



GLOBAL EQUITY FUND

**PHILLIPS, HAGER & NORTH
GLOBAL EQUITY FUND**

December 31, 2018

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

Sub-Advisor: RBC Global Asset Management (UK) Limited

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 long-term capital growth by investing primarily in common stocks of companies in the world's largest industrialized countries outside Canada, including the United States and countries in Europe, as well as Japan, Australia and the rest of the Far East. The portfolio manager invests primarily in companies that they believe have sound fundamentals, a strong market position, a history of profitability, a capable management team, and attractive valuations.

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 \$528 million as of December 31, 2018, from \$251 million at the end of 2017. The increase was due to net inflows, partially offset by investment losses.

Over the past year, the Fund's Series O units gained 2.0%, which outperformed the 0.5% decline in the benchmark. 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.

A decade-long period of investor-friendly monetary stimulus and ultralow interest rates appeared to start receding in 2018, leading to concern about the outlook for earnings and borrowing. The U.S. Federal Reserve, in particular, was clear about its plan to raise interest rates steadily and it followed through, fearful that the relatively strong U.S. economy would experience uncomfortably high inflation if rates did not increase.

Escalating trade conflicts, especially between the U.S. and China, and geopolitical uncertainty helped trigger global stock-market declines, with emerging markets underperforming developed markets. 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.

Top contributors to the Fund's returns included U.S. discount retailer TJX, which had a strong third quarter; U.S. health-care provider UnitedHealth, which posted strong financial results; and U.S. medical equipment and services company Danaher.

Stocks that had a negative impact on returns included the German package-delivery company Deutsche Post DHL, whose shares declined towards the end of the year on concerns about a slowdown in global trade. Shares of U.S. flooring manufacturer Mohawk declined amid higher costs, and the position was eliminated from the portfolio. Anheuser-Busch InBev, the Belgium-based brewer, hurt relative returns given concerns about volume growth and high exposure to emerging markets.

Recent Developments

A slowdown in the global economic expansion is among the variables that will influence equity and other financial markets in 2019. Growth has been kept afloat by the U.S. in recent quarters, but stock declines have many investors questioning whether a global recession might soon unfold.

The U.S.-China trade dispute is contributing to the uncertainty, and emerging markets, which have performed poorly since the financial crisis, do not necessarily offer a safe haven. China, the world's second-largest economy and by far the largest emerging market, has high consumer and government debts alongside a slowing economy, and other emerging markets are under pressure from a stronger U.S. dollar and rising U.S. interest rates.

The sub-advisor is committed to minimizing the impact of the weakening macroeconomic environment on the Fund. Picking companies with consistent earnings and strong balance sheets diversified across regions and industries should drive returns.

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.



Sub-Advisor

RBC Global Asset Management (UK) Limited is the sub-advisor and provides investment advice for the Fund. The sub-advisor earns 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-advisor is 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.

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	17.85	0.25	(0.39)	0.51	(1.76)	(1.39)	—	—	—	—	—	17.84
Dec. 31, 2017	14.36	0.25	(0.33)	0.94	2.59	3.45	—	—	—	—	—	17.85
Dec. 31, 2016	14.47	0.27	(0.28)	0.71	(0.81)	(0.11)	—	—	—	—	—	14.36
Dec. 31, 2015	11.82	0.23	(0.28)	0.73	1.95	2.63	—	—	—	—	—	14.47
Dec. 31, 2014	10.25	0.06	(0.22)	3.01	(1.28)	1.57	—	—	—	—	—	11.82
Advisor Series												
Dec. 31, 2018	17.84	0.24	(0.39)	0.49	(2.30)	(1.96)	—	—	—	—	—	17.84
Dec. 31, 2017	14.36	0.25	(0.33)	0.94	2.49	3.35	—	—	—	—	—	17.84
Dec. 31, 2016	14.47	0.27	(0.28)	0.70	(0.94)	(0.25)	—	—	—	—	—	14.36
Dec. 31, 2015	11.82	0.23	(0.28)	0.73	1.94	2.62	—	—	—	—	—	14.47
Dec. 31, 2014	10.25	0.06	(0.22)	3.00	(1.27)	1.57	—	—	—	—	—	11.82
Series D												
Dec. 31, 2018	18.35	0.28	(0.23)	0.56	(0.68)	(0.07)	—	(0.01)	—	—	(0.01)	18.50
Dec. 31, 2017	14.67	0.26	(0.20)	0.97	2.69	3.72	—	(0.04)	—	—	(0.04)	18.35
Dec. 31, 2016	14.69	0.28	(0.17)	0.72	(0.81)	0.02	—	(0.04)	—	—	(0.04)	14.67
Dec. 31, 2015	11.94	0.23	(0.16)	0.74	1.98	2.79	—	(0.06)	—	—	(0.06)	14.69
Dec. 31, 2014	10.27	0.06	(0.13)	3.02	(1.28)	1.67	—	—	—	—	—	11.94
Series F												
Dec. 31, 2018	18.59	0.25	(0.19)	0.51	(2.78)	(2.21)	—	(0.03)	—	—	(0.03)	18.76
Dec. 31, 2017	14.86	0.26	(0.16)	0.97	2.59	3.66	—	(0.08)	—	—	(0.08)	18.59
Dec. 31, 2016	14.87	0.27	(0.14)	0.71	(0.58)	0.26	—	(0.07)	—	—	(0.07)	14.86
Dec. 31, 2015	12.10	0.24	(0.13)	0.75	1.99	2.85	—	(0.10)	—	—	(0.10)	14.87
Dec. 31, 2014	10.38	0.06	(0.11)	3.08	(1.31)	1.72	—	—	—	—	—	12.10
Series O												
Dec. 31, 2018	18.83	0.29	—	0.57	(0.83)	0.03	(0.01)	(0.19)	—	—	(0.20)	19.01
Dec. 31, 2017	15.06	0.27	(0.01)	1.00	2.73	3.99	(0.01)	(0.25)	—	—	(0.26)	18.83
Dec. 31, 2016	15.08	0.28	(0.01)	0.72	(0.85)	0.14	—	(0.21)	—	—	(0.21)	15.06
Dec. 31, 2015	12.26	0.24	(0.01)	0.77	2.04	3.04	—	(0.23)	—	—	(0.23)	15.08
Dec. 31, 2014	10.43	0.06	(0.01)	3.08	(1.31)	1.82	—	—	—	—	—	12.26

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	17.84	30 628	1 717	2.06	2.06	22.56	0.11
Dec. 31, 2017	17.85	10 179	570	2.06	2.06	27.74	0.16
Dec. 31, 2016	14.36	6 953	484	2.06	2.06	47.90	0.20
Dec. 31, 2015	14.47	7 246	501	2.06	2.06	38.75	0.17
Dec. 31, 2014	11.82	3 640	308	2.09	2.09	131.52	0.28
Advisor Series							
Dec. 31, 2018	17.84	57 190	3 205	2.06	2.06	22.56	0.11
Dec. 31, 2017	17.84	6 386	358	2.06	2.06	27.74	0.16
Dec. 31, 2016	14.36	3 353	233	2.06	2.06	47.90	0.20
Dec. 31, 2015	14.47	3 686	255	2.06	2.06	38.75	0.17
Dec. 31, 2014	11.82	879	74	2.09	2.09	131.52	0.28
Series D							
Dec. 31, 2018	18.50	102 140	5 522	1.19	1.19	22.56	0.11
Dec. 31, 2017	18.35	82 019	4 470	1.19	1.19	27.74	0.16
Dec. 31, 2016	14.67	52 931	3 609	1.19	1.19	47.90	0.20
Dec. 31, 2015	14.69	52 874	3 600	1.19	1.19	38.75	0.17
Dec. 31, 2014	11.94	36 737	3 076	1.22	1.22	131.52	0.28
Series F							
Dec. 31, 2018	18.76	123 877	6 603	0.96	0.96	22.56	0.11
Dec. 31, 2017	18.59	16 903	909	0.94	0.94	27.74	0.16
Dec. 31, 2016	14.86	7 292	491	0.95	0.95	47.90	0.20
Dec. 31, 2015	14.87	2 536	171	0.95	0.95	38.75	0.17
Dec. 31, 2014	12.10	435	36	0.97	0.97	131.52	0.28
Series O							
Dec. 31, 2018	19.01	214 178	11 264	0.02	0.02	22.56	0.11
Dec. 31, 2017	18.83	135 981	7 220	0.05	0.05	27.74	0.16
Dec. 31, 2016	15.06	89 103	5 917	0.07	0.07	47.90	0.20
Dec. 31, 2015	15.08	54 566	3 619	0.07	0.07	38.75	0.17
Dec. 31, 2014	12.26	48 282	3 938	0.10	0.10	131.52	0.28

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.

Effective October 2, 2017, the administration fees were changed in respect of Series O units of the Fund. If the changes to the administration fees would have been in effect throughout 2017, the adjusted MER for each series of the Fund would be: Series O – 0.02%.



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	1.75%	57%	43%
Advisor Series	1.75%	57%	43%
Series D	1.00%	25%	75%
Series F	0.75%	—	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.

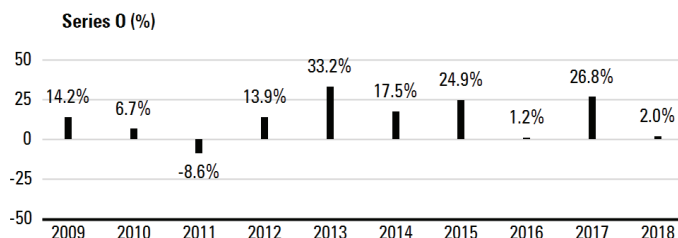
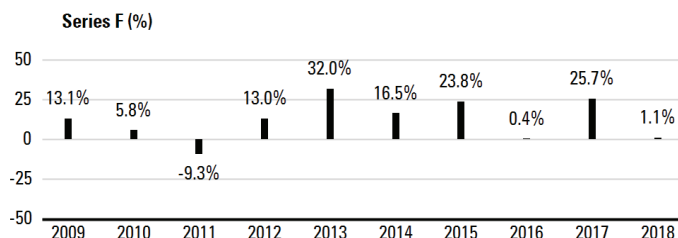
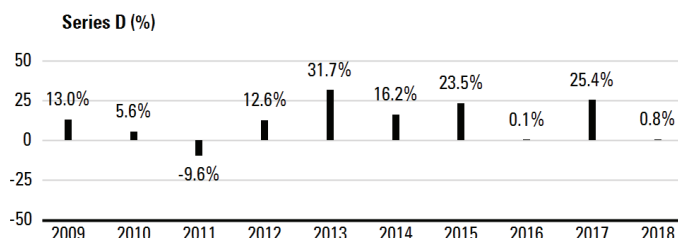
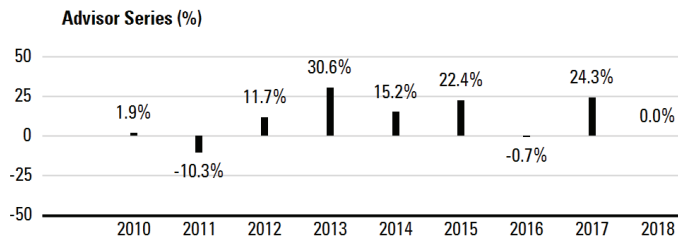
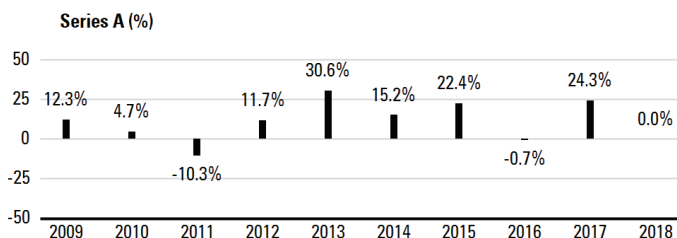
* Includes all costs related to management, investment advisory services, general administration and profit.

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 benchmark:

MSCI World Total Return Net Index (CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A	0.0	7.2	11.7	10.3	–
Benchmark	-0.5	5.7	9.9	10.8	–
Advisor Series	0.0	7.2	11.7	–	10.8
Benchmark	-0.5	5.7	9.9	–	11.6
Series D	0.8	8.2	12.7	11.3	–
Benchmark	-0.5	5.7	9.9	10.8	–
Series F	1.1	8.4	13.0	11.5	–
Benchmark	-0.5	5.7	9.9	10.8	–
Series O	2.0	9.4	14.0	12.5	–
Benchmark	-0.5	5.7	9.9	10.8	–

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

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.

INDEX DESCRIPTION

MSCI World Total Return Net Index (CAD) This index is the capitalization-weighted index measuring the Canadian dollar performance of selected companies listed on stock exchanges in countries around the world. The net total return index reinvests dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2018

Investment Mix – Sectors

	% of Net Asset Value
Financials	20.9
Health Care	19.0
Consumer Discretionary	13.4
Industrials	13.0
Information Technology	12.5
Consumer Staples	11.6
Energy	4.1
Utilities	3.2
Materials	2.2
Cash/Other	0.1

Investment Mix – Countries/Regions

	% of Net Asset Value
United States Equities	60.1
Europe ex-United Kingdom Equities	19.5
Pacific Rim ex-Japan Equities	7.4
United Kingdom Equities	6.0
Japan Equities	4.7
Middle East & Africa Equities	2.2
Cash/Other	0.1



SUMMARY OF INVESTMENT PORTFOLIO (cont.)

(after consideration of derivative products, if any)

As at December 31, 2018

Top 25 Holdings

	% of Net Asset Value
Danaher Corp.	6.2
Roche Holdings AG Genusscheine	5.8
UnitedHealth Group Incorporated	5.7
Unilever N.V.	5.2
First Republic Bank	5.0
Fortive Corp.	4.4
EOG Resources Inc.	4.1
TJX Companies Inc.	4.1
Deutsche Post AG	3.9
Microsoft Corp.	3.6
Alphabet Inc., Class A	3.5
Estée Lauder Companies Inc., Class A	3.4
Gartner Inc.	3.3
American Water Works Co. Inc.	3.2
Amazon.com, Inc.	3.2
HDFC Bank Ltd. ADR	3.1
Nidec Corp.	3.0
Anheuser-Busch InBev S.A./N.V.	2.9
MarketAxess Holdings Inc.	2.7
Blackstone Group LP	2.7
SVB Financial Group	2.5
Croda International Plc.	2.2
InterContinental Hotels Group Plc.	2.2
AIA Group Ltd.	2.2
Naspers Ltd.	2.2
Top 25 Holdings	90.3

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/funds.