



INTERNATIONAL EQUITY FUND

**PHILLIPS, HAGER & NORTH  
OVERSEAS EQUITY CLASS**

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March 31, 2021

**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 10, 2021.

**A Note on Forward-looking Statements**

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

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

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors 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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*This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at [www.rbcgam.com/en/ca](http://www.rbcgam.com/en/ca) or SEDAR at [www.sedar.com](http://www.sedar.com). Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.*



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## MANAGEMENT DISCUSSION OF FUND PERFORMANCE

### Investment Objective and Strategies

The Fund seeks to provide long-term capital growth by investing in a diversified portfolio of common stocks in companies in the world's largest industrialized countries outside North America, including countries in Europe and the Far East, including Japan and Australia.

To achieve its investment objective, the Fund invests most of its assets in the Phillips, Hager & North Overseas Equity Fund (the "underlying fund"). The underlying fund invests in companies that are attractively valued, possess sound fundamentals and have a strong market position.

### Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the 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 \$96 million as of March 31, 2021, from \$67 million as of March 31, 2020. The increase was due to investment returns.

Over the past year, the Fund's Series A shares gained 40.6%, outperforming the 27.7% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while the benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights 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 since March 2020 have been largely defined by the strength of the economic recovery from the COVID-19 pandemic. After losing more than one-fifth of their value in the first quarter of 2020, markets rallied to pre-pandemic levels on the back of significant monetary support from central banks and higher fiscal spending. The recovery was split between a small group of businesses, such as e-commerce and utility companies, which were expected to benefit from the pandemic, and businesses that would suffer, including hospitality and travel.

Toward the end of the period, this situation partially reversed, with stronger performance from a broader range of stocks amid confidence in vaccine programs, particularly in the U.S. The Fund's returns were led by strong stock selection, consistent with the investment philosophy, and the portfolio manager kept the Fund's holdings diversified. The portfolio manager continued to focus on owning great companies for the long term rather than trying

to predict the effects of the pandemic, and this left the Fund well positioned to benefit from the market's recovery. The portfolio manager was able to keep portfolio turnover consistent with levels in previous years.

During the period, the top-performing stocks in the portfolio were Nidec, a Japanese manufacturer of precision motors; Taiwan Semiconductor; and Deutsche Post, a German shipping company. Stocks that had a negative impact on the Fund's performance included Roche, a Swiss pharmaceuticals company; Astellas Pharma, a Japanese pharmaceuticals company; and Inditex, the Spanish owner of the Zara clothing chain.

### Recent Developments

Mass vaccinations have raised hopes of a return to more normal economic and social conditions, as shown by the strong recovery in stocks that were hurt worst at the beginning of the pandemic. An improved profit outlook, however, is offset by the possibility of interest-rate hikes and reduced central-bank efforts to stabilize equity markets. The tension between these may cause financial-market volatility, and so the portfolio manager continues to ensure that the Fund owns strong businesses that are attractively valued. In the opinion of the portfolio manager, such businesses are more resilient and better able to generate good returns over time.

Effective February 28, 2021, Ms. Catherine J. Kloepper resigned as Vice Chair of the Independent Review Committee (the "IRC"). Effective March 22, 2021, Mr. Paul K. Bates was appointed as Vice Chair of the IRC. Effective April 1, 2021, Ms. Brenda Eaton was appointed as a member of the IRC.

Effective June 26, 2020, Advisor Series mutual fund shares were capped and were re-designated as Series A mutual fund shares effective August 4, 2020.

### 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.



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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 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 principal distributors of, or may distribute certain series of the mutual fund shares of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' investment in certain series of mutual fund shares 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 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.

***Custodian***

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.

***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.

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

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations <sup>1</sup>					Annual Distributions <sup>2</sup>				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
<b>Series A</b>												
<b>Mar. 31, 2021</b>	<b>18.10</b>	<b>0.31</b>	<b>(0.47)</b>	<b>0.45</b>	<b>6.90</b>	<b>7.19</b>	—	—	<b>(0.22)</b>	—	<b>(0.22)</b>	<b>25.16</b>
Mar. 31, 2020	20.30	0.56	(0.43)	0.24	(2.42)	(2.05)	—	—	—	—	—	18.10
Mar. 31, 2019	20.34	0.43	(0.40)	0.24	(0.57)	(0.30)	—	—	—	—	—	20.30
Mar. 31, 2018	16.97	0.41	(0.39)	0.29	3.26	3.57	—	—	—	—	—	20.34
Mar. 31, 2017	16.02	0.46	(0.34)	0.45	0.35	0.92	—	—	—	—	—	16.97
<b>Series D</b>												
<b>Mar. 31, 2021</b>	<b>19.48</b>	<b>0.34</b>	<b>(0.28)</b>	<b>0.49</b>	<b>7.41</b>	<b>7.96</b>	—	—	<b>(0.23)</b>	—	<b>(0.23)</b>	<b>27.33</b>
Mar. 31, 2020	21.65	0.60	(0.26)	0.26	(2.91)	(2.31)	—	—	—	—	—	19.48
Mar. 31, 2019	21.50	0.46	(0.24)	0.26	(0.39)	0.09	—	—	—	—	—	21.65
Mar. 31, 2018	17.78	0.43	(0.23)	0.30	3.19	3.69	—	—	—	—	—	21.50
Mar. 31, 2017	16.63	0.48	(0.20)	0.47	0.38	1.13	—	—	—	—	—	17.78
<b>Series F</b>												
<b>Mar. 31, 2021</b>	<b>19.85</b>	<b>0.35</b>	<b>(0.23)</b>	<b>0.50</b>	<b>7.83</b>	<b>8.45</b>	—	—	<b>(0.24)</b>	—	<b>(0.24)</b>	<b>27.91</b>
Mar. 31, 2020	22.01	0.61	(0.21)	0.26	(3.00)	(2.34)	—	—	—	—	—	19.85
Mar. 31, 2019	21.82	0.47	(0.20)	0.26	(0.61)	(0.08)	—	—	—	—	—	22.01
Mar. 31, 2018	18.00	0.43	(0.19)	0.30	2.97	3.51	—	—	—	—	—	21.82
Mar. 31, 2017	16.80	0.49	(0.16)	0.47	0.77	1.57	—	—	—	—	—	18.00
<b>Series O</b>												
<b>Mar. 31, 2021</b>	<b>21.46</b>	<b>0.38</b>	<b>(0.01)</b>	<b>0.54</b>	<b>8.46</b>	<b>9.37</b>	—	—	<b>(0.26)</b>	—	<b>(0.26)</b>	<b>30.44</b>
Mar. 31, 2020	23.58	0.65	(0.01)	0.28	(4.37)	(3.45)	—	—	—	—	—	21.46
Mar. 31, 2019	23.16	0.50	(0.01)	0.28	(0.10)	0.67	—	—	—	—	—	23.58
Mar. 31, 2018	18.95	0.46	(0.01)	0.32	3.56	4.33	—	—	—	—	—	23.16
Mar. 31, 2017	17.52	0.51	(0.01)	0.50	0.62	1.62	—	—	—	—	—	18.95

<sup>1</sup> 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.

<sup>2</sup> 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 (%) <sup>1</sup>	MER Before Absorption (%) <sup>1</sup>	Portfolio Turnover Rate (%) <sup>2</sup>	Trading Expense Ratio (%) <sup>3</sup>
<b>Series A</b>							
<b>Mar. 31, 2021</b>	<b>25.16</b>	<b>8 121</b>	<b>323</b>	<b>2.07</b>	<b>2.07</b>	<b>6.28</b>	<b>0.09</b>
Mar. 31, 2020	18.10	5 494	304	2.08	2.08	5.58	0.04
Mar. 31, 2019	20.30	7 065	348	2.08	2.08	6.71	0.10
Mar. 31, 2018	20.34	9 056	445	2.11	2.11	6.39	0.21
Mar. 31, 2017	16.97	10 403	613	2.16	2.17	12.03	0.19
<b>Series D</b>							
<b>Mar. 31, 2021</b>	<b>27.33</b>	<b>37 242</b>	<b>1 363</b>	<b>1.16</b>	<b>1.16</b>	<b>6.28</b>	<b>0.09</b>
Mar. 31, 2020	19.48	24 560	1 262	1.17	1.17	5.58	0.04
Mar. 31, 2019	21.65	26 038	1 203	1.18	1.18	6.71	0.10
Mar. 31, 2018	21.50	27 241	1 267	1.21	1.21	6.39	0.21
Mar. 31, 2017	17.78	22 122	1 244	1.25	1.26	12.03	0.19
<b>Series F</b>							
<b>Mar. 31, 2021</b>	<b>27.91</b>	<b>18 978</b>	<b>680</b>	<b>0.94</b>	<b>0.94</b>	<b>6.28</b>	<b>0.09</b>
Mar. 31, 2020	19.85	15 141	763	0.95	0.95	5.58	0.04
Mar. 31, 2019	22.01	14 613	664	0.96	0.96	6.71	0.10
Mar. 31, 2018	21.82	12 390	568	0.99	0.99	6.39	0.21
Mar. 31, 2017	18.00	5 554	309	1.02	1.03	12.03	0.19
<b>Series O</b>							
<b>Mar. 31, 2021</b>	<b>30.44</b>	<b>31 338</b>	<b>1 029</b>	<b>0.05</b>	<b>0.05</b>	<b>6.28</b>	<b>0.09</b>
Mar. 31, 2020	21.46	21 443	1 000	0.06	0.06	5.58	0.04
Mar. 31, 2019	23.58	18 536	786	0.06	0.06	6.71	0.10
Mar. 31, 2018	23.16	14 303	617	0.11	0.11	6.39	0.21
Mar. 31, 2017	18.95	13 519	713	0.12	0.13	12.03	0.19

<sup>1</sup> 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 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.

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

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

Effective June 30, 2016, the management fees for Series A mutual fund shares were reduced to 1.75% from 1.85%; for Series D mutual fund shares were reduced to 1.00% from 1.10%; and for Series F mutual fund shares were reduced to 0.75% from 0.85%. If the changes to the management fees would have been in effect throughout the financial year ended March 31, 2017, the adjusted MER for each series of the Fund would be: Series A – 2.14%, Series D – 1.24% and Series F – 1.02%.



**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 A	1.75%	54%	46%	0.07%
Series D	1.00%	23%	77%	0.07%
Series F	0.75%	—	100%	0.07%
Series O	n/a	n/a	n/a	0.02%

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.

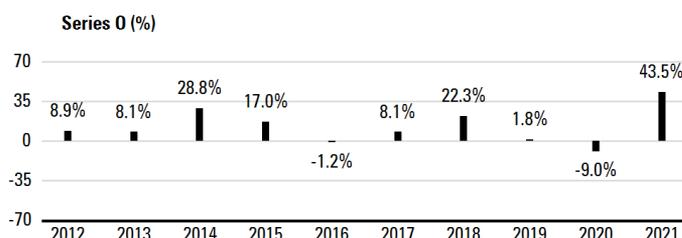
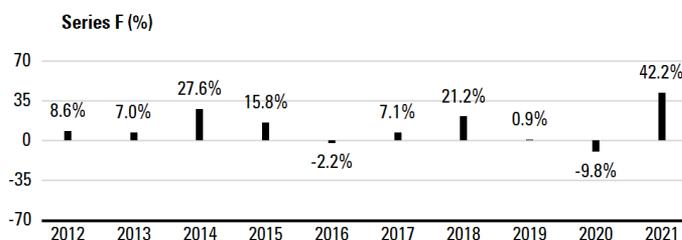
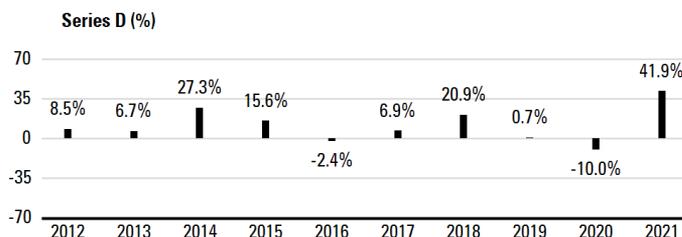
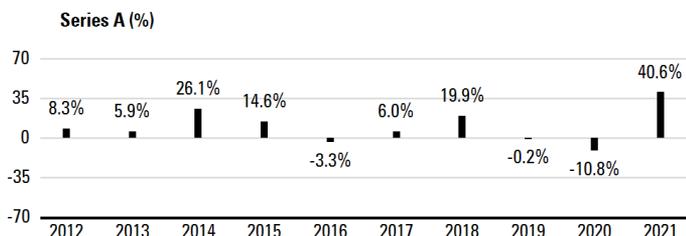
\* Includes all costs related to management, investment advisory services, general administration and profit.

**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.





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## 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, 2021, 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	40.6	7.7	9.7	–	10.6
Benchmark	27.7	5.1	8.2	–	10.3
Series D	41.9	8.7	10.7	–	11.6
Benchmark	27.7	5.1	8.2	–	10.3
Series F	42.2	9.0	10.9	–	11.9
Benchmark	27.7	5.1	8.2	–	10.3
Series O	43.5	9.9	11.9	–	12.9
Benchmark	27.7	5.1	8.2	–	10.3

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.

Series A, 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.

Advisor Series mutual fund shares were capped effective June 26, 2020, and re-designated as Series A mutual fund shares effective August 4, 2020. 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 DESCRIPTIONS

**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 March 31, 2021

### Investment Mix – Sectors

	% of Net Asset Value
Financials	21.6
Consumer Discretionary	16.2
Industrials	15.6
Consumer Staples	12.3
Health Care	8.8
Materials	7.9
Information Technology	6.7
Utilities	4.5
Energy	4.2
Cash/Other	2.2

### Investment Mix – Countries/Regions

	% of Net Asset Value
Europe ex-United Kingdom Equities	44.3
United Kingdom Equities	16.5
Pacific Rim ex-Japan Equities	15.9
Japan Equities	14.3
Middle East and Africa Equities	4.1
India Equities	1.7
United States Equities	1.0
Cash/Other	2.2

### Top 25 Holdings\*

	% of Net Asset Value
AIA Group Ltd.	6.1
Roche Holdings AG Genussscheine	6.0
Nidec Corp.	5.8
Deutsche Post AG	5.7
Inditex S.A.	5.0
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	4.7
Orsted A/S	4.4
Anheuser-Busch InBev S.A./N.V.	4.1
InterContinental Hotels Group Plc.	4.1
Neste OYJ	3.1
Naspers Ltd.	3.1
Astellas Pharma Inc.	2.9
St James's Place Plc.	2.9
Oriental Land Co. Ltd.	2.9
Barry Callebaut AG	2.8
Legal & General Group Plc.	2.8
Croda International Plc.	2.5
MISUMI Group Inc.	2.3
Recruit Holdings Co. Ltd.	2.3
Erste Bank Der Oesterreichischen Sparkassen AG	2.3
Adyen N.V.	2.2
DBS Group Holdings Ltd.	2.2
Partners Group Holding AG	2.1
Rio Tinto Plc.	2.0
HDFC Bank Ltd.	1.7
Top 25 Holdings	86.0

\* The Fund invests substantially all of its assets directly in the Phillips, Hager & North Overseas Equity Fund. The above are the Top 25 holdings of the Phillips, Hager & North Overseas 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/en/ca](http://www.rbcgam.com/en/ca).

The Simplified Prospectus and other information about the underlying fund are available on SEDAR website at [www.sedar.com](http://www.sedar.com).