



BALANCED FUND

## RBC GLOBAL BALANCED FUND

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December 31, 2018

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

**Sub-Advisor:** RBC Global Asset Management (UK) Limited, London, England  
*(for the European equity portion of the Fund)*

**Sub-Advisor:** RBC Investment Management (Asia) Limited, Hong Kong, China  
*(for the Asian equity portion of the Fund)*

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 11, 2019.

### **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/reports](http://www.rbcgam.com/reports) 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 pursues long-term capital growth with a secondary focus on modest income. The Fund invests primarily in Canadian, U.S. and international equities and fixed-income securities. It may also invest in income trusts and may use derivatives.

The Fund uses a strategic asset-allocation approach that determines the appropriate asset mix with broad pre-established guidelines for each asset class, and adjusts the percentage of the Fund invested in each asset class as the market outlook changes.

The Fund's target weightings for each asset class are 45% for fixed income, 19% for Canadian equities, 20% for U.S. equities, 12% for international equities and 4% for emerging-markets equities. The target weightings for each asset class may be adjusted based on changes in the market outlook for each asset class.

### Risk

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

### Results of Operations

The Fund's net asset value fell to \$670 million as of December 31, 2018, from \$727 million at the end of 2017. The decrease was due to a combination of net redemptions and investment losses.

Over the past year, the Fund's Series A units lost 3.1%, which underperformed the 1.1% decline in the benchmark. The broad-based index 1 rose 1.4% and the broad-based index 2 declined 8.9%.

The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

Funds that invest in a mix of stocks and bonds generally fell in 2018, although bonds tempered the equity declines.

Global stock markets fell early in 2018, and rebounded before plunging again late in the year, the result of steps taken by central banks to tighten monetary policy, in the case of the U.S. Federal Reserve, or preparing to do so, in the case of the European Central Bank. The worst of the declines were in international markets, with developed markets outside North America falling as much as 20%. Geopolitical tensions and trade concerns contributed to the decreases. In a sign

of investor concern, sovereign-bond yields fell during the last few months of the year, generating modest returns that offset losses in corporate fixed income.

The Fund's performance was helped by a decision to expose the Fund's equity holdings to the impact of foreign currencies, and this shift paid off when the Canadian dollar plunged in the latter half of the year. Returns were held back by the underperformance of stocks in the developed markets of Europe and Asia.

The Fund continued to carry a modest overweight position in stocks and an underweight position in bonds. The bond weight was slightly increased during weakness early in the year. The Fund continued to hedge most of its fixed-income currency exposure.

### Recent Developments

The Fund took some steps to reduce exposure to stock and non-government bond markets into the mid-part of 2018. There was wariness that stocks were becoming fully valued, and it was unlikely that expanding valuations would continue to drive stocks higher. The decline has made valuations of riskier assets more attractive, and the portfolio manager is looking to increase exposure to riskier assets assuming a recession does not unfold in 2019. For the foreseeable future, the portfolio manager does not expect yields on sovereign bonds to rise above the highs reached in 2018.

### Related-Party Transactions

#### *Manager, Trustee and Portfolio Manager*

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains



bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the Fund in the course of their normal businesses are discussed below.

**Sub-Advisors**

RBC Global Asset Management (UK) Limited and RBC Investment Management (Asia) Limited are the sub-advisors and provide investment advice for the Fund. The sub-advisors earn a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisors are paid by the manager from the management fee paid by the Fund.

**Distributors**

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or 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. These related-party commissions were \$22,000 (2017 – \$18,000) or 9% (2017 – 5%) of the total transaction costs paid for this Fund.

**Other Related-Party Transactions**

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Independent Review Committee with respect to one or more of the following transactions:

**Related-Party Trading Activities**

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

**Inter-Fund Trading**

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

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



## FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements.

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

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>Dec. 31, 2018</b>	<b>17.02</b>	<b>0.34</b>	<b>(0.37)</b>	<b>0.66</b>	<b>(1.14)</b>	<b>(0.51)</b>	–	–	<b>(0.51)</b>	–	<b>(0.51)</b>	<b>15.98</b>
Dec. 31, 2017	16.45	0.36	(0.38)	0.92	0.38	1.28	–	–	(0.73)	–	(0.73)	17.02
Dec. 31, 2016	15.83	0.38	(0.35)	0.62	0.04	0.69	–	–	(0.10)	–	(0.10)	16.45
Dec. 31, 2015	15.21	0.39	(0.35)	0.79	(0.19)	0.64	–	–	–	–	–	15.83
Dec. 31, 2014	14.02	0.35	(0.35)	1.25	(0.07)	1.18	–	–	–	–	–	15.21
<b>Advisor Series</b>												
<b>Dec. 31, 2018</b>	<b>17.18</b>	<b>0.35</b>	<b>(0.37)</b>	<b>0.67</b>	<b>(1.20)</b>	<b>(0.55)</b>	–	–	<b>(0.51)</b>	–	<b>(0.51)</b>	<b>16.13</b>
Dec. 31, 2017	16.61	0.37	(0.37)	0.93	0.37	1.30	–	–	(0.74)	–	(0.74)	17.18
Dec. 31, 2016	15.97	0.39	(0.35)	0.63	0.12	0.79	–	–	(0.10)	–	(0.10)	16.61
Dec. 31, 2015	15.34	0.39	(0.34)	0.80	(0.19)	0.66	–	–	–	–	–	15.97
Dec. 31, 2014	14.14	0.36	(0.34)	1.26	(0.07)	1.21	–	–	–	–	–	15.34
<b>Series T5</b>												
<b>Dec. 31, 2018</b>	<b>13.78</b>	<b>0.27</b>	<b>(0.29)</b>	<b>0.53</b>	<b>(1.00)</b>	<b>(0.49)</b>	–	–	<b>(0.44)</b>	<b>(0.25)</b>	<b>(0.69)</b>	<b>12.69</b>
Dec. 31, 2017	13.43	0.29	(0.30)	0.74	0.32	1.05	–	–	(0.58)	(0.09)	(0.67)	13.78
Dec. 31, 2016	13.51	0.32	(0.29)	0.52	0.30	0.85	–	–	(0.09)	(0.59)	(0.68)	13.43
Dec. 31, 2015	13.63	0.34	(0.30)	0.70	(0.16)	0.58	–	–	–	(0.68)	(0.68)	13.51
Dec. 31, 2014	13.20	0.32	(0.32)	1.15	(0.07)	1.08	–	–	–	(0.66)	(0.66)	13.63
<b>Series T8</b>												
<b>Dec. 31, 2018</b>	<b>8.39</b>	<b>0.16</b>	<b>(0.17)</b>	<b>0.32</b>	<b>(0.56)</b>	<b>(0.25)</b>	–	–	<b>(0.24)</b>	<b>(0.43)</b>	<b>(0.67)</b>	<b>7.48</b>
Dec. 31, 2017	8.42	0.18	(0.18)	0.46	0.18	0.64	–	–	(0.32)	(0.35)	(0.67)	8.39
Dec. 31, 2016	8.74	0.20	(0.18)	0.33	0.13	0.48	–	–	(0.06)	(0.64)	(0.70)	8.42
Dec. 31, 2015	9.09	0.22	(0.19)	0.46	(0.11)	0.38	–	–	–	(0.73)	(0.73)	8.74
Dec. 31, 2014	9.07	0.22	(0.21)	0.78	(0.05)	0.74	–	–	–	(0.73)	(0.73)	9.09
<b>Series D</b>												
<b>Dec. 31, 2018</b>	<b>18.59</b>	<b>0.38</b>	<b>(0.24)</b>	<b>0.73</b>	<b>(1.29)</b>	<b>(0.42)</b>	–	–	<b>(0.56)</b>	–	<b>(0.56)</b>	<b>17.61</b>
Dec. 31, 2017	17.81	0.39	(0.24)	1.00	0.39	1.54	–	–	(0.79)	–	(0.79)	18.59
Dec. 31, 2016	16.98	0.41	(0.23)	0.67	0.09	0.94	–	–	(0.10)	–	(0.10)	17.81
Dec. 31, 2015	16.17	0.41	(0.22)	0.85	(0.20)	0.84	–	–	–	–	–	16.98
Dec. 31, 2014	14.78	0.37	(0.23)	1.33	(0.08)	1.39	–	–	–	–	–	16.17
<b>Series F</b>												
<b>Dec. 31, 2018</b>	<b>20.07</b>	<b>0.41</b>	<b>(0.21)</b>	<b>0.79</b>	<b>(1.51)</b>	<b>(0.52)</b>	–	–	<b>(0.61)</b>	–	<b>(0.61)</b>	<b>19.06</b>
Dec. 31, 2017	19.17	0.42	(0.21)	1.08	0.46	1.75	–	–	(0.84)	–	(0.84)	20.07
Dec. 31, 2016	18.23	0.45	(0.20)	0.73	0.12	1.10	–	–	(0.11)	–	(0.11)	19.17
Dec. 31, 2015	17.31	0.44	(0.19)	0.91	(0.21)	0.95	–	–	–	–	–	18.23
Dec. 31, 2014	15.78	0.40	(0.20)	1.42	(0.08)	1.54	–	–	–	–	–	17.31



**FINANCIAL HIGHLIGHTS (cont.)**

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

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations <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 O</b>												
<b>Dec. 31, 2018</b>	<b>21.00</b>	<b>0.43</b>	–	<b>0.83</b>	<b>(1.55)</b>	<b>(0.29)</b>	–	–	<b>(0.64)</b>	–	<b>(0.64)</b>	<b>20.16</b>
Dec. 31, 2017	19.85	0.44	–	1.13	0.47	2.04	–	–	(0.87)	–	(0.87)	21.00
Dec. 31, 2016	18.69	0.46	–	0.74	0.16	1.36	–	–	(0.11)	–	(0.11)	19.85
Dec. 31, 2015	17.57	0.45	–	0.93	(0.22)	1.16	–	–	–	–	–	18.69
Dec. 31, 2014	15.83	0.40	–	1.43	(0.08)	1.75	–	–	–	–	–	17.57

<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 Per Unit (\$)	Net Asset Value (\$000s)	Number of Units 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>Dec. 31, 2018</b>	<b>15.98</b>	<b>550 586</b>	<b>34 469</b>	<b>2.21</b>	<b>2.21</b>	<b>55.19</b>	<b>0.04</b>
Dec. 31, 2017	17.02	630 441	37 050	2.21	2.21	55.70	0.06
Dec. 31, 2016	16.45	647 952	39 385	2.21	2.21	53.75	0.08
Dec. 31, 2015	15.83	701 620	44 317	2.21	2.21	91.51	0.08
Dec. 31, 2014	15.21	742 388	48 812	2.38	2.38	97.75	0.12
<b>Advisor Series</b>							
<b>Dec. 31, 2018</b>	<b>16.13</b>	<b>9 848</b>	<b>610</b>	<b>2.18</b>	<b>2.18</b>	<b>55.19</b>	<b>0.04</b>
Dec. 31, 2017	17.18	9 145	532	2.19	2.19	55.70	0.06
Dec. 31, 2016	16.61	8 296	500	2.17	2.17	53.75	0.08
Dec. 31, 2015	15.97	7 619	477	2.17	2.17	91.51	0.08
Dec. 31, 2014	15.34	6 996	456	2.32	2.32	97.75	0.12
<b>Series T5</b>							
<b>Dec. 31, 2018</b>	<b>12.69</b>	<b>641</b>	<b>51</b>	<b>2.17</b>	<b>2.17</b>	<b>55.19</b>	<b>0.04</b>
Dec. 31, 2017	13.78	495	36	2.20	2.20	55.70	0.06
Dec. 31, 2016	13.43	438	33	2.21	2.21	53.75	0.08
Dec. 31, 2015	13.51	87	6	2.21	2.21	91.51	0.08
Dec. 31, 2014	13.63	59	4	2.38	2.38	97.75	0.12
<b>Series T8</b>							
<b>Dec. 31, 2018</b>	<b>7.48</b>	<b>5 720</b>	<b>764</b>	<b>2.12</b>	<b>2.12</b>	<b>55.19</b>	<b>0.04</b>
Dec. 31, 2017	8.39	5 340	636	2.12	2.12	55.70	0.06
Dec. 31, 2016	8.42	6 906	820	2.14	2.14	53.75	0.08
Dec. 31, 2015	8.74	3 108	356	2.17	2.17	91.51	0.08
Dec. 31, 2014	9.09	687	76	2.36	2.36	97.75	0.12
<b>Series D</b>							
<b>Dec. 31, 2018</b>	<b>17.61</b>	<b>23 819</b>	<b>1 353</b>	<b>1.32</b>	<b>1.32</b>	<b>55.19</b>	<b>0.04</b>
Dec. 31, 2017	18.59	24 797	1 334	1.33	1.33	55.70	0.06
Dec. 31, 2016	17.81	18 365	1 031	1.33	1.33	53.75	0.08
Dec. 31, 2015	16.98	15 962	940	1.33	1.33	91.51	0.08
Dec. 31, 2014	16.17	13 315	823	1.49	1.49	97.75	0.12



**FINANCIAL HIGHLIGHTS (cont.)**

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

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) <sup>1</sup>	MER Before Absorption (%) <sup>1</sup>	Portfolio Turnover Rate (%) <sup>2</sup>	Trading Expense Ratio (%) <sup>3</sup>
<b>Series F</b>							
<b>Dec. 31, 2018</b>	<b>19.06</b>	<b>44 335</b>	<b>2 326</b>	<b>1.04</b>	<b>1.04</b>	<b>55.19</b>	<b>0.04</b>
Dec. 31, 2017	20.07	28 371	1 414	1.05	1.05	55.70	0.06
Dec. 31, 2016	19.17	12 612	658	1.06	1.06	53.75	0.08
Dec. 31, 2015	18.23	3 158	173	1.06	1.06	91.51	0.08
Dec. 31, 2014	17.31	2 165	125	1.21	1.21	97.75	0.12
<b>Series O</b>							
<b>Dec. 31, 2018</b>	<b>20.16</b>	<b>34 663</b>	<b>1 720</b>	<b>0.03</b>	<b>0.03</b>	<b>55.19</b>	<b>0.04</b>
Dec. 31, 2017	21.00	28 417	1 353	0.04	0.04	55.70	0.06
Dec. 31, 2016	19.85	19 714	993	0.04	0.04	53.75	0.08
Dec. 31, 2015	18.69	14 098	754	0.04	0.04	91.51	0.08
Dec. 31, 2014	17.57	6 644	378	0.04	0.04	97.75	0.12

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

<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 expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

**Management Fees**

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

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.85%	54%	46%
Advisor Series	1.85%	54%	46%
Series T5	1.85%	54%	46%
Series T8	1.85%	54%	46%
Series D	1.10%	23%	77%
Series F	0.85%	—	100%

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

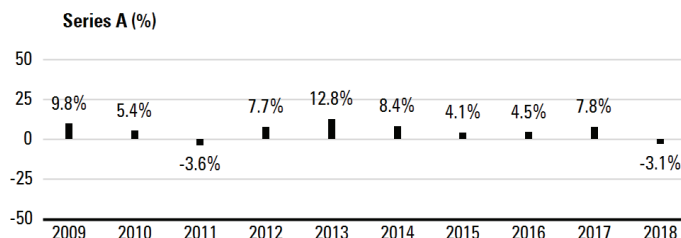
\* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

**PAST PERFORMANCE**

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

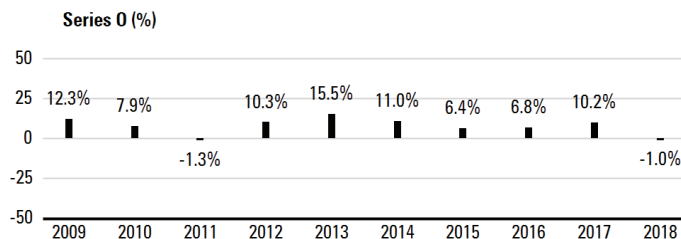
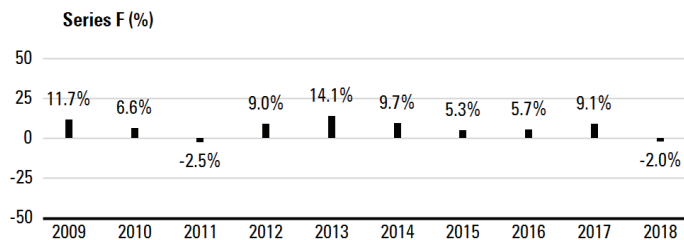
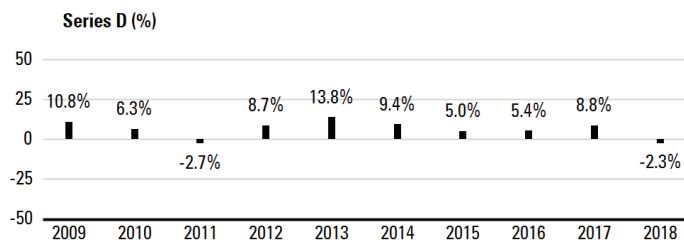
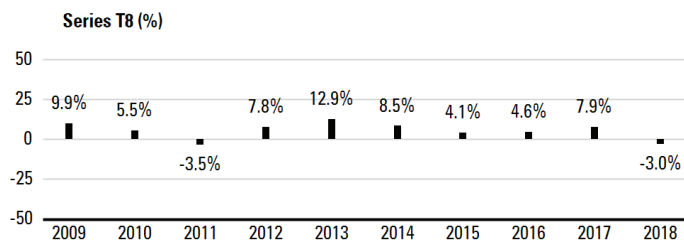
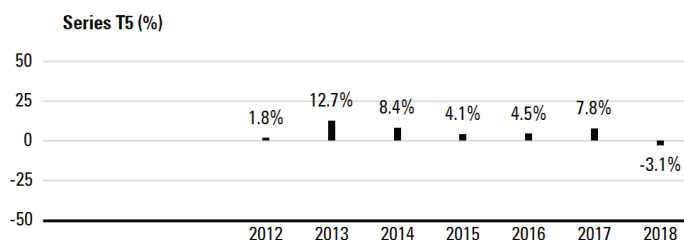
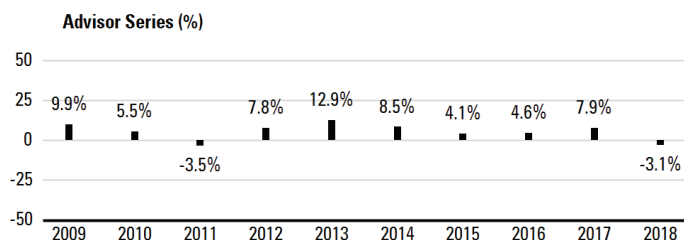
**Year-by-Year Returns (%)**

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





PAST PERFORMANCE (cont.)



**Annual Compound Returns (%)**

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2018, compared with the following benchmarks:

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

- 30% FTSE World Government Bond Index (hedged to CAD)
- 20% S&P 500 Total Return Index (CAD)
- 19% S&P/TSX Capped Composite Total Return Index
- 12% MSCI EAFE Total Return Net Index (CAD)
- 10% FTSE Canada All Government Bond Index
- 5% FTSE Canada All Corporate Bond Index
- 4% MSCI Emerging Markets Total Return Net Index (CAD)

The old blended benchmark (the "Old benchmark") is composed of:

- 45% FTSE Canada Universe Bond Index
- 20% S&P 500 Total Return Index (CAD)
- 19% S&P/TSX Capped Composite Total Return Index
- 12% MSCI EAFE Total Return Net Index (CAD)
- 4% MSCI Emerging Markets Total Return Net Index (CAD)

The change in benchmark better reflects the composition of the Fund.

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	-3.1	3.0	4.3	5.3	-
New benchmark	-1.1	4.8	6.3	7.5	-
Old benchmark	-1.2	4.6	6.2	7.7	-
Broad-based index 1	1.4	1.9	3.5	4.2	-
Broad-based index 2	-8.9	6.4	4.1	7.9	-
Advisor Series	-3.1	3.0	4.3	5.3	-
New benchmark	-1.1	4.8	6.3	7.5	-
Old benchmark	-1.2	4.6	6.2	7.7	-
Broad-based index 1	1.4	1.9	3.5	4.2	-
Broad-based index 2	-8.9	6.4	4.1	7.9	-
Series T5	-3.1	3.0	4.3	-	5.7
New benchmark	-1.1	4.8	6.3	-	7.5
Old benchmark	-1.2	4.6	6.2	-	7.3
Broad-based index 1	1.4	1.9	3.5	-	2.7
Broad-based index 2	-8.9	6.4	4.1	-	5.6





## PAST PERFORMANCE (cont.)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series T8	-3.0	3.1	4.3	5.3	—
New benchmark	-1.1	4.8	6.3	7.5	—
Old benchmark	-1.2	4.6	6.2	7.7	—
Broad-based index 1	1.4	1.9	3.5	4.2	—
Broad-based index 2	-8.9	6.4	4.1	7.9	—
Series D	-2.3	3.9	5.2	6.2	—
New benchmark	-1.1	4.8	6.3	7.5	—
Old benchmark	-1.2	4.6	6.2	7.7	—
Broad-based index 1	1.4	1.9	3.5	4.2	—
Broad-based index 2	-8.9	6.4	4.1	7.9	—
Series F	-2.0	4.2	5.5	6.6	—
New benchmark	-1.1	4.8	6.3	7.5	—
Old benchmark	-1.2	4.6	6.2	7.7	—
Broad-based index 1	1.4	1.9	3.5	4.2	—
Broad-based index 2	-8.9	6.4	4.1	7.9	—
Series O	-1.0	5.2	6.6	7.7	—
New benchmark	-1.1	4.8	6.3	7.5	—
Old benchmark	-1.2	4.6	6.2	7.7	—
Broad-based index 1	1.4	1.9	3.5	4.2	—
Broad-based index 2	-8.9	6.4	4.1	7.9	—

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

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

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

## INDEX DESCRIPTIONS

**FTSE World Government Bond Index (hedged to CAD)** This index measures the performance of fixed-rate, local currency, investment-grade sovereign bonds. The index includes sovereign debt from about 20 countries and is hedged to Canadian dollars.

**S&P 500 Total Return Index (CAD)** This index is a capitalization-weighted index measuring the Canadian dollar performance of 500 widely held common stocks representing all major industries in the United States. The index gives investors a broad measure of the overall performance of the U.S. stock market.

**S&P/TSX Capped Composite Total Return Index** This index is the amended capitalization-weighted index measuring the performance of selected securities listed on the Toronto Stock Exchange, with no individual stock exceeding 10% of the overall weight.

**MSCI EAFE Total Return Net Index (CAD)** This index is a broad measure of the Canadian dollar performance of stocks from developed equity markets covering countries in Europe, Australasia and the Far East. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

**FTSE Canada All Government Bond Index** This index is a broad measure of the performance of bonds issued by or backed by the federal government, the provinces and municipalities. The index includes bonds with terms to maturity of at least one year.

**FTSE Canada All Corporate Bond Index** This index is a broad measure of the performance of investment-grade Canadian bonds issued by corporations. The index includes bonds with terms to maturity of at least one year.

**MSCI Emerging Markets Total Return Net Index (CAD)** This index is a broad measure of the Canadian dollar performance of emerging-market equities. As of May 2010, the index consisted of the following 21 emerging-market country indexes: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, South Korea, Taiwan, Thailand and Turkey. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

**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.

\* FTSE Canada benchmarks were known as the FTSE TMX Canada benchmarks before a name change.

## SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2018

### Investment Mix

	% of Net Asset Value
Foreign Bonds	23.8
Canadian Equities	18.0
United States Equities	17.5
Canadian Bonds	16.2
International Equities	11.1
Underlying Funds	7.6
Cash/Other	5.8

### Top 25 Holdings

	% of Net Asset Value
RBC Emerging Markets Equity Fund	3.6
Japan Government Twenty Year JPY 0.500% Sep 20 2036	2.3
United States Treasury 1.750% May 15 2023	2.0
Cash & Cash Equivalents	1.6
United States Treasury 1.500% Jan 31 2022	1.5
Buoni Poliennali Del Tesoro EUR 1.450% Sep 15 2022	1.4
Province of Ontario USD 2.500% Sep 10 2021	1.4
Royal Bank of Canada	1.3
Buoni Poliennali Del Tesoro EUR 0.450% Jun 1 2021	1.3
Japanese Nikkei 225 Index Future, March 2019	1.2
Toronto-Dominion Bank	1.2
Spain Government EUR 1.150% Jul 30 2020	1.2
United States Treasury 2.500% Feb 15 2045	1.1
RBC U.S. Mid-Cap Growth Equity Fund	1.0
United States Treasury 2.375% May 15 2027	0.9
Province of Ontario 4.700% Jun 2 2037	0.8
Bank of Nova Scotia	0.8
Spain Government EUR 0.450% Oct 31 2022	0.8
United States Treasury 2.750% Feb 15 2028	0.8
Microsoft Corp.	0.8
Bundesrepublik Deutschland EUR 4.000% Jan 4 2037	0.8
United Kingdom Gilt GBP 3.250% Jan 22 2044	0.7
Belgium Government EUR 2.600% Jun 22 2024	0.7
The Dow Jones Euro STOXX 50 Future, March 2019	0.7
France O.A.T. EUR 1.250% May 25 2036	0.7
<b>Top 25 Holdings</b>	<b>30.6</b>

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

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

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