



INTERNATIONAL EQUITY FUND

**PHILLIPS, HAGER & NORTH
CURRENCY-HEDGED OVERSEAS
EQUITY FUND**

December 31, 2023

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 7, 2024.

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/regulatorydocuments or SEDAR+ at www.sedarplus.ca. 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 primarily through exposure to a diversified portfolio of companies located in countries outside North America, including countries in Europe, as well as Japan, Australia and the rest of the Far East, while minimizing fluctuations in the value of foreign currencies relative to the Canadian dollar. To achieve the Fund's investment objective, the portfolio manager invests primarily in units of the Phillips, Hager & North Overseas Equity Fund (the "underlying fund"), as well as derivative instruments that are used to hedge against fluctuations in the value of foreign currencies relative to the Canadian dollar.

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 \$145 million as of December 31, 2023, from \$148 million at the end of 2022. The decrease was due to net redemptions, partially offset by investment returns.

Over the past year, the Fund's Series F units gained 6.7%, which underperformed the 18.7% rise in the benchmark. 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.

Many equity investors began the period concerned that higher interest rates would tip the U.S. economy into recession. These concerns were amplified in March, when rapidly increasing interest rates caused bank balance sheets to weaken, and the failure of a number of midsize U.S. banks raised fears of even tighter credit conditions. U.S. consumers, however, continued to spend, and fears of a recession gradually gave way to a growing consensus that a contraction might be avoided.

The equity market was characterized by strong performance from a narrow group of large technology-related U.S. firms, many of which benefited from optimism over the prospects for artificial intelligence. As a result, large-cap U.S. equity indexes outperformed most other markets. China's post-pandemic economic recovery continued to be lacklustre, with the economy slipping into deflation toward the end of the period. Economic growth was also muted in Europe.

Inflation continued to moderate across most regions, and the U.S. Federal Reserve signalled toward the end of the period that interest rates had likely peaked, causing equity markets to rally in the final two months of 2023.

The portfolio benefited from positions in InterContinental Hotels, Taiwan Semiconductor Manufacturing and DHL Group. Returns were limited by holdings in AIA Group, Astellas Pharma and Adyen.

Recent Developments

The ongoing resolution of pandemic-related supply-chain problems and easing inflation are reducing the odds that interest rates will rise any higher. These developments are encouraging for investors and create more supportive market conditions for capital markets generally, in the view of the portfolio manager. Equity markets have arguably been distracted by macroeconomic uncertainty since the pandemic, and investors should now be able to refocus on company fundamentals such as earnings, cash flows and valuations.

Effective January 1, 2023, Suromitra Sanatani was appointed as Chair of the Independent Review Committee ("the IRC"). Effective February 1, 2023, Joanne Vézina was appointed as a member of the IRC. Effective March 1, 2023, Enrique Cuyegkeng was appointed as a member of the IRC.

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, debt securities or mortgages from or sales of equity, debt securities or mortgages 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, 2023	12.07	0.39	(0.27)	0.16	0.37	0.65	–	(0.14)	(0.05)	–	(0.19)	12.54
Dec. 31, 2022	15.59	0.31	(0.29)	1.32	(3.91)	(2.57)	–	(0.04)	(1.03)	–	(1.07)	12.07
Dec. 31, 2021	14.77	0.25	(0.33)	1.64	(0.12)	1.44	–	–	(0.61)	–	(0.61)	15.59
Dec. 31, 2020	12.91	0.17	(0.26)	0.07	2.53	2.51	–	–	–	–	–	14.77
Dec. 31, 2019	10.08	0.32	(0.25)	0.81	2.04	2.92	–	(0.05)	–	–	(0.05)	12.91
Series D												
Dec. 31, 2023	11.90	0.39	(0.16)	0.16	0.38	0.77	–	(0.24)	(0.05)	–	(0.29)	12.36
Dec. 31, 2022	15.38	0.31	(0.17)	1.31	(3.93)	(2.48)	–	(0.15)	(1.02)	–	(1.17)	11.90
Dec. 31, 2021	14.50	0.25	(0.19)	1.61	(0.16)	1.51	–	(0.05)	(0.61)	–	(0.66)	15.38
Dec. 31, 2020	12.57	0.16	(0.15)	0.06	1.81	1.88	–	–	–	–	–	14.50
Dec. 31, 2019	9.81	0.32	(0.14)	0.79	1.95	2.92	–	(0.16)	–	–	(0.16)	12.57
Series F												
Dec. 31, 2023	12.02	0.39	(0.12)	0.17	0.32	0.76	–	(0.28)	(0.05)	–	(0.33)	12.49
Dec. 31, 2022	15.54	0.31	(0.13)	1.33	(3.91)	(2.40)	–	(0.19)	(1.04)	–	(1.23)	12.02
Dec. 31, 2021	14.65	0.25	(0.15)	1.63	(0.16)	1.57	–	(0.10)	(0.61)	–	(0.71)	15.54
Dec. 31, 2020	12.70	0.16	(0.12)	0.06	(1.68)	(1.58)	–	(0.04)	–	–	(0.04)	14.65
Dec. 31, 2019	9.91	0.32	(0.11)	0.79	1.35	2.35	–	(0.20)	–	–	(0.20)	12.70
Series O												
Dec. 31, 2023	12.02	0.39	–	0.17	0.37	0.93	–	(0.40)	(0.05)	–	(0.45)	12.49
Dec. 31, 2022	15.57	0.32	–	1.34	(3.86)	(2.20)	–	(0.32)	(1.05)	–	(1.37)	12.02
Dec. 31, 2021	14.68	0.25	–	1.64	(0.12)	1.77	(0.01)	(0.24)	(0.62)	–	(0.87)	15.57
Dec. 31, 2020	12.72	0.17	–	0.07	1.73	1.97	(0.01)	(0.17)	–	–	(0.18)	14.68
Dec. 31, 2019	9.93	0.32	–	0.80	2.00	3.12	–	(0.32)	–	–	(0.32)	12.72

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, 2023	12.54	1 647	131	2.15	2.15	6.50	0.09
Dec. 31, 2022	12.07	1 856	154	2.14	2.14	9.46	0.07
Dec. 31, 2021	15.59	2 529	162	2.14	2.14	13.42	0.08
Dec. 31, 2020	14.77	2 491	169	2.15	2.15	3.16	0.09
Dec. 31, 2019	12.91	1 236	96	2.15	2.15	22.57	0.04
Series D							
Dec. 31, 2023	12.36	9 246	748	1.27	1.27	6.50	0.09
Dec. 31, 2022	11.90	9 169	771	1.27	1.27	9.46	0.07
Dec. 31, 2021	15.38	13 937	906	1.27	1.27	13.42	0.08
Dec. 31, 2020	14.50	12 424	857	1.27	1.27	3.16	0.09
Dec. 31, 2019	12.57	11 010	876	1.27	1.27	22.57	0.04
Series F							
Dec. 31, 2023	12.49	25 211	2 019	0.98	0.98	6.50	0.09
Dec. 31, 2022	12.02	22 709	1 889	0.99	0.99	9.46	0.07
Dec. 31, 2021	15.54	31 811	2 047	0.97	0.97	13.42	0.08
Dec. 31, 2020	14.65	25 988	1 774	1.00	1.00	3.16	0.09
Dec. 31, 2019	12.70	44 114	3 475	0.99	0.99	22.57	0.04
Series O							
Dec. 31, 2023	12.49	109 092	8 736	0.04	0.04	6.50	0.09
Dec. 31, 2022	12.02	114 642	9 535	0.04	0.04	9.46	0.07
Dec. 31, 2021	15.57	157 551	10 120	0.04	0.04	13.42	0.08
Dec. 31, 2020	14.68	152 275	10 372	0.04	0.04	3.16	0.09
Dec. 31, 2019	12.72	151 056	11 872	0.04	0.04	22.57	0.04

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

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 of the Fund and the Fund's proportionate share of such costs of underlying funds expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees and Administration Fees

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

	Management Fees	Breakdown of Services		Administration Fees
		Distribution	Other*	
Series A	1.75%	57%	43%	0.15%
Series D	1.00%	25%	75%	0.15%
Series F	0.75%	—	100%	0.15%
Series O	n/a	n/a	n/a	0.02%

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

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

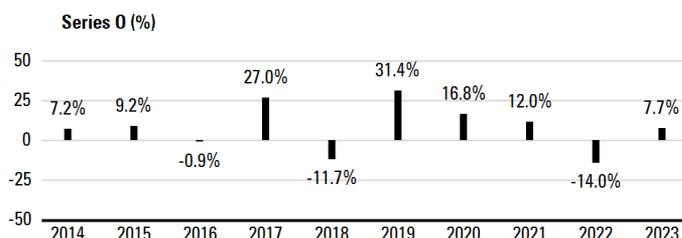
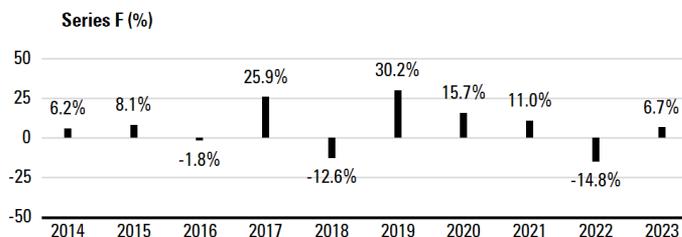
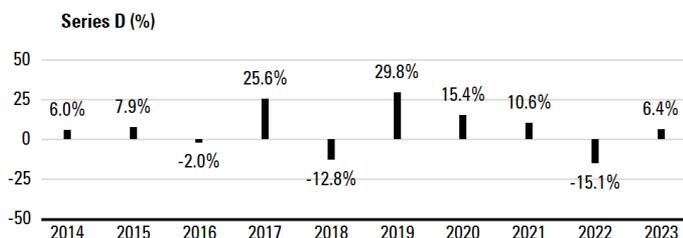
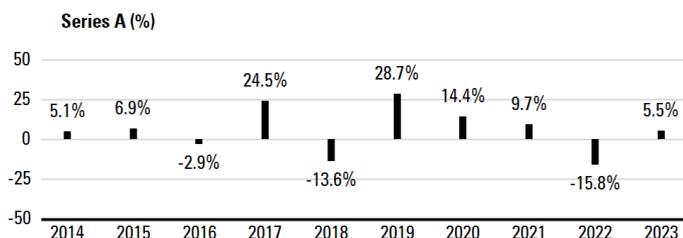


PAST PERFORMANCE

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.



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, 2023, compared with the following benchmark:

MSCI EAFE Total Return Net Index (hedged to CAD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A	5.5	-0.9	7.5	5.3	—
Benchmark	18.7	10.2	10.6	7.5	—
Series D	6.4	0.0	8.4	6.3	—
Benchmark	18.7	10.2	10.6	7.5	—
Series F	6.7	0.3	8.7	6.5	—
Benchmark	18.7	10.2	10.6	7.5	—
Series O	7.7	1.2	9.8	7.6	—
Benchmark	18.7	10.2	10.6	7.5	—

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

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

The Fund was closed to new investors effective September 15, 2021.

INDEX DESCRIPTIONS

MSCI EAFE Total Return Net Index (hedged to CAD) This index is a broad measure of the 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. The index is hedged to Canadian dollars.



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2023

Investment Mix

	% of Net Asset Value
United Kingdom	18.1
Japan	14.8
France	8.3
Germany	7.8
Taiwan	6.0
Belgium	5.9
Netherlands	5.8
Hong Kong	4.4
Other Countries	28.4
Cash/Other	0.5

Top 25 Holdings*

	% of Net Asset Value
InterContinental Hotels Group Plc.	6.2
Deutsche Post AG	5.9
Anheuser-Busch InBev S.A./N.V.	5.9
Safran S.A.	5.7
Taiwan Semiconductor Manufacturing Co. Ltd. - ADR	5.2
Novo Nordisk A/S	4.6
AIA Group Ltd.	4.4
Rio Tinto Plc.	4.1
DBS Group Holdings Ltd.	4.1
Wolters Kluwer N.V.	3.7
Recruit Holdings Co. Ltd.	3.7
Legal & General Group Plc.	3.6
Astellas Pharma Inc.	3.5
Oriental Land Co. Ltd.	3.4
Equinor ASA	3.3
Essity AB	3.1
Partners Group Holding AG	2.7
Eurofins Scientific SE	2.6
Haleon Plc.	2.3
ICICI Bank Ltd.	2.2
MISUMI Group Inc.	2.1
Woodside Energy Group Ltd.	2.1
Prosus N.V.	2.1
Sony Group Corp.	2.0
Croda International Plc.	2.0
Top 25 Holdings	90.5

* The Fund invests substantially all of its assets directly in the Phillips, Hager & North Overseas Equity Fund. The above are the Top 25 holdings of the Phillips, Hager & North Overseas Equity Fund.

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/regulatorydocuments.

The Simplified Prospectus and other information about the underlying funds are available on the investment fund's designated website and on SEDAR+ at www.sedarplus.ca.