



BALANCED FUND

PHILLIPS, HAGER & NORTH CONSERVATIVE PENSION TRUST

December 31, 2024

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 10, 2025.

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 income and the potential for long-term capital growth by investing primarily in a well-diversified, balanced portfolio of fixed-income and equity securities from anywhere around the world. To achieve the Fund's investment objective, the portfolio manager invests a significant portion or even all of the net asset value of the Fund in other funds managed by RBC GAM where the investment is consistent with the investment objectives and strategies of the Fund.

The Fund uses a strategic asset allocation approach that determines the appropriate asset mix with broad pre-established guidelines for each asset class. The Fund's target weightings for each asset class are 60% for fixed-income, 13% for Canadian equities, 24% for global equities and 3% for emerging-markets equities. The target weightings for each asset class may be adjusted based on changes in the market outlook for each asset class. The actual allocation to each class will be no more than 15% above or below the target weighting for the fixed-income asset class and no more than 10% above or below the target weighting for each equities asset class.

Risk

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

Results of Operations

The Fund's net asset value rose to \$658,000 as of December 31, 2024, from \$538,000 at the end of 2023. The increase was due to a combination of net inflows and investment returns.

Over the past year, the Fund's Series O units gained 13.0%, which outperformed the 12.6% rise in the benchmark. The broad-based index 1 rose 4.2% and the broad-based index 2 rose 21.7%. 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.

Global financial markets managed to shake off increasing macroeconomic instability during 2024 as a relatively strong U.S. economy, falling inflation and interest-rate cuts by major central banks helped maintain steady, if not spectacular, growth in the global

economy. China's anemic expansion limited economic activity and forced the country's government to implement substantial measures to support sustained growth. Donald Trump's victory in the U.S. presidential election in November set the stage for policies perceived as more shareholder-friendly and new approaches to geopolitical uncertainty.

The Fund's overweight position in equities and underweight in fixed income had a positive impact on performance. Government fixed income rose for a second straight year as coupon income was high enough to offset an overall decline in prices amid surging supply. Treasury yields rose on robust U.S. economic growth, the federal government's rising debt load and a scaling-back of bond buys by the U.S. Federal Reserve. Inflation in the U.S. was higher than in Europe, where economic growth lagged, and German bonds outperformed as a result. Corporate, high-yield and emerging-market debt performed strongly, with decent growth leading to rising prices for non-government bonds. Canadian bonds outperformed U.S. fixed income as the Bank of Canada (the "BOC") steadily cut interest rates in response to significant weakness in the domestic economy. The BOC lowered its benchmark rate by 1.75 percentage points between June and December to 3.25%, making it the most aggressive among major central banks in its easing cycle. Overall, the Fund's fixed-income holdings had a positive impact on portfolio performance, led by the Phillips, Hager & North Bond Fund.

Global equities delivered impressive gains in the past year, with the strongest returns generated by U.S. mega-cap technology stocks, but gains began to broaden in the summer as other areas posted strong returns. International markets underperformed, particularly after the U.S. election, given that Trump's policy proposals favour domestic growth at the expense of international and emerging-market economies. Emerging-market equities posted attractive returns in 2024, with stock indexes in Taiwan and South Korea benefiting from exposure to advances in artificial intelligence, and Chinese markets rallied to their best performance since 2020 after the government announced aggressive stimulus plans to bolster lacklustre economic growth. The Fund's equity positions had a positive impact on portfolio performance, led by the RBC Global Equity Leaders Fund.

Recent Developments

The economy has stabilized as concern about inflation moderates and headwinds created by higher borrowing costs fade amid interest-rate cuts, and the portfolio manager expects the U.S. economy to continue expanding modestly. Bonds appear to be reasonably priced and yields are likely to trade in a range over the year ahead, providing fixed-income investors with low- to mid-single-digit returns with modest valuation risk. Stocks offer better return potential than bonds,



although the portfolio manager is concerned that a handful of mega-cap stocks have accounted for the bulk of the returns in U.S. equities. The Fund finished the year with a slightly overweight position in stocks and an equivalent underweight position in fixed income.

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 (\$)

		Increase (Decrease) from Operations ¹					Annual Distributions ²					
For the Year/ Period Ended	Net Assets Beginning 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	Total	Net Assets End of Year/Period
Series 0												
Dec. 31, 2024	10.41	0.54	—	0.04	0.77	1.35	(0.25)	(0.07)	(0.22)	(0.01)	(0.55)	11.21
Dec. 31, 2023	9.74	0.39	—	(0.19)	0.76	0.96	(0.20)	(0.08)	—	(0.01)	(0.29)	10.41
Dec. 31, 2022	11.26	0.35	(0.04)	—	(1.46)	(1.15)	(0.16)	(0.09)	(0.09)	(0.01)	(0.35)	9.74
Dec. 31, 2021	10.93	0.38	(0.11)	1.00	(0.29)	0.98	(0.09)	(0.07)	(0.41)	—	(0.57)	11.26
Dec. 31, 2020	10.09	0.28	(0.13)	0.19	1.00	1.34	(0.19)	(0.09)	(0.21)	—	(0.49)	10.93

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.

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 0							
Dec. 31, 2024	11.21	658	59	0.04	0.04	6.73	0.02
Dec. 31, 2023	10.41	538	52	0.04	0.04	22.07	0.03
Dec. 31, 2022	9.74	492	51	0.04	0.04	11.69	0.02
Dec. 31, 2021	11.26	518	46	0.04	0.04	12.26	0.03
Dec. 31, 2020	10.93	175	16	0.04	0.04	14.41	0.03

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 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 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 0	n/a	n/a	n/a	0.01%

Series 0 – no management fees are paid by the Fund with respect to Series 0 units. Series 0 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.

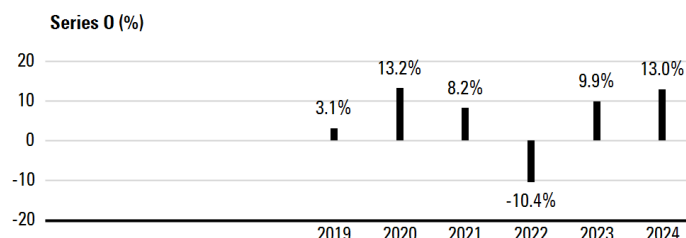


PAST PERFORMANCE

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, 2024, compared with the following benchmarks:

The benchmark is composed of:

- 56% FTSE Canada Universe Bond Index
- 24% MSCI World Total Return Net Index (CAD)
- 13% S&P/TSX Capped Composite Total Return Index
- 3% MSCI Emerging Markets Total Return Net Index (CAD)
- 3% Canada CPI + 400 bps
- 1% FTSE Canada 30 Day TBill Index

The following are the broad-based indexes:

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 0	13.0	3.6	6.4	—	6.4
Benchmark	12.6	3.8	5.6	—	5.7
Broad-based index 1	4.2	-0.6	0.8	—	0.9
Broad-based index 2	21.7	8.6	11.1	—	11.1

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.

Series 0 units have been available for sale to unitholders since July 15, 2019.

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.

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.

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

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

Canada CPI + 400 bps This index is designed to function as the benchmark for an investment whose return can exceed the rate of inflation by 4 percentage points over time.

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



SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2024

Investment Mix

	% of Net Asset Value
Fixed Income Funds	55.9
Global Equity Funds	24.5
Canadian Equity Funds	12.9
Alternative Investment Funds	2.9
International Equity Funds	2.7
Cash/Other	1.1

Top 25 Holdings*

	% of Net Asset Value
Phillips, Hager & North Bond Fund - Series O	41.8
RBC Global Equity Leaders Fund - Series O	14.7
RBC QUBE Global Equity Fund - Series O	9.7
BlueBay Global Investment Grade Corporate Bond Fund (Canada) - Series O	6.9
Phillips, Hager & North Canadian Equity Underlying Fund - Series O	5.6
Phillips, Hager & North Canadian Equity Value Fund - Series O	5.5
RBC Global Bond Fund - Series O	4.7
RBC Canadian Core Real Estate Fund - Series N	2.9
RBC Emerging Markets Equity Fund - Series O	2.7
Phillips, Hager & North High Yield Bond Fund - Series O	2.3
Phillips, Hager & North Small Float Fund - Series O	2.0
Cash & Cash Equivalents	1.1
RBC Global Equity Focus Fund - Series O	0.1
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/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.