	2.22	(2.34)	(0.06)	—	—	—	—	—	19.42
Mar. 31, 2015	15.29	0.20	(0.19)	2.33	1.88	4.22	—	—	—	—	—	19.39
Mar. 31, 2014	11.99	0.21	(0.15)	1.55	2.05	3.66	—	—	(0.28)	—	(0.28)	15.29
Series F												
Mar. 31, 2018	23.26	0.40	(0.18)	2.06	0.18	2.46	—	—	—	—	—	25.74
Mar. 31, 2017	19.61	0.33	(0.17)	1.55	2.41	4.12	—	—	—	—	—	23.26
Mar. 31, 2016	19.54	0.29	(0.18)	2.25	(2.36)	—	—	—	—	—	—	19.61
Mar. 31, 2015	15.38	0.20	(0.15)	2.36	1.90	4.31	—	—	—	—	—	19.54
Mar. 31, 2014	12.04	0.20	(0.12)	1.53	2.03	3.64	—	—	(0.28)	—	(0.28)	15.38
Series O												
Mar. 31, 2018	24.29	0.42	(0.01)	2.16	0.07	2.64	—	—	—	—	—	27.07
Mar. 31, 2017	20.33	0.32	(0.01)	1.47	1.60	3.38	—	—	—	—	—	24.29
Mar. 31, 2016	20.08	0.29	(0.01)	2.25	(2.37)	0.16	—	—	—	—	—	20.33
Mar. 31, 2015	15.66	0.21	(0.01)	2.39	1.92	4.51	—	—	—	—	—	20.08
Mar. 31, 2014	12.16	0.20	(0.01)	1.54	2.04	3.77	—	—	(0.28)	—	(0.28)	15.66

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

² Distributions are reinvested in additional mutual fund shares of the Fund or paid in cash.



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FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Mutual Fund Share (\$)	Net Asset Value (\$000s)	Number of Mutual Fund Shares Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Mar. 31, 2018	24.03	7 341	306	1.87	1.88	5.73	0.06
Mar. 31, 2017	21.95	7 929	361	1.93 ⁴	1.94	4.97	0.07
Mar. 31, 2016	18.71	12 677	678	2.08	2.09	17.46	0.12
Mar. 31, 2015	18.85	13 369	709	2.08	2.10	11.56	0.17
Mar. 31, 2014	15.00	8 886	592	2.11	2.12	7.64	0.18
Advisor Series							
Mar. 31, 2018	24.06	156	6	1.88	1.89	5.73	0.06
Mar. 31, 2017	21.98	183	8	1.92 ⁴	1.93	4.97	0.07
Mar. 31, 2016	18.73	269	14	2.04	2.05	17.46	0.12
Mar. 31, 2015	18.86	359	19	2.04	2.06	11.56	0.17
Mar. 31, 2014	15.01	224	15	2.04	2.05	7.64	0.18
Series D							
Mar. 31, 2018	25.37	16 162	637	1.01	1.02	5.73	0.06
Mar. 31, 2017	22.98	15 794	687	1.06 ⁴	1.07	4.97	0.07
Mar. 31, 2016	19.42	15 701	809	1.19	1.20	17.46	0.12
Mar. 31, 2015	19.39	14 619	754	1.18	1.20	11.56	0.17
Mar. 31, 2014	15.29	9 496	621	1.19	1.20	7.64	0.18
Series F							
Mar. 31, 2018	25.74	8 490	330	0.79	0.80	5.73	0.06
Mar. 31, 2017	23.26	6 594	284	0.83 ⁴	0.84	4.97	0.07
Mar. 31, 2016	19.61	2 613	133	0.98	0.99	17.46	0.12
Mar. 31, 2015	19.54	2 700	138	0.97	0.99	11.56	0.17
Mar. 31, 2014	15.38	2 615	170	0.95	0.96	7.64	0.18
Series O							
Mar. 31, 2018	27.07	4 474	165	0.09	0.10	5.73	0.06
Mar. 31, 2017	24.29	2 518	104	0.09	0.10	4.97	0.07
Mar. 31, 2016	20.33	5 840	287	0.09	0.10	17.46	0.12
Mar. 31, 2015	20.08	1 233	61	0.09	0.11	11.56	0.17
Mar. 31, 2014	15.66	557	36	0.09	0.10	7.64	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 shareholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor 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 A, Advisor Series, Series D and Series F mutual fund shares of the Fund. If the changes to the management fees would have been in effect throughout the financial year, the adjusted MER for each series of the Fund would be: Series A – 1.89%, Advisor Series – 1.89%, Series D – 1.03% and Series F – 0.81%.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager 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 mutual fund shares. Series O shareholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

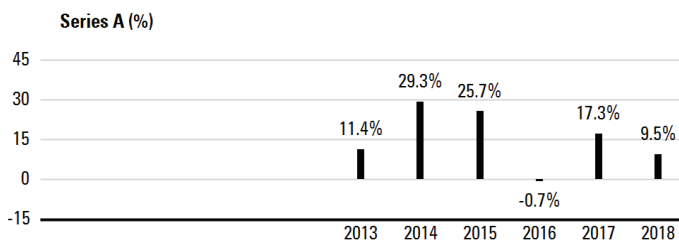
* Includes all costs related to management, investment advisory services, general administration and profit.

PAST PERFORMANCE

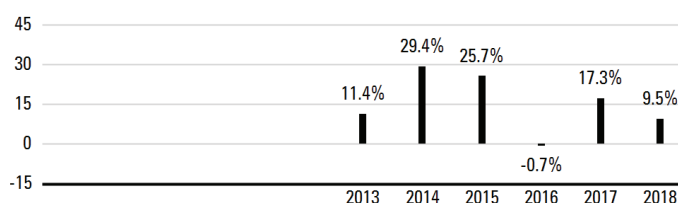
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional shares of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional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

Year-by-Year Returns (%)

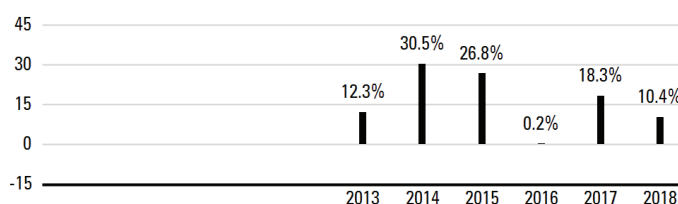
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end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



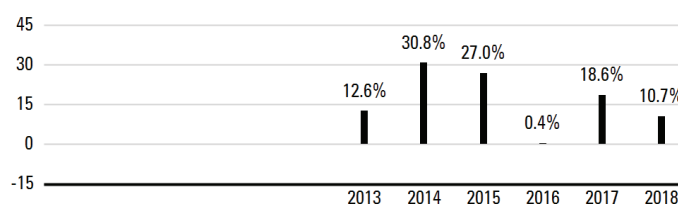
Advisor Series (%)



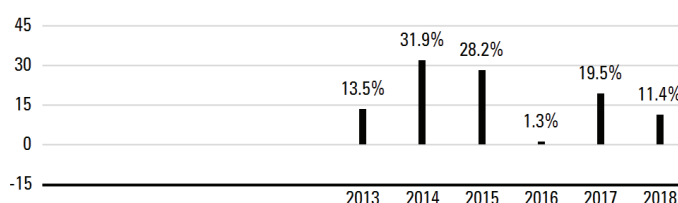
Series D (%)



Series F (%)



Series O (%)





March 31, 2018

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 March 31, 2018, compared with the following benchmark:

Russell 3000 Total Return Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A	9.5	8.4	15.7	–	15.5
Benchmark	10.3	10.9	18.5	–	19.3
Advisor Series	9.5	8.4	15.7	–	15.5
Benchmark	10.3	10.9	18.5	–	19.3
Series D	10.4	9.4	16.7	–	16.5
Benchmark	10.3	10.9	18.5	–	19.3
Series F	10.7	9.6	17.0	–	16.8
Benchmark	10.3	10.9	18.5	–	19.3
Series O	11.4	10.5	17.9	–	17.7
Benchmark	10.3	10.9	18.5	–	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 mutual fund shares have been available for sale to shareholders since January 1, 2012.

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

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

INDEX DESCRIPTION

Russell 3000 Total Return Index (CAD) This index measures the Canadian dollar performance of the largest 3,000 U.S. companies representing approximately 98% of the U.S. equity market. The index provides a broader barometer of the equity market than the S&P 500 Index.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at March 31, 2018

Investment Mix

	% of Net Asset Value
Information Technology	25.9
Financials	15.0
Consumer Discretionary	13.3
Health Care	12.5
Industrials	11.0
Consumer Staples	7.8
Energy	4.5
Materials	2.9
Real Estate	2.4
Utilities	2.0
Telecommunication Services	1.4
Cash/Other	1.3

Top 25 Holdings*

	% of Net Asset Value
Apple Inc.	3.1
Microsoft Corp.	3.1
Amazon.com, Inc.	2.0
Home Depot Inc.	1.6
Facebook Inc., Class A	1.5
Boeing Co.	1.3
Mastercard Inc.	1.2
JPMorgan Chase & Co.	1.2
Cash & Cash Equivalents	1.2
Bank of America Corp.	1.2
Alphabet Inc., Class C	1.1
Citigroup Inc.	1.1
Exxon Mobil Corp.	1.0
Johnson & Johnson	1.0
Berkshire Hathaway Inc., Class B	0.9
Lockheed Martin Corporation	0.9
Intuit Inc.	0.9
Accenture Plc., Class A	0.9
Cisco Systems Inc.	0.8
UnitedHealth Group Incorporated	0.8
Pfizer Inc.	0.8
Alphabet Inc., Class A	0.8
Philip Morris International Inc.	0.8
Walmart Inc.	0.8
Verizon Communications Inc.	0.7
Top 25 Holdings	30.7

* The Fund invests substantially all of its assets directly in the Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund. The above are the Top 25 holdings of the Phillips, Hager & North U.S. Multi-Style All-Cap 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 fund are available on SEDAR website at www.sedar.com.