



PORTFOLIO SOLUTION

**RBC SELECT CHOICES
CONSERVATIVE PORTFOLIO**

December 31, 2018

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 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.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/reports or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund is a strategic asset allocation fund, which focuses on providing income and the potential for moderate capital growth. The Fund maintains a balance of investments across several asset classes by investing in mutual funds managed by RBC GAM or an affiliate, as well as mutual funds of other companies.

The Fund's target weightings for each asset class are 65% for fixed income, 15% for Canadian equities, 10% for U.S. equities and 10% for international equities. The actual allocation to each asset class will not be more than 15% above or below its target weighting for the fixed-income asset class, and no more than 10% above or below the target weighting for the equities asset classes.

Risk

The Fund has multiple risks associated with investing in various asset classes. These risks are similar to the risks of investing in the underlying funds. The Fund is suitable for investors who plan to hold their investments for the medium-to-long term and can tolerate low investment 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 \$137 million as of December 31, 2018, from \$158 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 3.3%, which underperformed the 0.6% decline in the benchmark. The broad-based index 1 rose 1.4% and the broad-based index 2 fell 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.

The big macroeconomic themes in 2018 were tightening financial conditions, rising protectionism and slowing global growth. Escalating trade conflicts, especially between the U.S. and China, and geopolitical uncertainty helped trigger global stock-market declines. In Europe, U.K. politicians failed to agree on terms by which the U.K. would leave the European Union (the "EU"), while in Italy the formation of a coalition government committed to higher spending led to bond- and equity-market volatility, as well as friction

with the EU. In North America, protectionism fears eased following renegotiations culminating in Canada, the U.S. and Mexico agreeing to a trade deal that, if approved by U.S. Congress, would supplant the North American Free Trade Agreement.

The Fund's overweight position in equities and underweight position in fixed income had a negative impact on performance. Canadian bond prices posted modest gains in 2018, outperforming U.S. Treasuries, as domestic yields were pressured lower by a weakening economic expansion and falling oil prices in the latter stages of 2018. These negatives, as well as rising global trade tensions, prompted the Bank of Canada, in December, to express reluctance at pushing forward with additional rate increases after hiking three times earlier in the year. The U.S. Federal Reserve (the "Fed") boosted the federal funds rate four times in 2018, putting the benchmark short-term rate at its highest level since 2008, and continued scaling back its bond holdings. The European Central Bank began preparing investors for the possibility that it, too, might start gradually raising rates. Returns in the fixed-income segment of the portfolio were boosted by the TD Canadian Bond Fund and the RBC Global Bond Fund.

The sell-off in equities was led by emerging markets and Europe early in 2018, and U.S. equities, which were quite resilient for most of the year, joined the sell-off in the fourth quarter. The S&P/TSX Composite Index, Canada's equity benchmark, lagged many global markets in 2018 as a result of headwinds such as falling energy prices, poor competitiveness, a cooling housing market and trade uncertainty. Emerging markets underperformed developed markets as interest-rate hikes by the Fed and U.S. tax reform bolstered the U.S. dollar. Emerging markets have historically underperformed when the U.S. dollar strengthens. Returns were held back by the Bissett Canadian Equity Fund and the RBC Canadian Equity Fund.

Recent Developments

The portfolio manager expects the trend of slowing global growth to continue into 2019. That said, further gradual tightening of monetary policy is expected, and rising rates could limit bond returns. The Fund remains underweight fixed income but the portfolio manager used last year's rise in yields to increase the bond allocation, as bonds can provide a cushion in an economic downturn. While the portfolio manager expects equity-market volatility to continue, stocks still offer superior return potential versus bonds, as long as earnings continue to grow as analysts expect. The Fund remains overweight equities, but exposure remains well below the peak earlier in the cycle.



Protectionism is arguably the largest macroeconomic risk today, although European politics, the U.S. government shutdown, possible central-bank-policy mistakes and troubles besetting specific emerging-market countries also threaten economic progress and investor confidence.

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.

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 ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2018	12.84	0.34	(0.25)	0.48	(0.98)	(0.41)	–	(0.09)	(0.40)	–	(0.49)	11.91
Dec. 31, 2017	12.62	0.30	(0.25)	0.57	(0.02)	0.60	–	(0.04)	(0.34)	–	(0.38)	12.84
Dec. 31, 2016	12.37	0.31	(0.24)	0.38	0.04	0.49	(0.02)	(0.06)	(0.16)	–	(0.24)	12.62
Dec. 31, 2015	12.43	0.32	(0.25)	0.47	(0.23)	0.31	–	(0.08)	(0.29)	–	(0.37)	12.37
Dec. 31, 2014	12.00	0.44	(0.24)	0.50	0.24	0.94	(0.01)	(0.18)	(0.31)	–	(0.50)	12.43
Advisor Series												
Dec. 31, 2018	12.89	0.34	(0.25)	0.49	(0.97)	(0.39)	–	(0.09)	(0.40)	–	(0.49)	11.96
Dec. 31, 2017	12.67	0.30	(0.25)	0.57	(0.05)	0.57	–	(0.04)	(0.34)	–	(0.38)	12.89
Dec. 31, 2016	12.41	0.31	(0.25)	0.38	0.04	0.48	(0.02)	(0.06)	(0.16)	–	(0.24)	12.67
Dec. 31, 2015	12.49	0.33	(0.25)	0.47	(0.23)	0.32	–	(0.08)	(0.29)	–	(0.37)	12.41
Dec. 31, 2014	12.04	0.44	(0.25)	0.50	0.24	0.93	(0.01)	(0.17)	(0.31)	–	(0.49)	12.49
Series F												
Dec. 31, 2018	10.24	0.27	(0.11)	0.39	(0.83)	(0.28)	–	(0.09)	(0.32)	–	(0.41)	9.56
Dec. 31, 2017	10.01	0.24	(0.12)	0.46	(0.01)	0.57	–	(0.05)	(0.28)	–	(0.33)	10.24
Dec. 31, 2016 ³	10.00 [†]	0.13	(0.06)	0.16	(0.12)	0.11	(0.02)	(0.06)	(0.16)	–	(0.24)	10.01

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

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

³ From July 4, 2016.

[†] Initial offering net asset value per unit.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2018	11.91	124 314	10 438	1.95	1.95	26.90	0.01
Dec. 31, 2017	12.84	147 230	11 469	1.95	1.95	1.82	0.01
Dec. 31, 2016	12.62	163 458	12 950	1.96	1.96	7.57	0.02
Dec. 31, 2015	12.37	181 118	14 647	1.95	1.95	12.64	0.02
Dec. 31, 2014	12.43	195 046	15 686	1.95	1.95	17.76	0.03
Advisor Series							
Dec. 31, 2018	11.96	1 614	135	1.95	1.95	26.90	0.01
Dec. 31, 2017	12.89	1 636	127	1.96	1.96	1.82	0.01
Dec. 31, 2016	12.67	1 745	138	1.98	1.98	7.57	0.02
Dec. 31, 2015	12.41	1 822	147	1.98	1.98	12.64	0.02
Dec. 31, 2014	12.49	1 570	126	1.98	1.98	17.76	0.03



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 (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series F							
Dec. 31, 2018	9.56	10 739	1 124	1.14	1.14	26.90	0.01
Dec. 31, 2017	10.24	8 749	855	1.16	1.16	1.82	0.01
Dec. 31, 2016 ⁴	10.01	3 448	345	1.14	1.14	7.57	0.02

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

² The 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 portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

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

⁴ From July 4, 2016.

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 management fee payable in respect of each of Series A and Advisor Series units of the Fund is a variable fee and is determined on a basis such that all fees and expenses that comprise the management expense ratio ("MER"), other than the additional cost of the GST/HST, will be equal to a specified percentage of the average net asset value of each of these series of the Fund ("Specified Percentage"). The Specified Percentage includes the management fee, administration fee, taxes (other than the additional cost of the GST/HST), other fund costs and any fees and expenses of the underlying funds. The Specified Percentage for Series A and Advisor Series units is 1.85%.

The management fee payable to RBC GAM in respect of Series F units of the Fund is a fixed fee and the MER of Series F units comprises the management fee, administration fee, taxes, other fund costs and any fees and expenses of the underlying funds.

The breakdown of the services received in consideration of the management fee component of the MER for each series, as a percentage of the management fees, is as follows:

	Management Fees*	Breakdown of Services	
		Distribution	Other [†]
Series A	1.69%	44%	56%
Advisor Series	1.69%	44%	56%
Series F	0.95%	—	100%

* Management fees for Series A and Advisor Series units represent the actual average management fee rate for the period ended December 31, 2018.

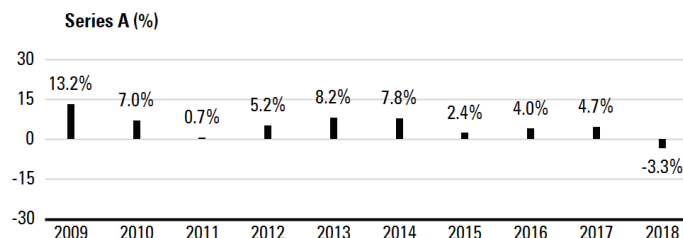
[†] Includes all costs related to management, trustee, investment advisory services, general administration and profit.

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.

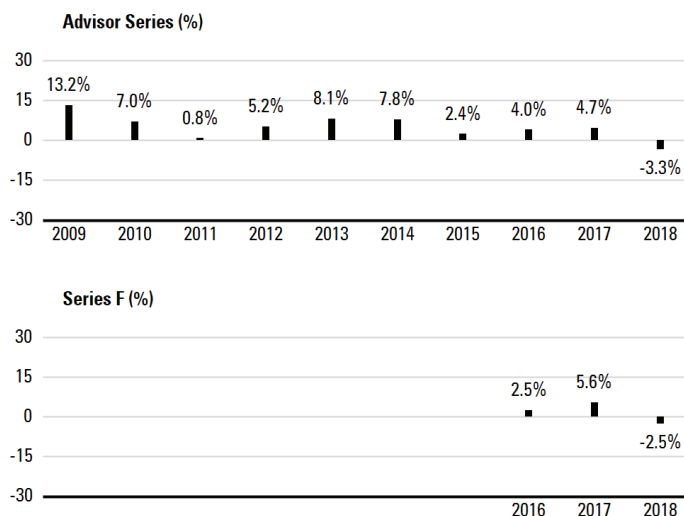
Year-by-Year Returns (%)

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:

- 63% FTSE Canada Universe Bond Index
- 15% S&P/TSX Capped Composite Total Return Index
- 10% S&P 500 Total Return Index (CAD)
- 10% MSCI EAFE Total Return Net Index (CAD)
- 2% FTSE Canada 30 Day TBill Index

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

- 65% FTSE Canada Universe Bond Index
- 15% S&P/TSX Capped Composite Total Return Index
- 10% S&P 500 Total Return Index (CAD)
- 10% MSCI EAFE 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	-3.3	1.7	3.1	4.9	–
New benchmark	-0.6	3.4	4.9	6.1	–
Old benchmark	-0.6	3.4	5.0	6.2	–
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	-3.3	1.7	3.0	4.9	–
New benchmark	-0.6	3.4	4.9	6.1	–
Old benchmark	-0.6	3.4	5.0	6.2	–
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	-2.5	–	–	–	2.1
New benchmark	-0.6	–	–	–	2.9
Old benchmark	-0.6	–	–	–	2.9
Broad-based index 1	1.4	–	–	–	0.5
Broad-based index 2	-8.9	–	–	–	3.2

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 F units have been available for sale to unitholders since July 4, 2016.

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

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.

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.

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 30 Day TBill Index This index is a measure of the performance of Canadian short-term cash investments.

* 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
Income Funds	61.8
Canadian Equity Funds	16.4
International Equity Funds	11.7
United States Equity Funds	9.7
Cash/Other	0.4

Top 25 Holdings*

	% of Net Asset Value
TD Canadian Bond Fund	14.5
Phillips, Hager & North Total Return Bond Fund	10.0
RBC Bond Fund	9.9
RBC Global Corporate Bond Fund	7.0
Phillips, Hager & North Short Term Bond & Mortgage Fund	5.9
Renaissance International Equity Fund	5.9
RBC Canadian Equity Fund	5.3
Franklin Bissett Canadian Equity Fund	5.3
RBC Canadian Dividend Fund	5.3
Invesco International Growth Fund	4.5
RBC Global Bond Fund	4.1
CI American Value Fund	3.3
RBC O'Shaughnessy U.S. Value Fund	3.2
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	3.2
BlueBay Global Sovereign Bond Fund (Canada)	3.2
RBC Global High Yield Bond Fund	3.0
BlueBay Global Investment Grade Corporate Bond Fund (Canada)	2.6
BlueBay European High Yield Bond Fund (Canada)	1.5
Invesco International Growth Class	1.3
RBC Canadian Money Market Fund	0.5
Cash & Cash Equivalents	0.5
Total	100.0

* The Fund holds fewer than 25 holdings.

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

The Simplified Prospectus and other information about the underlying funds are available on SEDAR website at www.sedar.com.