



MONEY MARKET FUND

**PHILLIPS, HAGER & NORTH
CANADIAN MONEY MARKET FUND**

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 1-800-661-6141, by writing to us at RBC Global Asset Management Inc., Phillips, Hager & North Investment Management, Investment Funds Centre, 20th Floor, 200 Burrard Street, Vancouver, B.C., V6C 3N5, 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.

Phillips, Hager & North Investment Management is a division of RBC Global Asset Management Inc., the manager of the Fund and an indirect wholly owned subsidiary of Royal Bank of Canada ("Royal Bank").



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide investors with a steady level of current income, capital preservation and liquidity by investing in a well-diversified portfolio of short-term Canadian money market securities with strong credit ratings. To achieve the Fund's investment objective, the portfolio manager invests in government or government guaranteed treasury bills, high-grade corporate notes, and asset-backed commercial paper. At the time of purchase, securities will generally have a term to maturity of less than 183 days and the portfolio's term to maturity will typically average 30 days. The Fund is conservatively managed and does not invest in foreign securities.

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 \$2.0 billion as of December 31, 2018, from \$1.8 billion at the end of 2017. The increase was due to net inflows.

As of December 31, 2018, the current yields were 1.6% for Series A units, 1.6% for Advisor Series units, 1.5% for Series D units, 1.6% for Series F units and 2.1% for Series O units.

Over the past year, the Fund's Series O units returned 1.76%. The Fund's return is after the deduction of 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.

During the period, the portfolio manager allocated all of the Fund's assets to money-market instruments paying higher yields than Government of Canada Treasury bills. Such instruments included corporate notes, bank-sponsored asset-backed commercial paper and bankers' acceptances. The portfolio also had a small allocation to short-term floating-rate notes, whose payments adjust to changes in short-term interest rates.

The Bank of Canada (the "BOC") continued with its gradual approach to increasing the overnight rate to levels more consistent with those in the past. The BOC raised the rate by 0.25% three times in 2018 to end the period at 1.75%. The extra yield available on corporate notes with longer maturities remained attractive, and the portfolio manager therefore kept the Fund's average maturity close to the 60-day maximum. This strategy was helpful to relative performance during the period.

Recent Developments

The portfolio manager expects the pace of interest-rate increases to slow, as the BOC's tone has turned more cautious amid weakening Canadian economic growth. One indicator of the weakness is that shorter-term interest rates have risen more quickly than longer-term rates, known as yield-curve flattening. At the beginning of 2019, the yield on 3-month federal bills was similar to yields on 1-month bills.

Related-Party Transactions

Manager and Portfolio Manager

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

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when 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.

Trustee and Custodian

RBC IS is the trustee and holds title to the Fund's property on behalf of unitholders. RBC IS is the custodian of the Fund and holds the assets of the Fund.

RBC IS earns a fee as the trustee and 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	10.00	0.17	(0.05)	–	–	0.12	(0.12)	–	–	–	(0.12)	10.00
Dec. 31, 2017	10.00	0.11	(0.05)	–	–	0.06	(0.06)	–	–	–	(0.06)	10.00
Dec. 31, 2016	10.00	0.09	(0.05)	–	–	0.04	(0.04)	–	–	–	(0.04)	10.00
Dec. 31, 2015	10.00	0.10	(0.05)	–	–	0.05	(0.05)	–	–	–	(0.05)	10.00
Dec. 31, 2014	10.00	0.12	(0.05)	–	–	0.07	(0.07)	–	–	–	(0.07)	10.00
Advisor Series												
Dec. 31, 2018	10.00	0.17	(0.05)	–	–	0.12	(0.12)	–	–	–	(0.12)	10.00
Dec. 31, 2017	10.00	0.11	(0.05)	–	–	0.06	(0.06)	–	–	–	(0.06)	10.00
Dec. 31, 2016	10.00	0.09	(0.05)	–	–	0.04	(0.04)	–	–	–	(0.04)	10.00
Dec. 31, 2015	10.00	0.10	(0.05)	–	–	0.05	(0.05)	–	–	–	(0.05)	10.00
Dec. 31, 2014	10.00	0.12	(0.05)	–	–	0.07	(0.07)	–	–	–	(0.07)	10.00
Series D												
Dec. 31, 2018	10.00	0.18	(0.06)	–	–	0.12	(0.12)	–	–	–	(0.12)	10.00
Dec. 31, 2017	10.00	0.11	(0.06)	–	0.01	0.06	(0.06)	–	–	–	(0.06)	10.00
Dec. 31, 2016	10.00	0.09	(0.05)	–	–	0.04	(0.04)	–	–	–	(0.04)	10.00
Dec. 31, 2015	10.00	0.09	(0.05)	–	–	0.04	(0.04)	–	–	–	(0.04)	10.00
Dec. 31, 2014	10.00	0.12	(0.06)	–	–	0.06	(0.07)	–	–	–	(0.07)	10.00
Series F												
Dec. 31, 2018	10.00	0.18	(0.05)	–	–	0.13	(0.13)	–	–	–	(0.13)	10.00
Dec. 31, 2017	10.00	0.11	(0.05)	–	0.02	0.07	(0.07)	–	–	–	(0.07)	10.00
Dec. 31, 2016	10.00	0.09	(0.05)	–	–	0.04	(0.04)	–	–	–	(0.04)	10.00
Dec. 31, 2015	10.00	0.10	(0.05)	–	–	0.05	(0.05)	–	–	–	(0.05)	10.00
Dec. 31, 2014	10.00	0.12	(0.05)	–	–	0.07	(0.08)	–	–	–	(0.08)	10.00
Series O												
Dec. 31, 2018	10.00	0.17	–	–	–	0.17	(0.17)	–	–	–	(0.17)	10.00
Dec. 31, 2017	10.00	0.10	–	–	0.01	0.11	(0.11)	–	–	–	(0.11)	10.00
Dec. 31, 2016	10.00	0.09	–	–	–	0.09	(0.09)	–	–	–	(0.09)	10.00
Dec. 31, 2015	10.00	0.10	–	–	–	0.10	(0.10)	–	–	–	(0.10)	10.00
Dec. 31, 2014	10.00	0.12	–	–	–	0.12	(0.12)	–	–	–	(0.12)	10.00

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.



FINANCIAL HIGHLIGHTS (cont.)

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	10.00	5 725	573	0.54	0.75	n/a	—
Dec. 31, 2017	10.00	4 843	484	0.54	0.75	n/a	—
Dec. 31, 2016	10.00	5 216	522	0.53	0.53	n/a	—
Dec. 31, 2015	10.00	6 575	658	0.54	0.54	n/a	—
Dec. 31, 2014	10.00	4 313	431	0.54	0.54	n/a	—
Advisor Series							
Dec. 31, 2018	10.00	4 162	416	0.54	0.75	n/a	—
Dec. 31, 2017	10.00	1 013	101	0.53	0.75	n/a	—
Dec. 31, 2016	10.00	1 433	143	0.53	0.53	n/a	—
Dec. 31, 2015	10.00	3 576	358	0.54	0.54	n/a	—
Dec. 31, 2014	10.00	3 327	333	0.54	0.54	n/a	—
Series D							
Dec. 31, 2018	10.00	218 047	21 805	0.57	0.57	n/a	—
Dec. 31, 2017	10.00	348 026	34 800	0.56	0.56	n/a	—
Dec. 31, 2016	10.00	248 646	24 865	0.55	0.55	n/a	—
Dec. 31, 2015	10.00	519 426	51 943	0.55	0.55	n/a	—
Dec. 31, 2014	10.00	271 683	27 168	0.57	0.57	n/a	—
Series F							
Dec. 31, 2018	10.00	15 758	1 576	0.48	0.48	n/a	—
Dec. 31, 2017	10.00	4 301	430	0.48	0.48	n/a	—
Dec. 31, 2016	10.00	2 706	271	0.48	0.48	n/a	—
Dec. 31, 2015	10.00	3 806	381	0.48	0.48	n/a	—
Dec. 31, 2014	10.00	5 237	524	0.48	0.48	n/a	—
Series O							
Dec. 31, 2018	10.00	1 795 204	179 520	0.02	0.02	n/a	—
Dec. 31, 2017	10.00	1 403 144	140 304	0.02	0.02	n/a	—
Dec. 31, 2016	10.00	1 002 984	100 298	0.02	0.02	n/a	—
Dec. 31, 2015	10.00	1 022 721	102 272	0.03	0.03	n/a	—
Dec. 31, 2014	10.00	980 168	98 017	0.03	0.03	n/a	—

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 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 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.



FINANCIAL HIGHLIGHTS (cont.)

Management Fees

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

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	0.65%	38%	62%
Advisor Series	0.65%	38%	62%
Series D	Note 1	23%	77%
Series F	0.40%	–	100%

Note 1 – 0.50% (decreasing to 0.40% on the net Series D asset value over \$200,000,000).

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.

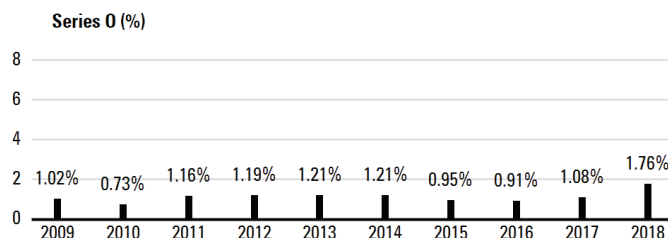
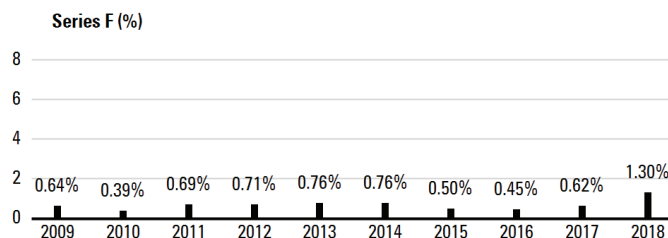
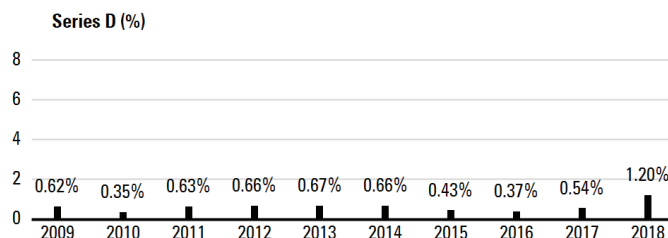
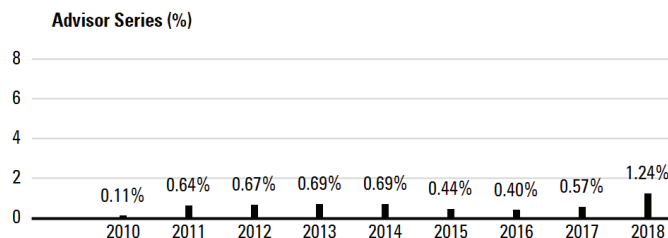
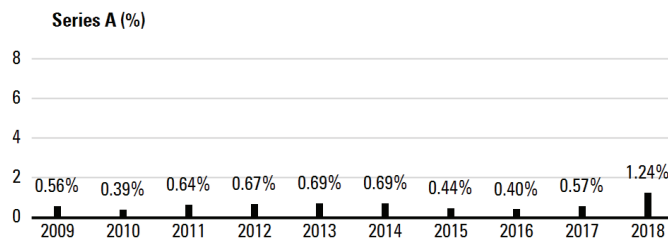
* Includes all costs related to management, investment advisory services, general administration and profit.

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.



Advisor Series units have been available for sale to unitholders since October 2010.

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

All outstanding Series C units were renamed Series A units effective June 30, 2016.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2018

Investment Mix

	% of Net Asset Value
Corporate Notes	99.0
Cash/Other	1.0

Top 25 Holdings

	% of Net Asset Value
Canadian Imperial Bank of Commerce 2.252% Mar 29 2019	3.4
Canadian Imperial Bank of Commerce 2.280% May 23 2019	1.9
AltaLink LP 2.166% Jan 29 2019	1.7
Canadian Master Trust - Series A 2.321% May 30 2019	1.7
Clarity Trust 2.280% May 17 2019	1.5
SOUND Trust 1.967% Jan 7 2019	1.3
STABLE Trust 2.210% Mar 19 2019	1.3
Bank of Nova Scotia 2.159% Feb 28 2019	1.2
TMX Group Ltd. 2.161% Feb 12 2019	1.2
Fusion Trust 2.045% Jan 30 2019	1.2
Bank of Nova Scotia 2.084% Jan 3 2019	1.2
Canadian Imperial Bank of Commerce 2.206% Jan 28 2019	1.1
Canadian Master Trust - Series A 2.171% Apr 3 2019	1.1
Banner Trust 1.951% Jan 21 2019	1.1
Husky Energy Inc. 2.180% Jan 25 2019	1.1
Fusion Trust 2.091% Jan 21 2019	1.0
Enbridge Pipelines Inc. 2.200% Jan 7 2019	1.0
King Street Funding Trust 2.182% Mar 7 2019	1.0
King Street Funding Trust 2.280% Apr 26 2019	1.0
Alectra Inc. 2.209% Jan 9 2019	1.0
National Bank of Canada 2.135% Jan 17 2019	1.0
Caisse Centrale Desjardins 2.082% Jan 30 2019	1.0
Ridge Trust 1.951% Jan 4 2019	1.0
SOUND Trust 2.200% Mar 8 2019	1.0
Bank of Nova Scotia 2.050% Mar 6 2019	1.0
Top 25 Holdings	32.0

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.