



BALANCED FUND

## RBC MONTHLY INCOME FUND

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December 31, 2021

**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, 2022.

### **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.*



## 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 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 55% for fixed income and 45% for equities. The target weightings for each asset class may be adjusted based on changes in the market outlook for each asset class. The actual allocation to each class will be no more than 15% above or below its target weighting.

### Risk

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

### Results of Operations

The Fund's net asset value rose to \$7.7 billion as of December 31, 2021, from \$7.2 billion at the end of 2020. The increase was due to investment returns, partially offset by net redemptions.

Over the past year, the Fund's Series A units gained 11.8%, which outperformed the 9.6% rise in the benchmark. The broad-based index 1 fell 2.5% and the broad-based index 2 rose 25.1%. 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 2021, the Fund made monthly distributions of 4.25 cents per Series A unit. For the year, the Fund made total distributions of approximately 71 cents per Series A unit, consisting of 9 cents per unit of interest income, 20 cents of dividends and 42 cents of capital gains. The 2021 total distribution includes a special year-end payout of 20 cents per Series A unit.

The S&P/TSX Composite Index had its best annual performance in more than a decade and reached new highs in 2021, as progress on COVID-19 vaccinations in much of the developed world fuelled economic growth, corporate earnings and commodity prices.

Canada's stock market benefited given that commodity-linked businesses account for almost one-quarter of the S&P/TSX's market capitalization. Economically sensitive sectors such as Real Estate and Financials performed strongly, helping to drive the Canadian market's performance to its best since 2009.

Government bonds in most major developed markets posted losses in 2021 after fixed-income yields surged from the record-low levels of 2020. The decline in the Canadian bond benchmark was the first since 2013 and was caused mainly by an overall rise in long-term yields due to expectations that inflation would climb alongside faster economic growth. The macroeconomic backdrop of healthy earnings and balance sheets and low default rates was more favourable for corporate bonds, as investors in non-government bonds benefited from the higher income offered relative to comparable government securities as well as modest capital gains offered by riskier securities, especially higher-risk corporate issues. The Fund's relative performance benefited from exposure to high-yield bonds and Canadian investment-grade corporate debt, which outperformed Government of Canada and provincial securities.

The equity portion of the Fund performed well across all sectors. The largest contribution to relative performance came from security selection in the Energy, Materials and Financials sectors. Given the strength in oil prices, the Fund's overweight positions in Tourmaline Oil and Enerplus were two of the largest contributors during the period. A lack of exposure to gold producers also benefited performance, as gold prices weakened in 2021. As a result, underweight allocations to Barrick Gold, B2Gold and Yamana Gold all aided relative performance. In the Financials sector, an overweight position in Power Corp. boosted returns given the stock's attractive valuation and strong results across its subsidiaries.

### Recent Developments

The portfolio manager expects economic momentum to continue into 2022, albeit at a slower pace than originally expected due to the Omicron variant, and robust growth should support the outlook for corporate profits. As the recovery progresses, the portfolio manager believes that earnings growth will be driven by economically sensitive sectors, including Industrials, Energy and Consumer Discretionary.

There are, however, a number of risks to this outlook, including inflation. Persistent or accelerating inflation could prompt the Bank of Canada (the "BOC") to remove monetary stimulus sooner than anticipated, and such action could, in the view of the portfolio manager, call into question the recovery in corporate profits and limit equity returns.



Against the current backdrop of strong economic growth and inflation at multi-decade highs, the portfolio manager expects that several major central banks will raise interest rates over the next year, including the BOC. Bond yields should rise only marginally from levels at the end of 2021, given the portfolio manager's view that inflation will cool off and that demand for physical goods will ebb as demand for services starts to return to pre-pandemic levels.

Effective February 28, 2021, Ms. Catherine J. Kloepfer 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.

### **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 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.

#### ***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.

#### ***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, 2021 and 2020, the related-party commissions were \$175,000 (2020 – \$147,000) or 23% (2020 – 19%) 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.

**Change in Net Assets Per Unit (\$)**

| For the Year/<br>Period Ended | Net Assets<br>Beginning of Year/Period | Increase (Decrease) from Operations <sup>1</sup> |                   |                               |                                 |             | Annual Distributions <sup>2</sup>          |                   |                          |                      | Net Assets<br>End of<br>Year/Period |              |
|-------------------------------|--|--|-------------------|-------------------------------|---------------------------------|-------------|--|-------------------|--------------------------|----------------------|-------------------------------------|--------------|
|                               |  | Total<br>Revenue<br>(Loss)                       | Total<br>Expenses | Realized<br>Gains<br>(Losses) | Unrealized<br>Gains<br>(Losses) | Total       | From<br>Income<br>(Excluding<br>Dividends) | From<br>Dividends | From<br>Capital<br>Gains | Return<br>of Capital |                                     |              |
| <b>Series A</b>               |  |  |                   |                               |                                 |             |  |                   |                          |                      |                                     |              |
| <b>Dec. 31, 2021</b>          | <b>14.94</b>                           | <b>0.45</b>                                      | <b>(0.18)</b>     | <b>0.71</b>                   | <b>0.75</b>                     | <b>1.73</b> | <b>(0.09)</b>                              | <b>(0.20)</b>     | <b>(0.42)</b>            | –                    | <b>(0.71)</b>                       | <b>15.96</b> |
| Dec. 31, 2020                 | 14.69                                  | 0.48   | (0.17)            | 0.22                          | 0.18                            | 0.71        | (0.13)                                     | (0.21)            | –                        | (0.17)               | (0.51)                              | 14.94        |
| Dec. 31, 2019                 | 13.52                                  | 0.48   | (0.17)            | 0.39                          | 1.01                            | 1.71        | (0.13)                                     | (0.20)            | (0.14)                   | (0.04)               | (0.51)                              | 14.69        |
| Dec. 31, 2018                 | 14.48                                  | 0.46   | (0.17)            | 0.20                          | (0.94)                          | (0.45)      | (0.14)                                     | (0.17)            | (0.03)                   | (0.17)               | (0.51)                              | 13.52        |
| 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        |
| <b>Series D</b>               |  |  |                   |                               |                                 |             |  |                   |                          |                      |                                     |              |
| <b>Dec. 31, 2021</b>          | <b>15.71</b>                           | <b>0.47</b>                                      | <b>(0.14)</b>     | <b>0.74</b>                   | <b>0.81</b>                     | <b>1.88</b> | <b>(0.09)</b>                              | <b>(0.22)</b>     | <b>(0.43)</b>            | –                    | <b>(0.74)</b>                       | <b>16.84</b> |
| Dec. 31, 2020                 | 15.40                                  | 0.50   | (0.13)            | 0.23                          | 0.17                            | 0.77        | (0.13)                                     | (0.22)            | –                        | (0.18)               | (0.53)                              | 15.71        |
| Dec. 31, 2019                 | 14.13                                  | 0.50   | (0.13)            | 0.41                          | 1.02                            | 1.80        | (0.15)                                     | (0.20)            | (0.14)                   | (0.04)               | (0.53)                              | 15.40        |
| Dec. 31, 2018                 | 15.08                                  | 0.48   | (0.13)            | 0.21                          | (0.98)                          | (0.42)      | (0.14)                                     | (0.19)            | (0.03)                   | (0.17)               | (0.53)                              | 14.13        |
| 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        |
| <b>Series F</b>               |  |  |                   |                               |                                 |             |  |                   |                          |                      |                                     |              |
| <b>Dec. 31, 2021</b>          | <b>16.64</b>                           | <b>0.50</b>                                      | <b>(0.12)</b>     | <b>0.79</b>                   | <b>0.84</b>                     | <b>2.01</b> | <b>(0.09)</b>                              | <b>(0.23)</b>     | <b>(0.46)</b>            | –                    | <b>(0.78)</b>                       | <b>17.87</b> |
| Dec. 31, 2020                 | 16.29                                  | 0.53   | (0.11)            | 0.25                          | 0.13                            | 0.80        | (0.14)                                     | (0.23)            | –                        | (0.19)               | (0.56)                              | 16.64        |
| Dec. 31, 2019                 | 14.92                                  | 0.53   | (0.11)            | 0.43                          | 0.97                            | 1.82        | (0.15)                                     | (0.22)            | (0.15)                   | (0.04)               | (0.56)                              | 16.29        |
| Dec. 31, 2018                 | 15.90                                  | 0.51   | (0.11)            | 0.22                          | (1.04)                          | (0.42)      | (0.15)                                     | (0.20)            | (0.03)                   | (0.18)               | (0.56)                              | 14.92        |
| 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        |
| <b>Series O</b>               |  |  |                   |                               |                                 |             |  |                   |                          |                      |                                     |              |
| <b>Dec. 31, 2021</b>          | <b>17.82</b>                           | <b>0.54</b>                                      | –                 | <b>0.85</b>                   | <b>0.91</b>                     | <b>2.30</b> | <b>(0.10)</b>                              | <b>(0.24)</b>     | <b>(0.50)</b>            | –                    | <b>(0.84)</b>                       | <b>19.27</b> |
| Dec. 31, 2020                 | 17.33                                  | 0.57   | –                 | 0.26                          | 0.20                            | 1.03        | (0.15)                                     | (0.25)            | –                        | (0.20)               | (0.60)                              | 17.82        |
| Dec. 31, 2019                 | 15.75                                  | 0.56   | –                 | 0.45                          | 1.17                            | 2.18        | (0.16)                                     | (0.22)            | (0.16)                   | (0.04)               | (0.58)                              | 17.33        |
| Dec. 31, 2018                 | 16.66                                  | 0.54   | –                 | 0.23                          | (1.09)                          | (0.32)      | (0.16)                                     | (0.20)            | (0.03)                   | (0.19)               | (0.58)                              | 15.75        |
| 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        |

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

<sup>2</sup> Distributions are reinvested in additional units of the Fund or paid in cash.

**Ratios and Supplemental Data**

| As at                | Net Asset Value<br>Per Unit (\$) | Net Asset Value<br>(\$000s) | Number of Units<br>Outstanding (000s) | Management<br>Expense Ratio (%) <sup>1</sup> | MER Before<br>Absorption (%) <sup>1</sup> | Portfolio<br>Turnover Rate (%) <sup>2</sup> | Trading<br>Expense Ratio (%) <sup>3</sup> |
|----------------------|----------------------------------|-----------------------------|---------------------------------------|--|---|---|---|
| <b>Series A</b>      |                                  |                             |                                       |  |   |   |   |
| <b>Dec. 31, 2021</b> | <b>15.96</b>                     | <b>5 581 166</b>            | <b>349 722</b>                        | <b>1.16</b>                                  | <b>1.16</b>                               | <b>19.46</b>                                | <b>0.06</b>                               |
| Dec. 31, 2020        | 14.94                            | 5 431 220                   | 363 640                               | 1.17   | 1.17                                      | 22.64                                       | 0.02                                      |
| Dec. 31, 2019        | 14.69                            | 5 737 468                   | 390 519                               | 1.20   | 1.20                                      | 12.44                                       | 0.02                                      |
| Dec. 31, 2018        | 13.52                            | 5 767 707                   | 426 575                               | 1.20   | 1.20                                      | 13.51                                       | 0.02                                      |
| Dec. 31, 2017        | 14.48                            | 6 882 249                   | 475 151                               | 1.20   | 1.20                                      | 26.15                                       | 0.03                                      |



**FINANCIAL HIGHLIGHTS (cont.)**

**Ratios and Supplemental Data (cont.)**

| As at                | Net Asset Value<br>Per Unit (\$) | Net Asset Value<br>(\$000s) | Number of Units<br>Outstanding (000s) | Management<br>Expense Ratio (%) <sup>1</sup> | MER Before<br>Absorption (%) <sup>1</sup> | Portfolio<br>Turnover Rate (%) <sup>2</sup> | Trading<br>Expense Ratio (%) <sup>3</sup> |
|----------------------|----------------------------------|-----------------------------|---------------------------------------|--|---|---|---|
| <b>Series D</b>      |                                  |                             |                                       |  |   |   |   |
| <b>Dec. 31, 2021</b> | <b>16.84</b>                     | <b>189 511</b>              | <b>11 254</b>                         | <b>0.88</b>                                  | <b>0.88</b>                               | <b>19.46</b>                                | <b>0.06</b>                               |
| Dec. 31, 2020        | 15.71                            | 173 667                     | 11 058                                | 0.88   | 0.88                                      | 22.64                                       | 0.02                                      |
| Dec. 31, 2019        | 15.40                            | 173 847                     | 11 286                                | 0.88   | 0.88                                      | 12.44                                       | 0.02                                      |
| Dec. 31, 2018        | 14.13                            | 158 211                     | 11 200                                | 0.88   | 0.88                                      | 13.51                                       | 0.02                                      |
| Dec. 31, 2017        | 15.08                            | 175 640                     | 11 647                                | 0.88   | 0.88                                      | 26.15                                       | 0.03                                      |
| <b>Series F</b>      |                                  |                             |                                       |  |   |   |   |
| <b>Dec. 31, 2021</b> | <b>17.87</b>                     | <b>1 348 386</b>            | <b>75 456</b>                         | <b>0.71</b>                                  | <b>0.71</b>                               | <b>19.46</b>                                | <b>0.06</b>                               |
| Dec. 31, 2020        | 16.64                            | 1 104 424                   | 66 367                                | 0.72   | 0.72                                      | 22.64                                       | 0.02                                      |
| Dec. 31, 2019        | 16.29                            | 1 074 003                   | 65 920                                | 0.71   | 0.71                                      | 12.44                                       | 0.02                                      |
| Dec. 31, 2018        | 14.92                            | 744 168                     | 49 892                                | 0.71   | 0.71                                      | 13.51                                       | 0.02                                      |
| Dec. 31, 2017        | 15.90                            | 565 502                     | 35 574                                | 0.72   | 0.72                                      | 26.15                                       | 0.03                                      |
| <b>Series O</b>      |                                  |                             |                                       |  |   |   |   |
| <b>Dec. 31, 2021</b> | <b>19.27</b>                     | <b>567 053</b>              | <b>29 420</b>                         | <b>0.02</b>                                  | <b>0.02</b>                               | <b>19.46</b>                                | <b>0.06</b>                               |
| Dec. 31, 2020        | 17.82                            | 523 731                     | 29 386                                | 0.03   | 0.03                                      | 22.64                                       | 0.02                                      |
| Dec. 31, 2019        | 17.33                            | 541 255                     | 31 237                                | 0.03   | 0.03                                      | 12.44                                       | 0.02                                      |
| Dec. 31, 2018        | 15.75                            | 512 892                     | 32 572                                | 0.02   | 0.02                                      | 13.51                                       | 0.02                                      |
| Dec. 31, 2017        | 16.66                            | 589 109                     | 35 358                                | 0.03   | 0.03                                      | 26.15                                       | 0.03                                      |

<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 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.

<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. The portfolio turnover rate is not applicable to money market funds.

<sup>3</sup> 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.

Effective March 1, 2020, the administration fees for Series A units were reduced to 0.05% from 0.09%. If the changes to the administration fees would have been in effect throughout the financial year ended December 31, 2020, the adjusted MER for each series of the Fund would be: Series A – 1.16%.

**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<br>Fees | Breakdown of Services |        | Administration<br>Fees <sup>†</sup> |
|----------|--------------------|-----------------------|--------|-------------------------------------|
|          |                    | Distribution          | Other* |                                     |
| Series A | 1.00%              | 50%                   | 50%    | 0.05%                               |
| Series D | 0.75%              | 20%                   | 80%    | 0.05%                               |
| Series F | 0.60%              | –                     | 100%   | 0.05%                               |
| 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 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.

<sup>†</sup> Effective March 1, 2020, the administration fees for Series A units were reduced to 0.05% from 0.09%.

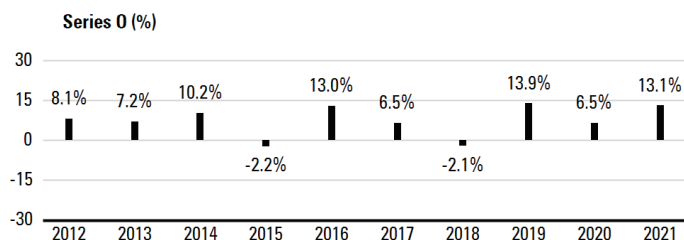
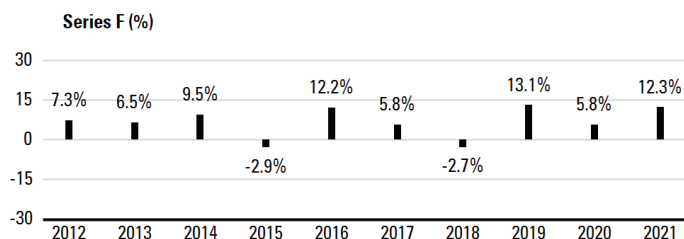
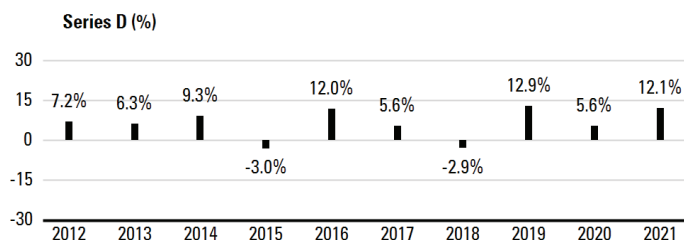
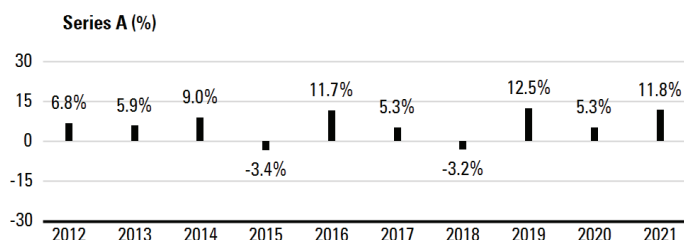


### PAST PERFORMANCE

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, 2021, compared with the following benchmarks:

The benchmark is composed of:

- 52% FTSE Canada Universe Bond Index
- 46% S&P/TSX Capped Composite Total Return Index
- 2% FTSE Canada 30 Day TBill Index

The broad-based indexes are as follows:

- Broad-based index 1 – FTSE 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            | 11.8      | 9.9          | 6.2          | 6.0           | –               |
| Benchmark           | 9.6       | 10.4         | 6.5          | 6.1           | –               |
| Broad-based index 1 | -2.5      | 4.2          | 3.3          | 3.3           | –               |
| Broad-based index 2 | 25.1      | 17.5         | 10.0         | 9.1           | –               |
| Series D            | 12.1      | 10.2         | 6.5          | 6.4           | –               |
| Benchmark           | 9.6       | 10.4         | 6.5          | 6.1           | –               |
| Broad-based index 1 | -2.5      | 4.2          | 3.3          | 3.3           | –               |
| Broad-based index 2 | 25.1      | 17.5         | 10.0         | 9.1           | –               |
| Series F            | 12.3      | 10.4         | 6.7          | 6.6           | –               |
| Benchmark           | 9.6       | 10.4         | 6.5          | 6.1           | –               |
| Broad-based index 1 | -2.5      | 4.2          | 3.3          | 3.3           | –               |
| Broad-based index 2 | 25.1      | 17.5         | 10.0         | 9.1           | –               |
| Series O            | 13.1      | 11.1         | 7.4          | 7.3           | –               |
| Benchmark           | 9.6       | 10.4         | 6.5          | 6.1           | –               |
| Broad-based index 1 | -2.5      | 4.2          | 3.3          | 3.3           | –               |
| Broad-based index 2 | 25.1      | 17.5         | 10.0         | 9.1           | –               |

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.

Advisor Series units were capped effective June 26, 2020, and re-designated as Series A units effective August 4, 2020.

### INDEX DESCRIPTIONS

**FTSE 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 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, 2021

### Investment Mix

|                  | % of Net Asset Value |
|------------------|----------------------|
| Canadian Bonds   | 46.9                 |
| Equities         | 42.8                 |
| Underlying Funds | 7.1                  |
| Foreign Bonds    | 0.3                  |
| Cash/Other       | 2.9                  |

### Top 25 Holdings

|   | % of Net Asset Value |
|---|----------------------|
| RBC U.S. Dividend Fund - Series O         | 6.9                  |
| Royal Bank of Canada                      | 3.4                  |
| Toronto-Dominion Bank                     | 3.1                  |
| Cash & Cash Equivalents                   | 2.6                  |
| Brookfield Asset Management Inc., Class A | 2.1                  |
| Bank of Nova Scotia                       | 1.9                  |
| Canadian National Railway Co.             | 1.7                  |
| Enbridge Inc.                             | 1.7                  |
| Bank of Montreal                          | 1.5                  |
| Canadian Pacific Railway Ltd.             | 1.4                  |
| Province of Ontario 3.450% Jun 2 2045     | 1.2                  |
| Province of Ontario 4.600% Jun 2 2039     | 1.1                  |
| Canadian Imperial Bank of Commerce        | 1.1                  |
| Province of Ontario 4.650% Jun 2 2041     | 1.1                  |
| TC Energy Corp.                           | 1.1                  |
| Government of Canada 0.250% Mar 1 2026    | 1.1                  |
| Province of Quebec 3.000% Sep 1 2023      | 1.0                  |
| Province of Ontario 6.500% Mar 8 2029     | 1.0                  |
| Province of Quebec 5.000% Dec 1 2041      | 1.0                  |
| Province of Ontario 2.800% Jun 2 2048     | 1.0                  |
| Government of Canada 2.000% Dec 1 2051    | 1.0                  |
| Province of Ontario 3.500% Jun 2 2043     | 0.9                  |
| Waste Connections Inc.                    | 0.8                  |
| Alimentation Couche-Tard Inc., Class A    | 0.8                  |
| Province of Ontario 1.050% Sep 8 2027     | 0.8                  |
| Top 25 Holdings                           | 41.3                 |

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/en/ca](http://www.rbcgam.com/en/ca).

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