



NORTH AMERICAN EQUITY FUND

## RBC NORTH AMERICAN VALUE CLASS

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September 30, 2018

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

The Board of Directors of RBC Corporate Class Inc. approved this interim management report of fund performance on November 15, 2018.

### 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.

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*This interim management report of fund performance ("MRFP") contains financial highlights but does not contain either the complete interim financial statements or 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](http://www.rbcgam.com/reports) or SEDAR at [www.sedar.com](http://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.*



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## MANAGEMENT DISCUSSION OF FUND PERFORMANCE

### Investment Objective and Strategies

The Fund seeks to provide long-term capital growth by investing in equity securities of Canadian and/or U.S. companies priced below their true value and offering long-term opportunities for growth.

To achieve its investment objective, the Fund invests most of its assets in the RBC North American Value Fund (the “underlying fund”). The underlying fund identifies quality companies that are undervalued based on criteria such as assets, earnings and cash flow. The approach provides for a lower level of volatility than a portfolio of growth companies. The underlying fund may also invest in income trusts.

### Results of Operations

The Fund’s net asset value was \$201 million as of September 30, 2018.

Over the past six months, the Fund’s Series A shares gained 7.5%. The Fund’s return is after the deduction of fees and expenses. 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 S&P/TSX Composite Index rose during the six-month period, hitting an all-time high in mid-July, as rising oil prices and sustained domestic economic growth offset uncertainty stemming from the Trump administration’s focus on global trade. U.S. equity markets recorded double-digit gains during the period, with soaring business and consumer confidence and corporate-profit growth fuelling the ascent. The U.S. economy accelerated to its fastest growth rate in four years during the second quarter, bolstered by tax cuts and increased government spending. At the very end of September, Canada agreed to join an updated trade deal with the U.S. and Mexico. The deal, if approved by legislators in the three countries, would avoid abandonment of one of the world’s most successful trading arrangements.

The Fund’s Canadian stock holdings contributed positively to returns, particularly in the Energy and Materials sectors. A position in MEG Energy, which focuses on production in the oil sands, was beneficial for returns during the period. The company benefited from earnings sensitivity to higher oil prices and debt reduction.

The U.S. portion of the portfolio had a negative impact on returns, particularly in the Consumer Discretionary sector. Mohawk Industries, the largest global manufacturer of flooring, had a negative impact on the Fund’s performance.

### Recent Developments

The portfolio manager’s analysis suggests that stocks can deliver decent gains with reasonable assumptions. However, in the portfolio manager’s view, earnings growth is now critical to sustaining the bull

market in stocks given that we are probably in the later stages of the business cycle and valuations are above equilibrium. The portfolio manager believes that stocks should continue to make headway so long as growth remains positive and the U.S. Federal Reserve raises rates at a slow and measured pace.

In Canada, a string of positive policy developments, coinciding with the possibility of business-tax cuts in the next federal budget, has stoked optimism that the Canadian economy can continue to expand comfortably. That said, some investors are worried about the sustainability of Canada’s domestic housing market and the country’s diminishing competitiveness relative to the U.S.

### Related-Party Transactions

#### *Manager and Portfolio Manager*

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada (“Royal Bank”) and is the manager and 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 mutual fund shares 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 shareholders 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 the mutual fund shares of, the Fund. Dealers receive an ongoing commission based on the total value of their clients’ investment in certain series of mutual fund shares 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 mutual fund shares of the Fund. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.



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***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.

***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.



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## 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 six months (noted by September 30, 2018), and for the past five years or for the periods since inception. This information is derived from the Fund's unaudited interim financial statements and audited annual financial statements. For financial years beginning on or after April 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to April 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to April 1, 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Corporate Class Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

### Change in Net Assets Per Mutual Fund Share (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations <sup>1</sup>					Annual Distributions <sup>2</sup>				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		
<b>Series A</b>												
<b>Sept. 30, 2018</b>	<b>17.17</b>	<b>0.18</b>	<b>(0.39)</b>	<b>0.86</b>	<b>0.38</b>	<b>1.03</b>	–	–	–	–	–	<b>18.18</b>
Mar. 31, 2018	16.50	0.17	(0.33)	0.84	0.13	0.81	–	(0.07)	–	–	(0.07)	17.17
Mar. 31, 2017	14.64	0.32	(0.31)	0.60	1.65	2.26	–	(0.25)	–	–	(0.25)	16.50
Mar. 31, 2016	15.32	0.33	(0.31)	0.43	(0.91)	(0.46)	–	(0.29)	–	–	(0.29)	14.64
Mar. 31, 2015	13.67	–	(0.30)	0.79	1.19	1.68	–	–	–	–	–	15.32
Mar. 31, 2014	11.60	–	(0.26)	0.85	1.78	2.37	–	–	(0.11)	–	(0.11)	13.67
<b>Advisor Series</b>												
<b>Sept. 30, 2018</b>	<b>17.16</b>	<b>0.18</b>	<b>(0.36)</b>	<b>0.86</b>	<b>0.35</b>	<b>1.03</b>	–	–	–	–	–	<b>18.18</b>
Mar. 31, 2018	16.49	0.17	(0.33)	0.84	0.09	0.77	–	(0.07)	–	–	(0.07)	17.16
Mar. 31, 2017	14.63	0.32	(0.31)	0.59	1.48	2.08	–	(0.24)	–	–	(0.24)	16.49
Mar. 31, 2016	15.32	0.33	(0.31)	0.43	(0.91)	(0.46)	–	(0.29)	–	–	(0.29)	14.63
Mar. 31, 2015	13.67	–	(0.31)	0.79	1.19	1.67	–	–	–	–	–	15.32
Mar. 31, 2014	11.60	–	(0.27)	0.86	1.78	2.37	–	–	(0.11)	–	(0.11)	13.67
<b>Series D</b>												
<b>Sept. 30, 2018</b>	<b>17.65</b>	<b>0.18</b>	<b>(0.18)</b>	<b>0.89</b>	<b>0.24</b>	<b>1.13</b>	–	–	–	–	–	<b>18.78</b>
Mar. 31, 2018	16.97	0.18	(0.18)	0.87	(0.02)	0.85	–	(0.24)	–	–	(0.24)	17.65
Mar. 31, 2017	15.06	0.33	(0.17)	0.61	1.50	2.27	–	(0.41)	–	–	(0.41)	16.97
Mar. 31, 2016	15.77	0.34	(0.18)	0.45	(0.94)	(0.33)	–	(0.44)	–	–	(0.44)	15.06
Mar. 31, 2015	13.94	–	(0.18)	0.81	1.21	1.84	–	–	–	–	–	15.77
Mar. 31, 2014	11.72	–	(0.15)	0.86	1.79	2.50	–	–	(0.11)	–	(0.11)	13.94
<b>Series F</b>												
<b>Sept. 30, 2018</b>	<b>17.79</b>	<b>0.18</b>	<b>(0.12)</b>	<b>0.90</b>	<b>0.20</b>	<b>1.16</b>	–	–	–	–	–	<b>18.95</b>
Mar. 31, 2018	17.10	0.18	(0.14)	0.88	–	0.92	–	(0.29)	–	–	(0.29)	17.79
Mar. 31, 2017	15.18	0.33	(0.13)	0.63	1.74	2.57	–	(0.46)	–	–	(0.46)	17.10
Mar. 31, 2016	15.89	0.34	(0.14)	0.45	(0.95)	(0.30)	–	(0.48)	–	–	(0.48)	15.18
Mar. 31, 2015	14.02	–	(0.14)	0.81	1.22	1.89	–	–	–	–	–	15.89
Mar. 31, 2014	11.76	–	(0.12)	0.88	1.83	2.59	–	–	(0.11)	–	(0.11)	14.02
<b>Series O</b>												
<b>Sept. 30, 2018</b>	<b>18.30</b>	<b>0.19</b>	<b>(0.01)</b>	<b>0.93</b>	<b>0.09</b>	<b>1.20</b>	–	–	–	–	–	<b>19.57</b>
Mar. 31, 2018	17.60	0.18	(0.01)	0.91	0.25	1.33	–	(0.43)	–	–	(0.43)	18.30
Mar. 31, 2017	15.62	0.34	(0.01)	0.64	1.55	2.52	–	(0.62)	–	–	(0.62)	17.60
Mar. 31, 2016	16.36	0.35	(0.01)	0.47	(0.98)	(0.17)	–	(0.64)	–	–	(0.64)	15.62
Mar. 31, 2015	14.30	–	–	0.84	1.26	2.10	–	–	–	–	–	16.36
Mar. 31, 2014	11.90	–	–	0.66	1.37	2.03	–	–	(0.11)	–	(0.11)	14.30

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

<sup>2</sup> Distributions are reinvested in additional mutual fund shares of the Fund or paid in cash.



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**FINANCIAL HIGHLIGHTS (cont.)**

**Ratios and Supplemental Data**

As at	Net Asset Value Per Mutual Fund Share (\$)	Net Asset Value (\$000s)	Number of Mutual Fund Shares Outstanding (000s)	Management Expense Ratio (%) <sup>1</sup>	MER Before Absorption (%) <sup>1</sup>	Portfolio Turnover Rate (%) <sup>2</sup>	Trading Expense Ratio (%) <sup>3</sup>
<b>Series A</b>							
<b>Sept. 30, 2018</b>	<b>18.18</b>	<b>48 213</b>	<b>2 651</b>	<b>1.95</b>	<b>1.95</b>	<b>1.50</b>	<b>0.11</b>
Mar. 31, 2018	17.17	48 855	2 846	1.94	1.94	1.33	0.09
Mar. 31, 2017	16.50	63 329	3 838	1.97 <sup>4</sup>	1.97	3.20	0.10
Mar. 31, 2016	14.64	46 522	3 178	2.11	2.11	10.33	0.11
Mar. 31, 2015	15.32	56 074	3 659	2.10	2.11	5.53	0.22
Mar. 31, 2014	13.67	42 608	3 117	2.13	2.13	4.67	0.34
<b>Advisor Series</b>							
<b>Sept. 30, 2018</b>	<b>18.18</b>	<b>44 588</b>	<b>2 453</b>	<b>1.96</b>	<b>1.96</b>	<b>1.50</b>	<b>0.11</b>
Mar. 31, 2018	17.16	44 651	2 602	1.95	1.95	1.33	0.09
Mar. 31, 2017	16.49	48 980	2 970	2.00 <sup>4</sup>	2.00	3.20	0.10
Mar. 31, 2016	14.63	48 778	3 334	2.13	2.13	10.33	0.11
Mar. 31, 2015	15.32	55 251	3 607	2.13	2.14	5.53	0.22
Mar. 31, 2014	13.67	44 962	3 290	2.16	2.16	4.67	0.34
<b>Series D</b>							
<b>Sept. 30, 2018</b>	<b>18.78</b>	<b>8 493</b>	<b>452</b>	<b>1.06</b>	<b>1.06</b>	<b>1.50</b>	<b>0.11</b>
Mar. 31, 2018	17.65	8 515	482	1.05	1.05	1.33	0.09
Mar. 31, 2017	16.97	6 567	387	1.09 <sup>4</sup>	1.09	3.20	0.10
Mar. 31, 2016	15.06	5 276	350	1.22	1.22	10.33	0.11
Mar. 31, 2015	15.77	5 655	359	1.20	1.21	5.53	0.22
Mar. 31, 2014	13.94	3 954	284	1.20	1.20	4.67	0.34
<b>Series F</b>							
<b>Sept. 30, 2018</b>	<b>18.95</b>	<b>98 903</b>	<b>5 219</b>	<b>0.79</b>	<b>0.79</b>	<b>1.50</b>	<b>0.11</b>
Mar. 31, 2018	17.79	89 693	5 043	0.79	0.79	1.33	0.09
Mar. 31, 2017	17.10	72 219	4 223	0.81 <sup>4</sup>	0.81	3.20	0.10
Mar. 31, 2016	15.18	26 373	1 737	0.96	0.96	10.33	0.11
Mar. 31, 2015	15.89	22 860	1 438	0.95	0.96	5.53	0.22
Mar. 31, 2014	14.02	14 620	1 043	0.97	0.97	4.67	0.34
<b>Series O</b>							
<b>Sept. 30, 2018</b>	<b>19.57</b>	<b>862</b>	<b>44</b>	<b>0.06</b>	<b>0.06</b>	<b>1.50</b>	<b>0.11</b>
Mar. 31, 2018	18.30	755	41	0.06	0.06	1.33	0.09
Mar. 31, 2017	17.60	714	41	0.06	0.06	3.20	0.10
Mar. 31, 2016	15.62	612	39	0.06	0.06	10.33	0.11
Mar. 31, 2015	16.36	593	36	0.05	0.06	5.53	0.22
Mar. 31, 2014	14.30	517	36	0.05	0.05	4.67	0.34

<sup>1</sup> 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 shareholders, 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.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> Effective June 30, 2016, the management fees were changed in respect of Series A, Advisor Series, Series D and Series F mutual fund shares of the Fund. If the changes to the management fees would have been in effect throughout the financial year, the adjusted MER for each series of the Fund would be: Series A – 1.94%, Advisor Series – 1.95%, Series D – 1.05% and Series F – 0.79%.



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**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	1.60%	66%	34%
Advisor Series	1.60%	66%	34%
Series D	0.85%	25%	75%
Series F	0.60%	–	100%

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

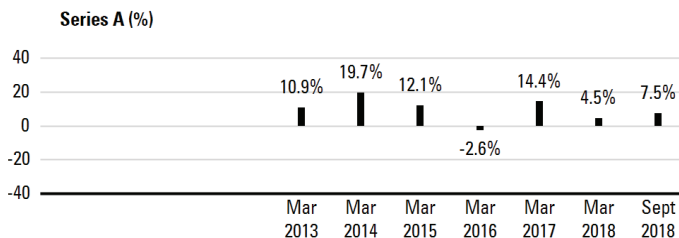
\* Includes all costs related to management, investment advisory services, general administration and profit.

**PAST PERFORMANCE**

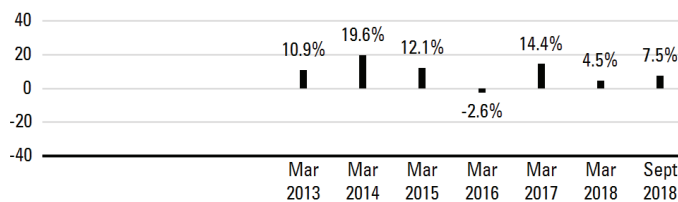
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional shares of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional 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 (%)**

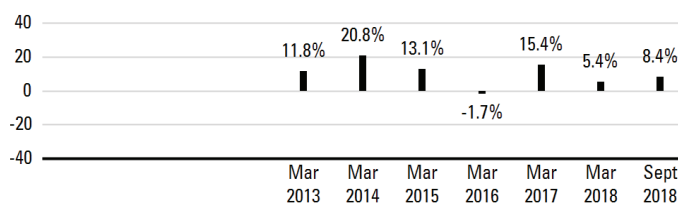
The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year or interim period.



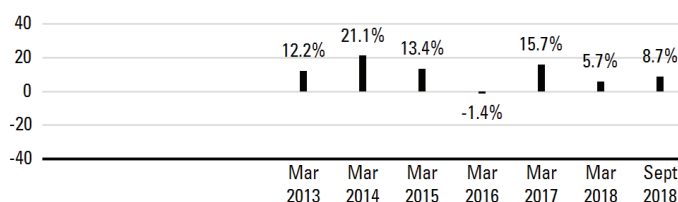
**Advisor Series (%)**



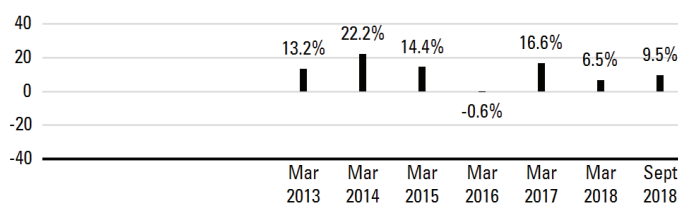
**Series D (%)**



**Series F (%)**



**Series O (%)**



Series A, Advisor Series, Series D, Series F and Series O mutual fund shares have been available for sale to shareholders since January 1, 2012.

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

All outstanding Series H mutual fund shares were re-designated as Series A mutual fund shares and all outstanding Series I mutual fund shares were re-designated as Series F mutual fund shares effective June 30, 2016.

For the 12-month periods ended March 31 and the six-month period ended September 30, 2018.



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**SUMMARY OF INVESTMENT PORTFOLIO**

*(after consideration of derivative products, if any)*

As at September 30, 2018

**Investment Mix – Sectors**

	% of Net Asset Value
Financials	29.5
Energy	16.3
Consumer Discretionary	11.3
Industrials	11.3
Information Technology	6.8
Health Care	4.7
Consumer Staples	3.8
Materials	3.5
Telecommunication Services	2.9
Utilities	2.0
Real Estate	1.5
Cash/Other	6.4

**Investment Mix – Countries/Regions**

	% of Net Asset Value
Canada	57.2
United States	33.3
Cash/Other	9.5

**Top 25 Holdings\***

	% of Net Asset Value
Cash & Cash Equivalents	6.0
Toronto-Dominion Bank	4.7
Royal Bank of Canada	4.1
Bank of Nova Scotia	4.0
Brookfield Asset Management Inc., Class A	3.0
Canadian National Railway Co.	2.7
Suncor Energy Inc.	2.5
Canadian Natural Resources Ltd.	2.2
Enbridge Inc.	1.9
Alphabet Inc., Class C	1.8
JPMorgan Chase & Co.	1.7
UnitedHealth Group Incorporated	1.7
Manulife Financial Corporation	1.7
Berkshire Hathaway Inc., Class B	1.6
Canadian Pacific Railway Ltd.	1.6
MEG Energy Corp.	1.5
Ross Stores Inc.	1.5
Nutrien Ltd.	1.4
Microsoft Corp.	1.3
Bank of America Corp.	1.2
Charter Communications Inc.	1.2
TransCanada Corp.	1.2
Apple Inc.	1.2
Thomson Corp.	1.1
Lowe's Companies	1.1
<b>Top 25 Holdings</b>	<b>53.9</b>

\* The Fund invests substantially all of its assets directly in the RBC North American Value Fund.  
The above are the Top 25 holdings of the RBC North American Value 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/funds](http://www.rbcgam.com/funds).

The Simplified Prospectus and other information about the underlying fund are available on SEDAR website at [www.sedar.com](http://www.sedar.com).