
ANNUAL INFORMATION FORM

October 4, 2018

Managed by Phillips, Hager & North Investment Management®*

Offering Series D, Series F and Series O units of the:

Phillips, Hager & North LifeTime 2055 Fund

No securities regulatory authority has expressed an opinion about these units and it is an offence to claim otherwise.

* 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.

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Introduction

RBC Global Asset Management Inc. ("RBC GAM"), an indirect wholly-owned subsidiary of Royal Bank of Canada ("Royal Bank") is the manager of the Phillips, Hager & North LifeTime 2055 Fund (the "Fund"). Phillips, Hager & North Investment Management is a division of RBC GAM principally responsible for carrying out RBC GAM's responsibilities as manager and portfolio manager of the Fund. Phillips, Hager & North has its main operating office in Vancouver, British Columbia.

This Annual Information Form contains information about the Fund described in this document and is meant to supplement the information contained in the simplified prospectus of the Fund (the "Simplified Prospectus"). The principal address of the Fund is 20th Floor, 200 Burrard Street, Vancouver, British Columbia, V6C 3N5.

Additional information about the Fund is available in the Fund's management report of fund performance and financial statements. These documents are incorporated by reference into this Annual Information Form, which means that they are legally part of this document, just as if they were printed as part of it. You can get a copy of these documents at no cost by:

- > calling us toll-free at 1-800-661-6141;
- > faxing us toll-free at 1-800-666-9899;
- > emailing us at *info@phn.com*; or
- > contacting another dealer who sells the Fund.

These documents and other information about the Fund are also available:

- > on our website at *www.rbcgam.com*; or
- > at *www.sedar.com*.

In this Annual Information Form, "you" and "your" mean the investor; "we," "us," "our," "Phillips, Hager & North" and "PH&N" mean Phillips, Hager & North Investment Management, a division of RBC GAM; the "Fund" refers to the Phillips, Hager & North LifeTime 2055 Fund; and "Underlying Funds" means the mutual funds held as part of the Fund's portfolio.

When the Fund was created

The Fund was created as an open-end mutual fund under the laws of the Province of British Columbia pursuant to an amended and restated master trust agreement dated as of October 2, 2018, as may be further amended and/or restated from time to time (the "Trust Agreement").

Material amendments to trust agreement

The Trust Agreement for the Fund has not been amended since the Fund was created.

Investment restrictions

The Fund is designed to meet the investment objectives of different investors. Please refer to the Simplified Prospectus of the Fund for a description of the investment objective of the Fund.

The fundamental investment objective of the Fund may not be changed without the consent of a majority of voting unitholders of the Fund. We can make other changes to the investment strategies and activities of the Fund without the consent of unitholders, subject to any required approval of the Canadian securities regulators and/or the Independent Review Committee (the "IRC") of the Fund.

Subject to the exceptions described below, we manage the Fund in accordance with the standard investment restrictions and practices applicable to mutual funds and the other requirements of applicable securities legislation, including National Instrument 81-102 – *Investment Funds* (“NI 81-102”) and National Instrument 81-107 – *Independent Review Committee for Investment Funds* (“NI 81-107”). The Fund is a dealer-managed mutual fund and accordingly is subject to the restrictions set out in section 4.1 of NI 81-102. These restrictions and practices and other requirements are designed in part to ensure that the investments of the Fund are diversified and relatively liquid, and to ensure that the Fund is properly administered. The exceptions applicable to the Fund described below may only be relied on by the Fund where consistent with its investment objectives. For the purposes of this section, “Fund” includes Underlying Funds.

Related issuer securities

Generally, the restrictions prevent the Fund from purchasing the securities of a related issuer. The Fund is permitted, however, to purchase the securities of a related issuer if the purchase is made on an exchange on which the securities are listed and traded. This means the Fund can purchase, for example, listed common and preferred shares. RBC GAM has received relief which permits the Fund to purchase debt securities of a related issuer, provided that:

- (i) the purchase occurs in the secondary market;
- (ii) the debt security has an approved credit rating by an approved credit rating organization; and
- (iii) the price payable is not more than the ask price of the security determined as follows:
 - (A) if the purchase occurs on a marketplace, in accordance with the requirements of the marketplace;
 - (B) if the purchase does not occur on a marketplace,
 - (1) the price at which an independent seller is willing to sell; or
 - (2) not more than the price quoted publicly by an independent marketplace or obtained from an independent party.

RBC GAM has also received relief which permits the Fund to purchase debt securities of a related issuer (other than asset-backed securities), with a term to maturity of 365 days or more, offered in the primary market (i.e., from the issuer) (an “offering”), provided that:

- (i) the size of the offering is at least \$100 million;
- (ii) at least two arm’s-length purchasers collectively purchase at least 20% of the securities issued in the offering;
- (iii) following the purchase, the Fund does not have more than 5% of its net assets invested in the debt securities of the issuer;
- (iv) following the purchase, the Fund, together with other related funds offered under a prospectus, do not hold more than 20% of the securities issued in the offering; and
- (v) the purchase price is no more than the lowest price paid by any arm’s-length purchaser.

Principal trading

Generally, the restrictions prevent the Fund from purchasing securities from or selling securities to a related party acting as principal. The Fund is, however, permitted to engage in such transactions if the bid and ask price are reported by any public quotation. The Fund is also permitted to purchase debt securities from or sell debt securities to another fund, subject to certain conditions in NI 81-102 and NI 81-107. RBC GAM has received relief which permits the Fund to purchase debt securities from or sell debt securities to a related party that is a principal dealer in the Canadian debt securities market and/or the international debt securities market, provided that:

- (i) the transaction occurs in the secondary market;
- (ii) the bid and ask price of the security must be determined by reference to a quote from an independent party if not publicly available;
- (iii) a purchase must not be executed at a price higher than the ask price and a sale must not be executed at a price which is lower than the bid price; and
- (iv) the transaction is subject to “market integrity requirements” as defined in Canadian securities legislation and any equivalent transparency and trade reporting requirements applicable to transactions in debt securities in international debt securities markets.

Related party underwriting

Generally, the Fund is prohibited from investing in securities in respect of which a related party has acted as underwriter during the distribution and for 60 days thereafter. The Fund is, however, permitted to purchase debt and equity securities in respect of which a related party has acted as underwriter if certain conditions in NI 81-102 are met, including, in respect of equity securities, that a prospectus is filed in respect of the securities. RBC GAM has received relief which permits the Fund to purchase equity securities where a prospectus has not been filed, provided that:

- (i) the issuer is a reporting issuer in Canada; and
- (ii) the conditions which apply to purchases where a prospectus has been filed are complied with.

RBC GAM has obtained relief which permits the Fund to purchase equity securities distributed in the United States and the United Kingdom, European Union, Switzerland, Norway, Australia, Hong Kong and Singapore (collectively, the “other jurisdictions”) provided that:

- (i) any related party that is involved in the distribution is regulated in respect of its underwriting activities in Canada, the United States or such other jurisdictions;
- (ii) the securities issued in the distribution must be listed on a stock exchange and if the securities are acquired during the 60-day period after the distribution they are acquired on a stock exchange; and
- (iii) the conditions which apply to the purchase of equity securities distributed in Canada in respect of which a related party has acted as underwriter are complied with.

RBC GAM has obtained relief which permits the Fund to purchase debt securities (other than asset-backed commercial paper) in respect of which a related party has acted as underwriter notwithstanding that the debt securities do not have a designated rating by a designated rating organization, provided that:

- (i) if the securities are acquired in a distribution,
 - (A) at least one underwriter acting as underwriter in the distribution is not a related dealer;
 - (B) at least one purchaser who is independent and arm’s-length to the Fund and the related dealer must purchase at least 5% of the securities distributed under the distribution;
 - (C) the price paid for the securities by the Fund in the distribution shall be no higher than the lowest price paid by any of the arm’s-length purchasers who participate in the distribution; and
 - (D) the Fund and any related funds offered under a prospectus for which RBC GAM or its affiliate or associate acts as manager and/or portfolio manager can collectively acquire no more than 20% of the securities distributed under the distribution in which a related dealer acts as underwriter;
- (ii) if the securities are acquired in the 60-day period,
 - (A) the ask price of the securities is readily available as provided in Commentary 7 to section 6.1 of NI 81-107;
 - (B) the price paid for the securities by the Fund is not higher than the available ask price of the security; and
 - (C) the purchase is subject to market integrity requirements as defined in NI 81-107.

Inter-fund trades

Under NI 81-102 and NI 81-107, the Fund is permitted to engage in certain inter-fund trades subject to certain conditions, including that the inter-fund trade be executed at the “current market price” of the security. RBC GAM has received relief which permits the Fund to engage in inter-fund trades executed, if the security is an exchange-traded security or a foreign exchange-traded security, at the last sale price, immediately before the trade is executed, on the exchange upon which the security is listed or quoted.

Pursuant to an exemptive relief order obtained on behalf of the Fund and other funds managed by RBC GAM, subject to similar conditions, the Fund is permitted to engage in certain trades of portfolio securities with investment funds that are not subject to NI 81-107 and discretionary accounts managed by RBC GAM or related parties. This relief also permits inter-fund trades of mortgage securities provided such securities are acquired at a price that is equal to the net asset value of the security determined in accordance with National Policy Statement No. 29 – *Mutual Funds Investing in Mortgages*.

Independent Review Committee review

Appropriate records of the related party transactions described above (referred to, collectively, as “Related Party Trading Activities”) must be maintained and, in certain cases, particulars must be filed with the securities regulatory authorities. In addition, the IRC must review and assess the adequacy and effectiveness of the policies and procedures of RBC GAM in respect of Related Party Trading Activities. The IRC and RBC GAM must act in accordance with the requirements of NI 81-107 in respect of standing instructions and reporting to securities regulatory authorities.

The IRC has approved standing instructions in respect of the Related Party Trading Activities. In accordance with the conditions of the applicable standing instructions of the IRC, the IRC reviews Related Party Trading Activities quarterly, with the exception of principal trading activities, which are reviewed at least annually. In its review, the IRC considers whether investment decisions in respect of Related Party Trading Activities:

- › were made by RBC GAM in the best interests of the Fund and were free from any influence of Royal Bank and without taking into account any consideration relevant to Royal Bank or its associates or affiliates;
- › were in compliance with the conditions of the policies and procedures of RBC GAM;
- › were in compliance with the applicable standing instructions of the IRC; and
- › achieved a fair and reasonable result for the Fund.

The IRC must advise the securities regulatory authorities if it determines that an investment decision in respect of any Related Party Trading Activity was not made in accordance with the foregoing requirements.

Additional information about the members of the IRC is disclosed under the heading *Independent Review Committee* on page 24.

Derivative transactions

The Fund has received an exemption from the securities regulatory authorities to extend the category of investments that constitute cash cover for specified derivatives entered into by the Fund to include certain liquid fixed-income securities that have a remaining term to maturity of 365 days or less, floating rate securities that have an interest rate reset no later than every 185 days and securities of the RBC money market funds.

The Fund has received from the securities regulatory authorities an exemption from certain of the derivatives rules in NI 81-102, which allows the Fund, when it uses derivative instruments, to use as cover when the Fund has a long position in a debt-like security that has a component that is a long position in a forward contract or in a standardized futures or forward contract or when the Fund has a right to receive payments under a swap: (i) cash cover in an amount that, together with margin on account for the specified derivative and the market value of the specified derivative, is not less than, on a daily

mark-to-market basis, the underlying market exposure of the specified derivative; (ii) a right or obligation to sell an equivalent quantity of the underlying interest of the futures or forward contract, and cash cover that together with margin on account for the position, is not less than the amount, if any, by which the strike price of the futures or forward contract exceeds the strike price of the right or obligation to sell the underlying interest; (iii) a right or obligation to enter into an offsetting swap on an equivalent quantity and with an equivalent term and cash cover that together with margin on account for the position is not less than the aggregate amount, if any, of the obligations of the Fund under the swap less the obligations of the Fund under such offsetting swap; or (iv) a combination of the positions referred to in subparagraphs (i) and (ii) for debt-like securities with a long position in a forward or in a standardized futures or forward contract or of the positions referred to in subparagraphs (i) and (iii) in the case of a swap, that is sufficient, without recourse to other assets of the Fund, to enable the Fund to acquire the underlying interest of the futures or forward contract or satisfy its obligations under the swap.

German exchange traded funds

RBC GAM has obtained relief which permits the Fund to purchase securities of certain specified investment funds that are Undertakings for Collective Investment in Transferable Securities pursuant to the UCITS IV Directive (2009/65/EC), listed on the Frankfurt Stock Exchange and managed by BlackRock Asset Management Deutschland AG ("German ETFs"), provided that:

- (i) the investment by the Fund in German ETFs is in accordance with the fundamental investment objectives of the Fund;
- (ii) none of the German ETFs are synthetic exchange traded funds, meaning that they will not principally rely on an investment strategy that makes use of swaps or other derivatives to gain an indirect financial exposure to the return of an index;
- (iii) the investment by the Fund in a German ETF otherwise complies with section 2.5 of NI 81-102;
- (iv) the Fund does not invest more than 10% of its net asset value in securities issued by a single German ETF and does not invest more than 20% of its net asset value in securities issued by German ETFs in aggregate; and
- (v) the Fund does not acquire any additional securities of a German ETF, and shall dispose of any securities of a German ETF then held, in the event the regulatory regime applicable to the German ETF is changed in any material way.

United Kingdom listed exchange traded funds

RBC GAM has obtained relief which permits the Fund to purchase securities of certain specified investment funds that are Undertakings for Collective Investment in Transferable Securities pursuant to the UCITS IV Directive (2009/65/EC), listed on the London Stock Exchange and managed by BlackRock Asset Management Ireland Limited ("UK Listed ETFs"), provided that:

- (i) the investment by the Fund in UK Listed ETFs is in accordance with the fundamental investment objectives of the Fund;
- (ii) none of the UK Listed ETFs are synthetic exchange traded funds, meaning that they will not principally rely on an investment strategy that makes use of swaps or other derivatives to gain an indirect financial exposure to the return of an index;
- (iii) the investment by the Fund in a UK Listed ETF otherwise complies with section 2.5 of NI 81-102;
- (iv) the Fund does not invest more than 10% of its net asset value in securities issued by a single UK Listed ETF and does not invest more than 20% of its net asset value in securities issued by UK Listed ETFs in aggregate; and
- (v) the Fund does not acquire any additional securities of a UK Listed ETF, and shall dispose of any securities of a UK Listed ETF then held, in the event the regulatory regime applicable to the UK Listed ETF is changed in any material way.

RBC exchange traded funds

RBC GAM has obtained relief to permit the Fund to:

- (a) purchase a security of an underlying exchange traded fund (“ETF”) or enter into a specified derivatives transaction with respect to an underlying ETF even though, immediately after the transaction, more than 10% of the net asset value of the Fund would be invested, directly or indirectly, in the securities of the underlying ETF;
- (b) to purchase securities of an underlying ETF such that, after the purchase, the Fund would hold securities representing more than 10% of: (i) the votes attaching to the outstanding voting securities of the underlying ETF; or (ii) the outstanding equity securities of the underlying ETF;
- (c) invest in exchange-traded mutual funds that are not subject to National Instrument 81-101 – *Mutual Fund Prospectus Disclosure* (“NI 81-101”); and
- (d) pay brokerage commissions in relation to its purchase and sale on a recognized exchange of exchange-traded mutual funds that are managed by RBC GAM or an affiliate of RBC GAM.

The practices described in paragraphs (a) to (d) above are permitted, provided that:

- (i) the Fund does not short sell securities of an underlying ETF;
- (ii) the underlying ETF does not rely on exemptive relief from: (A) the requirements of section 2.3 of NI 81-102 regarding the purchase of physical commodities; (B) the requirements of sections 2.7 and 2.8 of NI 81-102 regarding the purchase, sale or use of specified derivatives; or (C) subsections 2.6(a) or 2.6(b) of NI 81-102 with respect to the use of leverage;
- (iii) the Fund and each underlying ETF is not a commodity pool governed by National Instrument 81-104 – *Commodity Pools* and neither the Fund nor the underlying ETFs will use leverage;
- (iv) in connection with the relief from subsection 2.1(1) of NI 81-102 allowing the Fund to invest more than 10% of its net asset value in the securities of an underlying ETF, the Fund shall, for each investment it makes in securities of an underlying ETF, apply subsections 2.1(3) and 2.1(4) of NI 81-102 as if those provisions applied to the Fund’s investments in securities of an underlying ETF, and accordingly limit the Fund’s indirect holdings in securities of an issuer held by one or more underlying ETFs to no more than 10% of the Fund’s net asset value; and
- (v) the relief from paragraphs 2.5(2)(e) and 2.5(2)(f) of NI 81-102 will only apply to the brokerage fees incurred for the purchase and sale of securities of underlying ETFs by the Fund.

Investing in the Fund

The Fund is permitted to have an unlimited number of series of units and may issue an unlimited number of units of each series. Each unit of a series represents an undivided share of the Fund’s net assets, equal to the share of every other unit of the series.

Series D units may be purchased, switched or redeemed through Phillips, Hager & North Investment Funds Ltd., a wholly-owned subsidiary of RBC GAM, certain other authorized dealers (primarily discount brokers and our affiliates) and, in some cases, RBC GAM. The Fund pays us management fees with respect to Series D units. A portion of this management fee is paid by us to the dealer, including Phillips, Hager & North Investment Funds Ltd., as a trailing commission.

Series F units of the Fund are available to investors who have fee-based accounts with their dealers. These investors pay their dealer a fee directly for investment advice or other services. Series F units of the Fund may only be purchased, switched or redeemed through authorized dealers, and not directly through us. The Fund pays us management fees with respect to Series F units. We do not pay any sales charge or commission to dealers who sell Series F units, which means we can charge a lower management fee.

Series O units are only available to large private or institutional investors who make the required minimum investment and minimum subsequent investment as determined by us from time to time. No management fees are charged to the Fund with respect to the Series O units. Investors who are eligible to purchase Series O units pay a negotiated fee directly or indirectly to us which will not exceed 2% for services. Series O units may only be purchased, switched or redeemed through us or, in certain circumstances, Phillips, Hager & North Investment Funds Ltd. and its affiliates.

When you invest in a mutual fund, you are combining your money with that of many other investors. We use this pool of money to buy a wide variety of investments on behalf of the entire group. We follow a set of guidelines outlined in the investment objectives and investment strategies of the Fund. You and all other investors share in any profits or losses the Fund makes.

Description of units of the Fund

Each unit of a series of the Fund entitles the holder to:

- › one vote at any meeting of unitholders of the Fund or a meeting of unitholders of that specific series;
- › participate equally with all other units of the series in the regular distribution of net income and net realized capital gains of the Fund allocable to the series (other than management fee distributions);
- › participate equally with all other units of the series, if the Fund is being terminated and wound up, in the distribution of the series' share of net assets of the Fund that remain after the Fund's liabilities have been paid; and
- › the right to redeem their units of the Fund.

Units of a series of the Fund do not entitle the holder to any conversion rights (except in limited circumstances) or pre-emptive rights, and units are not transferrable (except in limited circumstances). There is also no liability to holders of units of a series of the Fund for future calls or assessments.

No unitholder owns any assets of the Fund. Unitholders have only those rights mentioned in this Annual Information Form, the Simplified Prospectus and the Trust Agreement.

The Trust Agreement does not require unitholder approval with respect to amendments to the Trust Agreement unless such approval is required under applicable securities laws. However, if an amendment to the Trust Agreement is one that we believe a reasonable unitholder would consider important in determining whether to continue to hold units of the Fund and is prejudicial to the interests of unitholders as a group, we must provide unitholders with 30 days' prior notice of that change. We may terminate or dissolve the Fund or a series within the Fund by giving the trustee and the affected unitholders written notice of our intention to terminate at least 60 days before the termination becomes effective.

Unless the Fund receives an exemption from Canadian securities regulatory authorities, we must obtain the approval of a majority of the votes cast by unitholders of the Fund – or for matters that affect one series differently than others, a majority of votes cast by unitholders of a series of units of the Fund – with respect to:

- › any change in the way fees or expenses are calculated that could result in an increase in the fees or expenses charged to the Fund, or directly to unitholders of the Fund by the Fund or us in connection with the holding of units of the Fund, unless unitholders are provided with written notice of the increase at least 60 days before the increase becomes effective;
- › any introduction of a fee or expense to be charged to the Fund, or directly to unitholders of the Fund by the Fund or us in connection with the holding of units of the Fund, that could result in an increase in charges to the Fund or to its unitholders, unless unitholders are provided with written notice of the increase at least 60 days before the increase becomes effective;
- › a change of the manager of the Fund, unless the new manager is an "affiliate" (within the meaning of applicable securities laws) of RBC GAM;
- › a change in the fundamental investment objectives of the Fund;

- › except in the circumstances described below, a change of the auditors of the Fund;
- › a decrease in the frequency of the calculation of the net asset value per unit of the Fund; and
- › except in the circumstances described below, certain material reorganizations of the Fund.

However, under NI 81-107, the Fund has the ability to make the following changes without unitholder approval:

- (a) change the auditors of the Fund, provided that the IRC has approved the change and unitholders are sent a written notice at least 60 days prior to the change; and
- (b) complete a reorganization of the Fund that involves the transfer of its units to another fund (for example, a fund merger) where (i) the Fund will cease to continue after the transaction, and (ii) the transaction results in the unitholders of the Fund becoming unitholders in the other fund, provided that the IRC has approved the transaction and unitholders are sent written notice at least 60 days prior to the completion of the transaction and certain other conditions are met.

Although the Fund does not hold regular meetings, we will hold meetings to obtain your approval on certain matters.

Determining the value of your investment

To determine the value of your investment in the Fund, RBC GAM or one of its affiliates calculates the net asset value for each series of units of the Fund.

Calculation of unit value

The issue and redemption price of units of a series is based on the Fund's net asset value per unit of that series ("unit value"), next determined after receipt of a purchase order or redemption order.

The Fund maintains a separate net asset value for each series of units, as if the series were a separate fund. However, the assets of the Fund constitute a single pool for investment purposes. The net asset value for a series is based on series-specific amounts, such as amounts paid on the purchase and redemption of units of the series and expenses attributable solely to the series, and on the series' share of the Fund's investment earnings, market appreciation or depreciation of assets, common expenses and other amounts not attributable to a specific series. Expenses are recognized on an accrual (i.e., "as incurred") basis, not on a cash (i.e., "when paid") basis.

The unit value for each series is the basis for calculating the purchase price or redemption price for buying, switching or redeeming units of that series. We or our agent calculate the unit value for each series by dividing the net asset value for the series by the number of outstanding units of the series. We or our agent determine the unit value for each series at the close of trading on each valuation day.

A valuation day is defined as any day that the Toronto Stock Exchange is open for business, and/or any day or days as we determine, subject to compliance with applicable securities laws.

You can get the net asset value of the Fund or the unit value for a series of the Fund, at no cost, by calling us toll-free at 1-800-661-6141, or by sending an email to info@phn.com.

The Fund's assets

The value of any security or property held by the Fund or any of its liabilities will be determined in the following way:

- › Cash, bills, demand notes, accounts receivable, prepaid expenses, cash dividends received or receivable, distributions receivable and interest accrued and not yet received, will be valued at their full amount unless it is determined that the cash or other asset is not worth that amount. In such a case, a reasonable value will be determined.
- › Securities quoted in foreign currencies are translated to Canadian dollars using the prevailing rate of exchange as quoted by customary banking sources on the valuation day.

- › If the unit value of the Fund is also expressed in a foreign currency, the value in foreign currency is determined by using the prevailing rate of exchange as quoted by customary banking sources on the valuation day.
- › Bonds, mortgage-backed securities, loans and debentures are valued at the closing price quoted by major dealers or independent pricing vendors in such securities. Notes and money market instruments are valued at their current market value on the valuation day. This value may be determined based on the cost of the investments, which approximates market value after taking into account accrued interest which is recorded separately from the investment. If short-term instruments are sold, the difference between the cost and the proceeds (less income previously credited for such security) will be recorded as income, not capital.
- › The value of any security which is listed or dealt in any stock exchange or exchanges is generally determined by taking its latest available sale price of a board lot on the principal stock exchange on which it is listed. However, the following exceptions apply:
 - where such sales or records are not available, or if the last such sale is not within the latest available bid and ask quotations on the valuation day, the fair value of the listed security will be determined based on market quotations which are believed to most closely reflect the fair value of the investment;
 - in calculating the value of inter-listed investments, over-the-counter (“OTC”) rather than stock exchange quotations may be used when they appear to reflect more closely the fair value of any particular investment; but if such stock exchange or OTC quotations do not properly reflect the prices which would be received by the Fund upon the disposal of such investments, values may be placed upon such investments which appear to it to reflect most closely the fair value of such investments; and
 - in calculating the value of foreign securities listed or dealt in exchanges outside North America, values will be placed upon such securities which appear to reflect most closely the fair value of such securities. In particular, we or our agent have procedures in place to avoid stale prices and to take into account, among other things, any significant events occurring after the close of a foreign market. Accordingly, the value calculated on fair valued securities for purposes of calculating the Fund’s net asset value may differ from that security’s most recent closing market price. As a means of evaluating our fair value process, we or our agent will routinely compare closing market prices, the next day’s opening prices in the same markets, and adjusted fair value prices. These procedures are designed to minimize the potential for market timing strategies, which are largely focused on funds with significant holdings of foreign securities. They may also be used in respect of foreign securities held by an Underlying Fund in which the Fund may invest, indirectly affecting the net asset value of the Fund.
- › Long positions in debt-like securities and listed warrants will be valued at their current market value.
- › Listed options are valued at the closing price on the recognized exchange on which the option is traded. In circumstances where the closing price is not within the bid-ask spread, management will determine the points within the bid-ask spread that are most representative of the fair value. Non-listed options are valued at their fair value. When an option is exercised and the underlying securities are acquired or delivered, the acquisition cost or sale proceeds are adjusted by the amount of the premium. When an option is closed the Fund will realize a gain or loss equal to the difference between the premium and the cost to close the position. When an option expires, gains or losses are realized equivalent to the amount of premiums received or paid, respectively.
- › The value of a futures contract, forward contract or swap will be the gain or loss that would be realized if, on the valuation day, the position in the futures contract, forward contract or swap, as the case may be, were to be closed out unless *daily limits* are in effect, in which case fair value will be determined based on the current market value of the underlying interest.
- › Margin paid or deposited in respect of futures contracts and forward contracts will be reflected as an account receivable and margin consisting of assets other than cash will be noted as held as margin.

- › The value of any security which is not listed or dealt in upon any stock exchange is determined at the most recently available sale price on a valuation day, or if such sale price is not available, at a sale price based on relevant market and/or company data that is believed to most closely reflect the fair value of the investment.
- › In this Annual Information Form, unless otherwise indicated, “current market value” means the most recently available sale price applicable to the relevant security on the principal exchange on which it is traded immediately preceding the valuation time on the valuation day, provided that, if no sale has taken place on a valuation day, the average of the bid and ask quotations immediately prior to the valuation time on the valuation day shall be used.
- › The following principles are used to determine the net asset value of mortgages in the Fund’s portfolio:
 - For conventional mortgages, a principal amount is determined that produces a yield equal to the yield of conventional mortgages sold by major lending institutions, if this is known on the valuation day, or that is equal to or not less than 0.25% below the interest rate for comparable mortgages on the valuation day.
 - For mortgages guaranteed under the *National Housing Act* (Canada), market value is used.
 - For any mortgages that go into arrears, the lower of the face value or market value as determined by a third-party valuation is used.
- › Units of the various Underlying Funds held by the Fund will be valued at their respective unit values on the relevant valuation day.
- › If a valuation day of the Fund is not a business day for a specific market, the prices or quotations of the prior business day will be used to value any asset or liability for such market.
- › Although we or our agent will generally determine the value of the assets of the Fund by following the valuation practices described above, we or our agent have the discretion to value the assets using other methods if we determine that these practices are not appropriate in the circumstances; however, this discretion has not been exercised in the past three years. It may be necessary to exercise such discretion in situations where market prices are not readily available (such as for certain restricted or unlisted securities, warrants and private placements) or securities may not be reliably priced (such as in the case of technical difficulties, trade suspensions or halts, price movement limits set by certain foreign markets, and thinly traded or illiquid securities). We and our agent have policies in place regarding fair valuation and guidelines that provide guidance on how fair value should be determined. The application of fair value pricing represents a good faith determination based upon these guidelines. There can be no assurance that the Fund could obtain the fair value assigned to a security if it were able to sell the security at approximately the time at which the Fund determines its unit value.

The Fund’s liabilities

The Fund’s liabilities include:

- › all debts, obligations, liabilities or claims of any kind; and
- › all accrued operating expenses and other charges.

Purchases, switches and redemptions

How to buy, redeem and switch

It is up to you and your advisor to determine which series is appropriate for you. Different series may have different minimum investment levels, may require you to pay different fees and expenses, and may affect the compensation we pay to a dealer.

All Series

Series D units may be purchased, switched or redeemed through Phillips, Hager & North Investment Funds Ltd., or certain other authorized dealers (primarily discount brokers) and, in some cases, us.

Series F units are available to investors who have fee-based accounts with their dealers. These investors pay their dealer a fee directly for investment advice or other services.

Series O units are only available to large private or institutional investors who make the required minimum investment and minimum subsequent investment as determined by RBC GAM from time to time. Series O units may only be purchased, switched or redeemed through us or, in certain circumstances, Phillips, Hager & North Investment Funds Ltd. and its affiliates.

The unit value is the price used for all purchases and redemptions of units of that series (including purchases made on the reinvestment of distributions). The price at which units are issued or redeemed is based on the next applicable unit value determined after the receipt of the purchase or redemption order.

If you invest in the Fund through a registered dealer, the dealer may charge you a sales charge, commission or service fee. These charges are negotiated between you and the dealer.

Registered dealers include investment professionals such as independent brokers, dealers and mutual fund specialists. We pay trailing commissions to dealers with respect to Series D units.

If your balance falls below the minimum required balance for a particular series, or you otherwise become ineligible to hold a particular series, we may require you to bring the value of your account up to the minimum, or we may redeem, reclassify or switch your units, as applicable. Where a unitholder is or becomes a citizen or resident of the United States or a resident of any other foreign country, we may require such unitholder to redeem their units if their participation has the potential to cause adverse regulatory or tax consequences for the Fund or other unitholders of the Fund. If we redeem, reclassify or switch your units, the effect will be the same as if you initiated the transaction. For redemptions in non-registered accounts, we may transfer the proceeds to you, and for redemptions in registered plans, we may transfer the proceeds to a registered savings deposit within the plan. We will not give you or your dealer notice prior to taking any action.

For us to act on an order to buy, redeem, reclassify or switch units, the telephone salesperson or your dealer must send the order to us on the same day it is received and assume all associated costs.

If we receive your order before 4:00 p.m. Eastern Time on a valuation day (and before 1:00 p.m. Eastern Time on December 24, if that day is a valuation day), your order will be processed using that day's unit value. A separate unit value is calculated for each series of units. If we receive your order after 4:00 p.m. Eastern Time on a valuation day (and after 1:00 p.m. Eastern Time on December 24, if that day is a valuation day), your order will be processed using the next valuation day's unit value. If we determine that the unit value will be calculated at a time other than after the usual closing time of the TSX, the unit value paid or received will be determined relative to that time. All orders are processed within two business days. If you are placing your order through another dealer, that dealer may establish earlier cut-off times. Check with your dealer for details.

We have the right to refuse any order to buy or switch units. We must do so within one business day from the time we receive the order. If your order is refused, your money will be returned to you in full, without interest.

Purchases

To buy units of the Fund via the methods listed above once you have opened an account through Phillips, Hager & North Investment Funds Ltd. or, in certain circumstances, through us, please provide the following information:

- › your name and account number;
- › the date of the transaction;
- › the name of the Fund and dollar amount of units you want to buy;
- › a cheque made out to the trustee of the Fund, or if applicable, financial institution information for an Electronic Funds Transfer ("EFT"); and
- › your signature, if the transaction is submitted by mail or by fax.

Pre-printed forms are also available for your use, and can be found on our website.

To buy units through another registered dealer, contact the dealer directly. Your dealer is responsible for recommending the series most suitable for you.

When you buy units of the Fund through Phillips, Hager & North Investment Funds Ltd. or, in certain circumstances, us, you have to include full payment for your units with your order. If you buy units of the Fund through another registered dealer, you or your dealer must send us payment within two business days. Your dealer is responsible for sending in your order the same day that they receive it from you.

If we do not receive payment in full within the time limits described above, or if a cheque is returned due to insufficient funds, the units that you bought will be redeemed on the next valuation day. If they are redeemed for more than you paid, the Fund will keep the difference. If they are redeemed for less than you paid, you or your dealer will be charged for the difference plus any costs. Your dealer may, in turn, charge you for these amounts.

Short-term trading

Most mutual funds are considered long-term investments, so we discourage investors from buying, redeeming and switching units frequently.

We may impose a short-term trading fee of up to 2% of the current value of the units if you redeem or switch out units within seven days of purchasing or previously switching into the Fund. The fee is designed to protect unitholders from the costs associated with investors frequently purchasing and redeeming units of the Fund. Frequent trading can hurt the Fund's performance by forcing the portfolio manager to keep more cash in the Fund than would otherwise be needed, or to sell investments to meet redemptions. It may also increase the Fund's transaction costs. Short-term trading fees are designed to deter excessive trading and offset its associated costs and are paid to the Fund, not to us, and are in addition to any other redemption or switch fees that may be payable.

RBC GAM regularly monitors transactions in all funds it manages. RBC GAM has established criteria for acceptable transaction activity in an effort to eliminate activity that it deems potentially detrimental to long-term unitholders including activity associated with attempts to engage in market timing. We have the right to restrict or reject any purchase or switch order without any prior notice, including those transactions accepted by your dealer. Generally speaking, your trading may be considered excessive if you sell or switch your units of the Fund within 90 days of buying them on more than one occasion. Whether your trading is considered excessive or inappropriate will be determined by us at our sole discretion.

We will not charge a short-term trading fee in certain circumstances including:

- › for redemptions initiated by us or another investment fund managed by RBC GAM;
- › for re-designation of units from one series to another series of the Fund;
- › for redemptions of \$2,500 or less;
- › for redemptions within five days of certain automated transactions;
- › for redemptions on omnibus accounts that represent the assets of many underlying investors; and
- › in extraordinary situations, for example, a financial emergency.

While we actively take steps to monitor, detect and deter excessive and inappropriate short-term trading, we cannot ensure that such trading activity will be completely eliminated.

Switching between funds

You may redeem units of one fund managed by RBC GAM to buy units of another fund managed by RBC GAM or, in some cases, an affiliate. This is called "switching." You may do so as long as you maintain the relevant minimum balances in each fund.

The same rules that apply for buying and redeeming units of the Fund apply to switches. Once we receive your order to switch, we will redeem your units in the fund from which you are switching and use the proceeds to buy units of the other fund to which you are switching. There are no fees for switching units of the Fund into units of another investment fund managed by RBC GAM, other than short-term trading fees. Please see *Short-term trading* on page 14.

To switch units of one fund managed by RBC GAM for units of another investment fund managed by RBC GAM via the methods listed above through Phillips, Hager & North Investment Funds Ltd. or, in certain circumstances, through us, please provide the following information:

- > your name and account number;
- > the date of the transaction;
- > the name of the fund(s) and dollar amount of units you want to switch from;
- > the name of the fund(s) you want to switch to; and
- > your signature, if the transaction is submitted by mail or by fax.

To switch units through another registered dealer, contact the dealer directly.

Re-designations

You may, with our prior approval and if you are eligible, switch between series of units of the Fund, otherwise known as a “re-designation,” and if you are no longer eligible to hold a series of units, we will switch you out of that series to another series of units of the Fund, as appropriate.

We do not charge any fees to switch between series of the Fund.

Units of any series may at any time, without notice to unitholders but upon two days’ prior written notice to the trustee of the Fund, be re-designated by RBC GAM as units of a different series of the Fund based on the applicable series unit value for the two series of units on the date of the re-designation, provided that no such re-designation shall be made which in the opinion of RBC GAM adversely affects the pecuniary value of the interest of the holder of such units.

Redemptions

With the exception of short-term trading fees, there are no charges for redeeming units of the Fund directly through us or Phillips, Hager & North Investment Funds Ltd. If you redeem units of the Fund through another registered dealer, that dealer may charge you a fee for redeeming your units.

The redemption price of units of a series is based on that series’ unit value, next determined after receipt by the Fund of the redemption order.

To redeem units of the Fund via the methods listed above through Phillips, Hager & North Investment Funds Ltd. or, in certain circumstances, through us, please provide the following information:

- > your name and account number;
- > the date of the transaction;
- > the name of the Fund and dollar amount of units you want to redeem;
- > the method of the redemption payment (e.g., cheque or EFT); and
- > your signature, if the transaction is submitted by mail or by fax.

You may also need to provide other information. If more information is needed, you will be contacted.

If a cheque is requested, we will automatically send your cheque to the address on our file. To deposit the payment directly into your account with a Canadian financial institution via an EFT, enclose a cheque marked “void” with your transaction request if you have not done so previously. You may also specify that we deposit the payment into your bank account on record. You can expect to receive the money in your bank or trust company account in two business days.

To redeem units through another registered dealer, contact the dealer directly. If you place an order to redeem your units through a registered dealer, they are responsible for sending in your order the same day that they receive it from you. The dealer must send in the order, at no charge to you, by courier, priority post or electronically.

We will redeem your units on the valuation day we receive the order from your dealer. Once instructions necessary to complete the transaction are received by us from your dealer, the money will be released to you. If these instructions are not received by us within 10 business days of the date of your redemption order or you do not satisfy the requirements of securities laws to redeem your units, the units you sold will be bought back by us on your account on the next valuation day. If they are bought back for less than you sold them for, the Fund keeps the difference. If they are bought back for more than you sold them for, your dealer will be charged for the difference plus any costs. Your dealer may, in turn, charge you for these amounts if the dealer suffers a loss.

When you may not be allowed to redeem your units

In extraordinary circumstances, we may suspend the right of investors to redeem units of the Fund. These circumstances include when:

- › normal trading is suspended on any stock exchange on which securities or derivatives that make up more than half of the Fund's total assets by value are traded; or
- › we have permission from the applicable securities regulatory authority.

We reserve the right to require any unitholder of the Fund to redeem such unitholder's entire holding or a portion of units of the Fund at our sole discretion including where a unitholder is or becomes a U.S. citizen or resident of the United States or a resident of another foreign country if we conclude that their participation has the potential to cause adverse regulatory or tax consequences for the Fund or other unitholders of the Fund.

Fees and expenses

We may, in some years and in certain cases, absorb a portion of a series' management fee. The decision to absorb the management fee is determined at our discretion, without notice to unitholders.

We may reduce part of the management fee borne by investors who have made substantial investments in the Fund. We may decide to do this for a number of reasons, including the value of the investor's assets that we manage and our relationship with the investor. We calculate the amount of the reimbursement using a sliding scale based on the value of the investor's assets that we manage. The amount of the reduction is not negotiable. It is determined by us, at our discretion.

We do not reimburse investors directly in respect of management fees. Instead, fees are reduced to the Fund, and the Fund makes corresponding distributions (referred to as management fee distributions) to the qualifying investors. Each investor may choose to receive such distributions from the Fund in cash or reinvested in additional units of the Fund. Distributions made by the Fund in respect of reduced fees are normally considered distributions of the Fund's net income. However, in some circumstances such distributions may be, in whole or in part, distributions of the Fund's net realized capital gains or returns of capital. **Returns of capital represent a return to the investor of a portion of their own invested capital.** See *Income tax considerations for investors* on page 27.

The tax consequences of management fee distributions made by the Fund will generally be borne by the qualifying investors receiving these distributions. Management fee distributions to qualifying investors has the same income tax consequences to the investors as other distributions of the Fund's net income or net realized capital gains, or returns of capital from the Fund.

Management of the Fund

Manager and portfolio manager

RBC GAM, the manager and principal portfolio manager of the Fund, is an indirect wholly-owned subsidiary of Royal Bank. Phillips, Hager & North Investment Management is a division of RBC GAM principally responsible for carrying out RBC GAM's responsibilities as manager and principal portfolio manager of the Fund.

We provide investment counselling services to company pension and multi-employer pension plans, foundations, endowments, corporations, private clients and our own investment funds.

As manager, RBC GAM is responsible for the general administration of the Fund. We provide office premises and certain clerical, accounting and operational services. As an added service, our portfolio managers provide advice on discretionary mutual fund investments.

The Trust Agreement establishing the Fund does not contain any provisions for terminating us as manager of the Fund. However, RBC GAM may assign its management responsibilities to one of its affiliates without the approval of investors. If RBC GAM wants to assign its management responsibilities to a company or person who is not an affiliate, RBC GAM must first receive approval from investors.

As principal portfolio manager, we are responsible for managing the investment portfolio of the Fund.

How to reach us

You can reach us at no cost by:

- > calling us at 1-800-661-6141; or
- > faxing us toll-free at 1-800-666-9899.

To reach us by mail, please write to the head office of the Fund:

RBC Global Asset Management Inc.
 155 Wellington St. W.
 Suite 2200
 Toronto, Ontario M5V 3K7

or to the main operating office of Phillips, Hager & North Investment Management:

RBC Global Asset Management Inc.
 Phillips, Hager & North Investment Management
 Main Operating Office
 20th Floor, 200 Burrard Street
 Vancouver, British Columbia V6C 3N5

You can also reach us on the Internet at www.rbcgam.com or by email at info@phn.com.

RBC GAM directors and executive officers

A list of RBC GAM’s directors and executive officers is set out below. We have included their name and the city in which they live, the current position they hold with us, and their main occupation. If they have held any other positions within the last five years, we have included those positions.

NAME AND MUNICIPALITY OF RESIDENCE	POSITION AND OFFICE HELD WITH RBC GAM	CURRENT PRINCIPAL OCCUPATION
Wayne Bossert Oakville, Ontario	Director	Deputy Chair and Head of Global Ultra-High Net Worth Clients and Canadian Private Banking, Royal Bank
Daniel E. Chornous Toronto, Ontario	Director and Chief Investment Officer	Chief Investment Officer, RBC GAM
Douglas Coulter Toronto, Ontario	Director and President, Retail	President, Retail, RBC GAM

NAME AND MUNICIPALITY OF RESIDENCE	POSITION AND OFFICE HELD WITH RBC GAM	CURRENT PRINCIPAL OCCUPATION
Steve Gabor Vancouver, British Columbia	Chief Financial Officer, RBC GAM	Chief Financial Officer, RBC GAM
Matthew D. Graham Toronto, Ontario	Chief Operating Officer	Chief Operating Officer, RBC GAM
Douglas A. Guzman Toronto, Ontario	Director and Chairman	Group Head, Wealth Management & Insurance, Royal Bank
Heidi Johnston Squamish, British Columbia	Chief Financial Officer, RBC GAM Funds	Chief Financial Officer, RBC GAM Funds, RBC GAM
Daniela Moretti Toronto, Ontario	Corporate Secretary	Senior Counsel, Subsidiary Governance Office, Canada, Royal Bank
Dave Y. Mun Toronto, Ontario	Director	Senior Vice President, Performance Management & Investor Relations, Royal Bank
Lawrence A.W. Neilsen Vancouver, British Columbia	Chief Compliance Officer	Global Head of Compliance, RBC GAM
Chandra Stempien Toronto, Ontario	Director	Managing Director and Head, Counterparty Credit Risk, Royal Bank
Damon G. Williams Toronto, Ontario	Director, Chief Executive Officer and Ultimate Designated Person	Chief Executive Officer, RBC GAM

Each of the people listed above has held his or her current position with RBC GAM (or one of our predecessor amalgamating entities, RBC Asset Management Inc. and/or Phillips, Hager & North Investment Management Ltd.), and his or her principal occupation during the five years preceding the date hereof, except for Wayne Bossert, who from June 2010 to February 2015 was Executive Vice President Sales, Canadian Banking, Royal Bank; Steve Gabor, who prior to December 1, 2017 was Acting Chief Financial Officer, RBC GAM and prior to July 2017 was Vice President, RBC GAM; Matthew D. Graham, who from September 2015 to June 2017 was Chief Operating Officer, International, RBC GAM UK and from June 2009 until September 2015 was Vice President, Institutional Strategy, RBC GAM; Douglas A. Guzman, who from September 2006 to present is Managing Director, RBC Dominion Securities Inc. ("RBC DS") and from September 2008 to November 2015 was Head of Global Investment Banking, RBC DS; Heidi Johnston, who prior to December 1, 2017 was Acting Chief Financial Officer, RBC GAM Funds and prior to July 2017 was Vice President, RBC GAM; Daniela Moretti, who from March 9, 2018 is Corporate Secretary, RBC GAM and holds various positions with other Royal Bank affiliates, and also serves as Senior Counsel in the Royal Bank Subsidiary Governance Office, and as Assistant Secretary for Royal Bank, and prior to September 2017 was Senior Counsel and Assistant Secretary, Royal Bank; Dave Y. Mun, who from June 2014 to June 2016 was Vice President, Finance – Wealth Management, Royal Bank, from July 2012 to June 2014 was Vice President, Finance – Performance Management, Royal Bank and prior thereto held various positions with Royal Bank and RBC DS; Chandra Stempien, who from November 2013 to December 2015 was Head of Market, Operational and Trading Credit Risk – Asia Pacific, Royal Bank

and from May 2011 to November 2013 was Director, Counterparty Credit Risk Analysis and Measurement, Royal Bank; and Damon G. Williams, who from November 2010 to April 2015 was President, Institutional, RBC GAM.

Responsibility for investment decisions

The investment decisions for the Fund are made by a team of portfolio managers. All of the portfolio managers share information, expertise and decision-making authority with respect to the Fund so that no one individual is principally responsible for the Fund.

The following is a list of the portfolio managers who together are principally responsible for the day-to-day management of the Fund, the implementation of material strategies and the management of various segments of the Fund.

PRINCIPAL SECTOR OF RESPONSIBILITY	NAME	EXPERIENCE
Chief Investment Officer	Daniel E. Chornous	Mr. Chornous is Chief Investment Officer, RBC GAM. He has been associated with RBC GAM since 2002.
Asset-mix	Sarah Riopelle	Ms. Riopelle is Vice President and Senior Portfolio Manager, Investment Solutions. She has been associated with RBC Asset Management Inc., one of the predecessor entities of RBC GAM, since 2003.
	Milos Vukovic	Mr. Vukovic is Vice President, Investment Policy of RBC GAM. He has been associated with RBC Asset Management Inc., one of the predecessor entities of RBC GAM, since 2003.

The investment decisions of the individuals or committees listed in the table above made on behalf of Phillips, Hager & North are not subject to the oversight, approval or ratification of any committee. The investment decision-making process is supported by research, analysis and internal investment committees. Investment decisions are overseen by the Chief Investment Officer.

Brokerage arrangements

We make decisions as to the purchase and sale of fund securities, including units of Underlying Funds and other assets of the Fund such as cash and term deposits, as well as decisions regarding the execution of portfolio transactions of the Fund, including the selection of market, broker and the negotiation of commissions.

In certain circumstances, we receive goods or services from dealers or brokers in exchange for directing brokerage transactions to such dealers or brokers. The types of goods and services for which we may direct brokerage commissions are research goods and services (“research goods and services”) and order execution goods and services (“order execution goods and services”).

We receive research goods and services which include: (i) advice as to the value of securities and the advisability of effecting transactions in securities; and (ii) analyses and reports concerning securities, issuers, industries, portfolio strategy or economic or political factors and trends that may have an impact on the value of securities. Such goods and services may be provided by the executing dealer directly (known as proprietary research) or by a party other than the executing dealer (known as third-party research). The research goods and services that we are provided in exchange for brokerage commissions include advice, analyses and reports that focus on, among other matters, specific stocks, sectors and economies.

We also receive order execution goods and services, such as data analysis, software applications and data feeds. These goods and services may be provided by the executing dealer directly or by a party other than the executing dealer.

The users of these research goods and services and order execution goods and services are our portfolio managers, analysts and traders.

In certain instances, we may receive goods and services containing some elements that qualify as research goods and services and/or order execution goods and services and other elements that do not qualify as either of such permitted goods and services. These types of goods and services are considered to be mixed-use ("mixed-use goods and services"). If we obtain mixed-use goods and services, we only use brokerage commissions to pay for the portion that is used in our investment or trading decisions or in effecting securities transactions, each on behalf of the Fund or client accounts. The types of mixed-use goods and services that we receive may include software applications and data analysis.

We only route trade orders to a dealer or broker for execution if we have reviewed and approved of that dealer or broker for use. We approve a dealer or broker for use if we are of the view that the dealer or broker is able to provide best execution, which includes a number of considerations such as price, volume, speed and certainty of execution, and total transaction cost.

An additional but secondary consideration when we review and approve a dealer or broker is the dealer's or broker's ability to provide research goods and services and order execution goods and services that add value to our investment decision-making and trade order execution processes to generate investment returns for clients. Other factors that we consider when reviewing and approving a dealer or broker include the dealer's or broker's regulatory status, its creditworthiness and its ability to efficiently process trade orders and settle trades.

We use the same criteria in selecting all dealers and brokers, regardless of whether the dealer or broker is our affiliate. We currently have in place brokerage arrangements with RBC DS, an affiliate of RBC GAM. RBC DS may provide research goods and services, order execution goods and services and mixed-use goods and services in exchange for effecting brokerage transactions. As at the date of this Annual Information Form, RBC DS has not provided research goods and services, or order execution goods and services in exchange for affecting brokerage transactions.

We conduct extensive trade cost analysis to ensure that the Fund and clients receive a reasonable benefit considering the amount of brokerage commissions paid. Specifically, we decide which dealers or brokers are allocated brokerage business based on the competitiveness of the commission costs, their ability to provide best execution of trades and the range of services and quality of research received.

We may use research goods and services and order execution goods and services to benefit the Fund and clients other than those whose trades generated the brokerage commission. However, we have policies and procedures in place to make a good faith determination that over a reasonable period of time, all clients, including the Fund, receive fair and reasonable benefit in return for the commission generated.

For a list of any other dealer, broker or third party which provides research goods and services and/or order execution goods and services, call us, at no cost at 1-800-661-6141, or send an email to *info@phn.com*.

Principal distributors

Phillips, Hager & North Investment Funds Ltd., a wholly-owned subsidiary of RBC GAM, acts as the principal distributor of Series D units of the Fund. As principal distributor, Phillips, Hager & North Investment Funds Ltd. is responsible for marketing and distributing units of the Fund where permitted under applicable securities laws. The agreement whereby Phillips, Hager & North Investment Funds Ltd. agrees to act as principal distributor may be terminated by either party giving 60 days' notice in advance. The main office of Phillips, Hager & North Investment Funds Ltd. is 20th Floor, 200 Burrard Street, Vancouver, British Columbia V6C 3N5.

RBC GAM acts as the principal distributor of all series of the Fund other than Series D. As principal distributor, RBC GAM is responsible for marketing and distributing units of the Fund (other than Series D) where permitted under applicable securities laws. The head office of RBC GAM is 155 Wellington Street West, Suite 2200, Toronto, Ontario M5V 3K7.

Trustee and custodian

The trustee and custodian of the Fund is RBC Investor Services Trust ("RBC IS"). RBC IS is a wholly-owned subsidiary of Royal Bank and an affiliate of RBC GAM. Its principal office is located in Toronto, Ontario. In respect of the Fund, the trustee has entered into the Trust Agreement, which may be amended as described under the heading *Description of units of the Fund*. The Fund is charged an annual fee by the trustee for its services as trustee and custodian based on the net asset value of the Fund. We negotiate this fee with RBC IS on behalf of the Fund. We pay this fee for the Fund as described in the Simplified Prospectus.

The trustee may resign by giving 90 days' notice to the investors and the manager. The manager may remove the trustee by giving 90 days' notice to the trustee, provided a successor trustee is appointed or the Fund is terminated.

RBC IS, as custodian, is responsible for the safekeeping of the assets of the Fund. The custodian may contract with sub-custodians to hold the assets of the Fund.

Registrars

RBC GAM, RBC IS and Royal Bank act as registrars of the Fund and maintain the register of investors at RBC GAM's Vancouver office, at RBC IS' Toronto office and at Royal Bank's Montréal office.

Auditor

The auditor of the Fund is PricewaterhouseCoopers LLP, Chartered Professional Accountants, located in Toronto, Ontario.

Securities lending agent

RBC IS of Toronto, Ontario is the securities lending agent of the Fund that engages in securities lending pursuant to a securities lending agency agreement between RBC GAM as manager of the Fund and RBC IS dated July 27, 2010, as amended (the "Securities Lending Agency Agreement"). RBC IS is a wholly-owned subsidiary of Royal Bank and an affiliate of RBC GAM. In accordance with the Securities Lending Agency Agreement, RBC IS will value the loaned securities and collateral daily to ensure that the collateral is worth at least 102% of the value of the securities. Pursuant to the terms of the Securities Lending Agency Agreement, RBC IS will indemnify and hold harmless the Fund from any losses which may result from a breach of RBC IS' standard of care or from its negligence, fraud or wilful misconduct. Either party may terminate the Securities Lending Agency Agreement by giving the other party five business days' written notice.

Independent Review Committee

The IRC acts as the independent review committee that the Fund and other funds managed by RBC GAM are required to have pursuant to NI 81-107. The IRC reviews and provides input on conflicts of interest matters in respect of RBC GAM and the Fund. For further information, see the section *Fund governance – Independent Review Committee* on page 24.

Conflicts of interest

Principal holders of securities

(a) The Fund

As at the date of this Annual Information Form, Royal Bank beneficially owned, directly or indirectly, 100% of the outstanding units of the Fund.

(b) RBC GAM

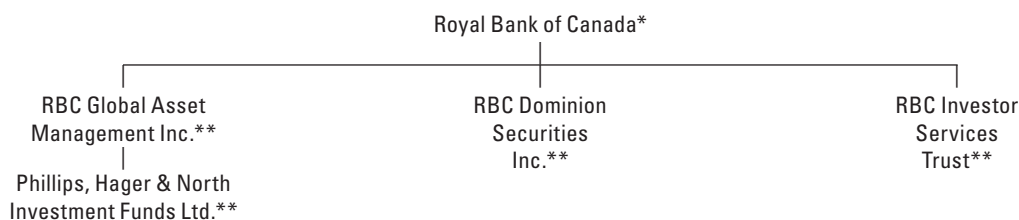
As at the date of this Annual Information Form, Royal Bank indirectly beneficially owned 100% of the outstanding common voting shares of RBC GAM and 100% of the outstanding common shares of Phillips, Hager & North Investment Funds Ltd. As at September 21, 2018, the percentage of securities of each class or series of voting or equity securities of Royal Bank

beneficially owned, directly or indirectly, in aggregate, by all the directors and senior officers of RBC GAM is no more than 0.09%, and by all members of the IRC, is no more than 0.01%.

RBC IS does not own any securities of the Fund or RBC GAM or any other service provider to the Fund.

Affiliated entities

The following companies that provide services to the Fund are affiliated with RBC GAM:



* Royal Bank does not provide services to the Fund, and is included solely to demonstrate the connection between RBC GAM and its affiliates.

** Indirect wholly-owned subsidiary.

Phillips, Hager & North Investment Funds Ltd. acts as the principal distributor of Series D units of the Fund. RBC DS provides brokerage services to the Fund. Any fees paid to the above noted affiliated entities will be disclosed in the audited financial statements of the Fund.

The following individuals are directors or officers of RBC GAM and also of an affiliated entity of RBC GAM that provides services to the Fund or RBC GAM in relation to the Fund.

NAME	POSITION WITH RBC GAM	POSITION WITH AFFILIATE
Wayne Bossert	Director	Executive Vice President, Royal Bank; Director, RBC DS
Daniel E. Chornous	Director and Chief Investment Officer	Senior Vice President, Royal Bank
Douglas Coulter	Director and President, Retail	Senior Vice President, Royal Bank; Director, Phillips, Hager & North Investment Funds Ltd.
Steve Gabor	Chief Financial Officer, RBC GAM	Chief Financial Officer and Vice President, Phillips, Hager & North Investment Funds Ltd.
Matthew D. Graham	Chief Operating Officer	Vice President, Royal Bank
Douglas A. Guzman	Director and Chairman	Group Head, Wealth Management & Insurance, Royal Bank; Managing Director, RBC DS
Daniela Moretti	Corporate Secretary	Assistant Secretary, Royal Bank; Corporate Secretary, RBC DS
Dave Y. Mun	Director	Senior Vice President, Royal Bank; Senior Vice President, Performance Management & Investor Relations, Royal Bank

NAME	POSITION WITH RBC GAM	POSITION WITH AFFILIATE
Mark Neill	Vice President	President, Phillips, Hager & North Investment Funds Ltd.
Lawrence A.W. Neilsen	Chief Compliance Officer	Chief Compliance Officer, Phillips, Hager & North Investment Funds Ltd.
Chandra Stempien	Director	Vice President, Royal Bank
Damon G. Williams	Director, Chief Executive Officer and Ultimate Designated Person	Executive Vice President, Royal Bank; Director, Phillips, Hager & North Investment Funds Ltd.

As disclosed in the table above, certain directors or officers of RBC GAM may also be directors or officers of RBC DS, RBC IS, Phillips, Hager & North Investment Funds Ltd., or a senior officer of Royal Bank. RBC GAM has put into place appropriate policies and procedures to minimize the potential for conflicts between its interests and any affiliated entities. In particular, RBC GAM has policies and procedures which deal with trading in securities of Royal Bank and offerings underwritten by RBC DS, and to ensure that any brokerage business allocated to affiliates will be on the basis of best execution and will be on competitive terms and conditions.

Other matters

We perform investment advisory services for our clients as well as for certain investment funds that RBC GAM manages (collectively, "Accounts"). We make investment decisions for each Account dependent on the circumstances, investment objectives and guidelines of the specific Account. Our policy and practice is not to intentionally favour or disfavour any Account in the allocation of investment opportunities so that over a period of time, such opportunities will be allocated among Accounts on a fair basis. We may give advice and take action with respect to any Account that differs from the advice given to, or the action taken for, other Accounts. Our emphasis is on ensuring that all Accounts, through their portfolio managers, are given a fair opportunity to invest in a security that is appropriate for the specific Account. Each portfolio manager makes the final determination as to whether a particular investment opportunity is appropriate for the specific Account to which we provide investment advisory services.

To ensure efficient trade execution and a better price, when we engage in transactions for larger quantities of securities for a number of Accounts, we group the trade orders together for placement with securities dealers ("block trades"). The client's portfolio manager or the investment fund's manager, in advance of the order being placed with the securities dealers by us, determines the quantity of securities ordered for each Account. We set internal trade order submission deadlines for our portfolio managers for the purposes of making block trades. We use the *pro rata* method to allocate the price of the securities and the related commission costs for securities purchased or sold on a block basis whether or not an order is partially filled or fully filled. Therefore, all clients and funds participating in a block trade receive the same execution price and commission cost for that block trade.

If there is only a limited amount of an investment opportunity available, such as for an Initial Public Offering ("IPO"), we determine the level of interest of the firm's portfolio managers on behalf of each Account, establish the size of the trade order, and allocate fills of the order on a *pro rata* basis. In certain circumstances, such as when the quantity of the IPO security is too small to allocate across a number of clients or funds, we will allocate an IPO purchase to one or two investment funds managed by RBC GAM in order to maximize the number of clients able to participate in the purchase and will choose different investment funds for participation in the next IPO. Accounts that are considered proprietary to us because of their or their affiliates' interest in the Account are not permitted to participate in IPOs.

Fund governance

Policies, procedures, practices and guidelines

As manager of, and portfolio manager to, the Fund, RBC GAM is responsible for the day-to-day management, administration and operation of the Fund, and provides investment advice and portfolio management services to the Fund.

RBC GAM has established appropriate policies, procedures, practices and guidelines to ensure the proper management of the Fund, including, as required by NI 81-107, policies and procedures relating to conflicts of interest. The systems used by RBC GAM in relation to the Fund monitor and manage the business and sales practices, risk and internal conflicts of interest relating to the Fund, while ensuring compliance with applicable regulatory, compliance and corporate requirements. RBC GAM personnel responsible for compliance, together with management of RBC GAM, ensure that these policies, procedures, practices and guidelines are communicated from time to time to all relevant persons and are updated as necessary (including the systems referred to above) to reflect changing circumstances. RBC GAM also monitors the application of all such policies, procedures, practices and guidelines to ensure their continuing effectiveness.

Compliance with investment practices and investment restrictions mandated by securities legislation is monitored by RBC GAM on a regular basis. The investment practices and restrictions for the Fund and guidelines for derivative use, repurchase transactions and reverse repurchase transactions are outlined beginning on page 3.

RBC GAM has adopted a personal trading policy for employees (the "Policy") which is designed to prevent potential, perceived or actual conflicts between the interests of RBC GAM and the interests of clients and the Fund. Under the Policy, certain RBC GAM personnel are required to pre-clear certain personal securities transactions in order to ensure that those trades do not conflict with the best interests of the Fund and have not been offered to the person because of the position they hold in RBC GAM.

Independent Review Committee

The IRC acts as the independent review committee that the Fund and other funds managed by RBC GAM are required to have pursuant to NI 81-107. The IRC continues to provide independent oversight as required under the terms of certain exemptive relief for certain transactions by certain non-prospectus funds managed by RBC GAM.

In its role as the independent review committee of the Fund, the IRC will, no less frequently than annually, review and assess the adequacy and effectiveness of:

- › RBC GAM's policies and procedures relating to conflict of interest matters in respect of the Fund;
- › any standing instructions it has provided to RBC GAM pertaining to conflict of interest matters in respect of the Fund;
- › RBC GAM's and the Fund's compliance with any conditions imposed by the IRC in a recommendation or approval; and
- › any subcommittee to which the IRC has delegated any of its functions.

In addition, the IRC will, no less frequently than annually, review and assess the independence of its members, the compensation of its members, its effectiveness, and the contribution and effectiveness of its members. The IRC will provide us with a report of the results of such assessment.

The IRC will also prepare an annual report that describes its activities as the independent review committee of the Fund. For a free copy of this report, call us at 1-800-661-6141, or ask your dealer. You can also get a copy of this report on our website at www.rbcgam.com or by sending an email to info@phn.com.

This report and other information about the IRC are also available at www.sedar.com.

The IRC is currently composed of six members and each is independent from RBC GAM, the Fund and entities related to RBC GAM. Set forth below are the name, municipality of residence and principal occupation of each of the members of the IRC:

NAME	MUNICIPALITY OF RESIDENCE	CURRENT PRINCIPAL OCCUPATION
Paul K. Bates	Millgrove, Ontario	Academic and former Investment Industry Executive
Élaine Cousineau Phénix ¹	Montréal, Quebec	President, Phénix Capital Inc.
Catherine J. Kloepper	Winnipeg, Manitoba	Senior Vice-President, Corporate Services and Chief Financial Officer, Winnipeg Airports Authority Inc.
Charles F. Macfarlane ²	Toronto, Ontario	Board Director and former Investment Industry Executive and Regulator
Mary C. Ritchie	Edmonton, Alberta	President and Chief Executive Officer, Richford Holdings Ltd.
Suromitra Sanatani	Edmonton, Alberta	Corporate Director

¹ Chair of the IRC.

² Vice-Chair of the IRC.

Proxy voting guidelines

As portfolio manager for the Fund, we have responsibility for the investment management of the Fund, including the exercise of voting rights attaching to securities held by the Fund.

The Fund has proxy voting policies and procedures that apply to securities held by the Fund to which voting rights are attached. We have developed Proxy Voting Guidelines for securities held by the Fund to which voting rights are attached with the following principles in mind:

- › proxies will be voted in a manner that seeks to enhance long-term unitholder value;
- › proxies will be voted in a manner that is consistent with leading corporate governance practices; and
- › management has important insights into the value creation process.

The Proxy Voting Guidelines establish guidelines relating to the voting of securities of an issuer for the following categories of matters: board of directors, management and director compensation, takeover bid protection, shareholders' rights and shareholder proposals. While we will generally vote the Fund's proxies in accordance with the Proxy Voting Guidelines, we consider each matter on a case-by-case basis and may vote in a manner different from that contemplated by the Proxy Voting Guidelines where we believe it is appropriate in the circumstances. Any matters not covered by the Proxy Voting Guidelines, including business issues specific to the issuer or issues raised by shareholders of the issuer, will be assessed on a case-by-case basis with a focus on the potential impact of the vote on shareholder value. We also have a Proxy Voting Policy which includes procedures to ensure that voting rights are exercised in accordance with the best interests of the Fund. We utilize the research services of Glass Lewis & Co., LLC and Institutional Shareholder Services, Inc., proxy voting advisory firms, as well as the voting services of Institutional Shareholder Services, Inc.

In the event that we face a potential material conflict of interest with respect to proxies, RBC GAM's Proxy Voting Committee will meet to resolve the conflict. In some cases, proxy voting matters may be referred to the IRC for its recommendation. We

employ a Governance Analyst who is responsible for ensuring that we vote all proxies in accordance with our Proxy Voting Guidelines and for identifying any situations that must be addressed by our Proxy Voting Committee. As we have discretionary authority over the Fund's portfolio, we file applicable class action settlement claims on behalf of the Fund. We have retained Institutional Shareholder Services Inc. to file and provide administrative support services for class action claims.

A copy of the proxy voting record of the Fund for the most recent period ended June 30 of each year is available to any unitholder of the Fund upon request, at no cost, at any time after August 31 of that year.

You may obtain a copy of these guidelines or, when available, the proxy voting record of the Fund, at no cost by visiting our website, www.rbcgam.com, or by contacting us at the telephone number or address on the back cover of this Annual Information Form.

The Fund may invest in units of other funds managed by RBC GAM. We will not vote units of other funds managed by RBC GAM or its affiliates or associates held by the Fund. However, we may pass on the right to vote units of other funds managed by RBC GAM or its affiliates or associates to unitholders of the funds that hold such units.

Policies and practices with respect to derivatives

Derivatives may be used in managing the Fund. A detailed description of the risks related to the use of derivatives for the Fund can be found in the Simplified Prospectus under the heading *What are the risks of investing in the Fund?*

Written policies and procedures are in place, setting out the objectives for derivatives trading and related risk management. The objectives are:

- > to enhance yields, or returns (or both);
- > to isolate and manage risk; and
- > to execute new strategies to add value.

Derivatives will not be used to create excess leverage, and will only be used as permitted by NI 81-102 and any applicable regulatory relief. They will be used for hedging purposes – to offset or control risk exposures of the Fund. They may also be used for non-hedging purposes. A description of the derivatives used by the Fund can be found in the Simplified Prospectus under the heading *What does the Fund invest in?*

Derivatives may be used to participate in changes to a particular market or group of securities without purchasing the securities directly, or to temporarily reduce participation in a particular market in which the Underlying Fund has already invested. The types of derivatives an Underlying Fund may use include forward contracts, futures contracts, warrants, options or options on futures, swaps and index participation units.

RBC GAM is responsible for managing the risks associated with the use of derivatives. RBC GAM has written guidelines that set out the objectives and goals for derivatives trading, which are established and reviewed periodically by the board of directors of RBC GAM as required. In addition, RBC GAM has written control policies and procedures in place that set out the risk management procedures applicable to derivatives trading. These policies and procedures set out specific procedures for the authorization, documentation, reporting, monitoring and review of derivative strategies ensuring that these functions are performed by individuals independent of those who trade. Limits and controls on derivatives trading are part of RBC GAM's compliance regime. All derivatives transactions are reviewed by a specially trained team that ensures that the derivatives positions of the Fund are within the existing control policies and procedures. As the use of derivatives by the Fund is limited, RBC GAM does not currently conduct simulations to test the portfolio under stress conditions. Derivatives strategies are regularly monitored by RBC GAM management.

Policies and practices with respect to securities lending, repurchase and reverse repurchase transactions

The Fund may enter into securities lending transactions, repurchase transactions and reverse repurchase transactions in accordance with applicable securities legislation. For details about how the Fund may engage in these transactions, please see the heading *How the Fund engages in securities lending transactions, repurchase transactions and reverse repurchase transactions* and the heading *Securities lending, repurchase and reverse repurchase risk* in the Simplified Prospectus for the Fund.

RBC IS or another custodian or sub-custodian of the Fund will act as the agent for the Fund in administering the securities lending, repurchase and reverse repurchase transactions of the Fund in accordance with the Securities Lending Agency Agreement. The risks associated with these transactions will be managed by requiring that the Fund's agent enter into such transactions, including negotiating agreements, with reputable and well-established Canadian and foreign brokers, dealers and institutions ("counterparties"). The agent will maintain internal controls, procedures and records, including a list of approved counterparties based on generally accepted creditworthiness standards, transaction and credit limits for each counterparty, and collateral diversification standards. Each valuation day, the agent will determine the market value of both the securities loaned by the Fund under a securities lending transaction or sold by the Fund under a repurchase transaction or purchased by the Fund under a reverse repurchase transaction and the cash and/or collateral held by the Fund for such transactions. If on any business day the market value of the cash or collateral is less than 102% of the market value of the borrowed or sold securities, on the next day the counterparty will be required to provide additional cash or collateral to the Fund to cover the shortfall.

The risk factors associated with securities lending, repurchase and reverse repurchase transactions are disclosed in the Simplified Prospectus. RBC GAM is responsible for managing the risks associated with securities lending, repurchase and reverse repurchase transactions. RBC GAM has written guidelines that set out the objectives and goals with respect to securities lending arrangements, repurchase transactions and reverse repurchase transactions which are established and reviewed periodically by the board of directors of RBC GAM as required. RBC GAM has written control policies and procedures in place that set out the risk management practices applicable to securities lending, repurchase and reverse repurchase transactions. As the use of securities lending, repurchase and reverse repurchase transactions by the Fund is limited, RBC GAM does not currently conduct simulations to test the portfolio under stress conditions. Any securities lending arrangements and repurchase and reverse repurchase agreements are monitored regularly by RBC GAM management. Internal auditors of Royal Bank monitor compliance with these policies and procedures periodically.

Income tax considerations for investors

The following is a summary of the principal Canadian federal income tax considerations generally relevant to individual investors who, for purposes of the *Income Tax Act* (Canada), are individuals (other than trusts) resident in Canada and hold their units as capital property.

This summary is based on the current provisions of the *Income Tax Act* (Canada) and the regulations under it, all specific proposals to amend the *Income Tax Act* (Canada) and its regulations that have been publicly announced by the Minister of Finance, and the published administrative practices of the Canada Revenue Agency ("CRA"). It is assumed that all amendments will be passed as proposed.

This summary is of a general nature and is not intended to be exhaustive. It does not take into account provincial, territorial or foreign tax laws. **Investors should consult their own tax advisors with respect to the tax consequences in their particular circumstances.**

The Fund is not expected to qualify as a mutual fund trust under the *Income Tax Act* (Canada) because it will not meet conditions relating to the number of unitholders. The Fund is expected to be at all material times a registered investment under the *Income Tax Act* (Canada).

Taxation of the Fund

Generally, a trust must pay tax on its net income and net realized capital gains for a year, except to the extent such amounts are distributed to unitholders. The Trust Agreement requires the Fund to distribute all of its net income each year and sufficient of its net realized capital gains, so that the Fund will not pay any tax under Part I of the *Income Tax Act* (Canada) (other than alternative minimum tax). As the Fund is not a mutual fund trust under the *Income Tax Act* (Canada), the Fund may be subject to alternative minimum tax under the *Income Tax Act* (Canada) and will not be eligible for capital gains refunds under the *Income Tax Act* (Canada).

If more than 50% of the units of the Fund are held by one or more unitholders that are considered to be “financial institutions” for the purposes of certain special mark-to-market rules under the *Income Tax Act* (Canada), then the Fund itself will be treated as a financial institution under those special rules. Initially, a subsidiary of Royal Bank will hold substantially all the outstanding units of the Fund. As a financial institution under those special rules, the Fund will be required to recognize at least annually on income account any gains and losses accruing on certain types of debt obligations and equity securities that it holds and also will be subject to special rules with respect to income inclusion on these securities. Any income arising from such treatment will be included in amounts to be distributed to unitholders. If more than 50% of the units of the Fund subsequently cease to be held by a subsidiary of Royal Bank and/or other financial institutions, the taxation year of the Fund will be deemed to have ended immediately before that time and any gains or losses accrued to that time will be deemed to be realized by the Fund as described above and will be reflected in amounts distributed in that shortened taxation year to unitholders of the Fund. A new taxation year for the Fund will then begin and for that and subsequent taxation years, for so long as not more than 50% of the units of the Fund are held by financial institutions, the Fund will not be subject to these special mark-to-market rules.

All of the Fund’s deductible expenses, including expenses common to all series of the Fund and expenses specific to a particular series (such as management fees), will be taken into account in determining the income or loss of the Fund as a whole.

In computing the net income and net realized capital gains of the Fund, gains from investing in derivatives, other than derivatives used in some circumstances for hedging purposes, will generally be treated as income rather than capital gains. Loss suspension or restriction rules may prevent the Fund from using losses in certain circumstances.

The Fund will be liable for a penalty tax under subsection 204.6(1) of the *Income Tax Act* (Canada) if, at the end of any month, the Fund holds any investments that are not qualified investments for registered retirement savings plans, registered retirement income funds or deferred profit sharing plans. The tax for a month is equal to 1% of the cost of the non-qualified investments held at the end of the month.

If at any time in a year the Fund has a unitholder that is a “designated beneficiary,” the Fund will be subject to a special tax at the rate of 40% under Part XII.2 of the *Income Tax Act* (Canada) on its “designated income” within the meaning of the *Income Tax Act* (Canada). A “designated beneficiary” includes a non-resident, and “designated income” includes taxable capital gains from dispositions of “taxable Canadian property” and income from business carried on in Canada (which could include gains on certain derivatives). Where the Fund is subject to tax under Part XII.2, the Fund may make a designation which will result in unitholders that are not designated beneficiaries receiving a tax credit with respect to their share of the Part XII.2 tax paid by the Fund.

Taxation of unitholders

Each unitholder of the Fund will be required to include in computing his or her income for a particular year the portion of the net income, and the taxable portion of net realized capital gains, of the Fund for the year distributed to the unitholder (including such amounts distributed as management fee distributions or on the redemption of units), whether those amounts are distributed in cash or reinvested in additional units. We will advise each unitholder of the share of the net income, return of capital and net taxable capital gains distributions of the Fund distributed to the unitholder each year. **Return of capital represents a return to the investor of a portion of their own invested capital.**

To the extent that distributions (including management fee distributions) made by the Fund to a unitholder in a year exceed the unitholder's share of the Fund's net income and net realized capital gains for the year, the excess distributions will be a return of capital that is not taxable to the unitholder but that reduces the adjusted cost base of the unitholder's units. If a unitholder's adjusted cost base is reduced to less than zero, the unitholder will be deemed to have realized a capital gain equal to the negative amount and the adjusted cost base will be reset at nil.

Where an investor acquires units of the Fund, the purchase price for the units may reflect net income and net realized capital gains which the Fund has accrued, earned or realized, but not yet distributed. The investor is subject to tax on his or her share of those amounts when distributed, even though the amounts were reflected in the purchase price paid for the units.

The Fund intends to make designations under the *Income Tax Act* (Canada) so that taxable dividends received from taxable Canadian corporations, income from foreign sources and net taxable capital gains distributed to unitholders will retain their character in the hands of unitholders. Distributed amounts that retain their character as taxable dividends on shares of taxable Canadian corporations will be subject to the gross-up and tax credit rules in the *Income Tax Act* (Canada). To the extent that such distributed amounts are distributions of eligible dividends received by the Fund, the enhanced gross-up and tax credit will apply. Each taxable unitholder will generally be entitled to a tax credit for foreign taxes paid by the Fund in respect of his or her share of income from foreign sources, except to the extent the Fund has deducted the foreign taxes in computing its income.

When a unitholder redeems units of the Fund, the Fund may distribute net realized capital gains to the unitholder as partial payment of the redemption price. Any net realized capital gains so distributed must be included in the calculation of the unitholder's income as described above. Any amount so distributed should be deducted from the redemption price of the units in determining the unitholder's proceeds of disposition.

On a redemption (including a redemption to switch between funds) or other disposition of units of the Fund, the unitholder will realize a capital gain to the extent that the proceeds of disposition (net of the short-term trading fee, if applicable) exceed the adjusted cost base of the units plus any cost of disposition, or a capital loss to the extent that the total of the adjusted cost base of the units plus any costs of disposition exceeds the proceeds of disposition (net of the short-term trading fee, if applicable). One half of a capital gain generally must be included in income as a taxable capital gain. One half of a capital loss is an allowable capital loss, which may be applied against taxable capital gains realized in the year. Allowable capital losses in excess of taxable capital gains may be carried back three years or forward indefinitely and applied against taxable capital gains realized in those earlier or later years, subject to the rules in the *Income Tax Act* (Canada). A re-designation of units of a series to units of another series of the Fund will not result in a disposition for tax purposes.

The adjusted cost base of a unit of the Fund is equal to the average adjusted cost base of all identical units of the Fund held by a unitholder. Generally, the aggregate adjusted cost base of all identical units at any time is equal to the total cost of Fund units purchased by the unitholder to that time (including units purchased by reinvesting distributions) minus the return of capital component of distributions and the adjusted cost base of units previously sold. The proceeds of disposition on the redemption of units of the Fund do not include net income or net realized gains, if any, that are distributed as part of the redemption amount.

In general, fees paid directly by a unitholder in respect of Series O units of the Fund held outside a registered plan should be deductible for income tax purposes to the extent that such fees are reasonable and represent fees for advice to the unitholder regarding the purchase or sale of units of the Fund or for services provided to the unitholder in respect of the administration or management of the unitholder's units of the Fund. The portion of the fees that represents services provided by the manager to the Fund, rather than directly to you, are not deductible for income tax purposes. Unitholders should consult their own tax advisors with respect to the deductibility of fees in their own particular circumstances.

Individuals (including most trusts) are required to pay tax equal to the greater of tax determined under the ordinary rules and alternative minimum tax. Amounts distributed by the Fund that are taxable dividends from taxable Canadian corporations or net taxable capital gains, and capital gains realized on the redemption of units, may increase a unitholder's liability for alternative minimum tax.

Investment by registered plans

Units of the Fund will be qualified investments under the *Income Tax Act* (Canada) for registered retirement savings plans (“RRSPs”), registered retirement income funds (“RRIFs”), deferred profit sharing plans (“DPSPs”), registered education savings plans (“RESPs”), registered disability savings plans (“RDSPs”) and tax-free savings accounts (“TFSA”). Units of the Fund will continue to be a qualified investment as long as the Fund is a registered investment under the *Income Tax Act* (Canada).

In the case of a TFSA, RRSP, RRIF, RDSP or RESP provided that the holder, annuitant or subscriber does not hold a significant interest in the Fund, and provided that such holder, annuitant or subscriber deals at arm’s length with the Fund for purposes of the *Income Tax Act* (Canada), the units of the Fund will not be a prohibited investment for such TFSA, RRSP, RRIF, RDSP or RESP (the “Prohibited Investment Rules”). Generally, a holder, annuitant or subscriber will not be considered to have a significant interest in the Fund unless the holder, annuitant or subscriber owns 10% or more of the value of the Fund’s outstanding units, either alone or together with persons and partnerships with which the holder or annuitant does not deal at arm’s length. In addition, under a safe harbour for newly established mutual funds, the units of the Fund will not be a prohibited investment for a TFSA, RRSP, RRIF, RDSP or RESP at any time during the first 24 months of the Fund’s existence provided that the Fund is a registered investment under the Tax Act and follows a reasonable policy of investment diversification throughout that period.

Investors should consult with their tax advisors regarding whether an investment in the Fund may be a prohibited investment for a TFSA, RRSP, RRIF, RDSP or RESP in their particular circumstances.

International information reporting

Pursuant to the Intergovernmental Agreement for the Enhanced Exchange of Tax Information under the Canada-U.S. Tax Convention entered into between Canada and the United States (the “IGA”), and related Canadian legislation, the Fund and its intermediaries are required to report certain information, including certain financial information (e.g. account balances), with respect to unitholders who are U.S. residents and U.S. citizens (including U.S. citizens who are residents or citizens of Canada), and certain other “U.S. Persons” as defined under the IGA (excluding registered plans such as RRSPs), to the CRA. Intermediaries and/or entities that hold units directly or indirectly may have different disclosure requirements under the IGA. The CRA will then exchange the information with the U.S. Internal Revenue Service pursuant to the provisions of the Canada-U.S. Tax Convention.

In addition, pursuant to rules in the Tax Act implementing the Organisation for Economic Co-operation and Development Common Reporting Standard (the “CRS Rules”), the Fund and its intermediaries are required under Canadian legislation to identify and report to the CRA certain information, including financial information (e.g. account balances), relating to unitholders of the Fund (other than registered plans) who are resident in a country outside Canada and the U.S. Intermediaries and/or entities that hold units directly or indirectly may have different disclosure requirements under the CRS Rules. Such information would be exchanged by the CRA with the countries where such unitholders are resident that have adopted the Common Reporting Standard.

Remuneration of directors, officers and trustees

The Fund does not have directors or officers. RBC IS, in its capacity as the trustee of the Fund and other funds managed by RBC GAM, receives \$3,000 annually in remuneration for each such fund for which RBC IS acts as trustee. RBC GAM, in its capacity as manager of the Fund, is entitled to receive a management fee set out in the Simplified Prospectus.

For the year ended December 31, 2017, the members of the IRC received the following amounts in annual fees and meeting fees and reimbursements for expenses in connection with performing their duties for funds managed by RBC GAM (excluding the Fund, which did not exist at the applicable time): Paul K. Bates – \$76,752.20; Éleine Cousineau Phénix – \$88,975.10; Catherine J. Kloepfer – \$77,521.79; Charles F. Macfarlane – \$79,652.06; Linda S. Petch – \$86,439.87 (retired on

November 30, 2017); Suromitra Sanatani – \$93,551.06; and Mary C. Ritchie – \$92,728.39. These fees and expenses were allocated among the funds managed by RBC GAM (excluding the Fund, which did not exist at the applicable time) in a manner that was fair and reasonable. For a description of the role of the IRC, please see *Fund governance – Independent Review Committee* on page 24.

Material contracts

The material contracts, other than those entered into in the normal course of the Fund's business, are described briefly below.

1. Under the terms of the Trust Agreement, RBC GAM acts as manager, portfolio manager and registrar of the Fund, and RBC IS acts as trustee. The Trust Agreement outlines the powers and duties of the parties, as well as the fees and expenses payable by the Fund, including management and trustee fees, administration fees and operating expenses. The management and administration fees payable by the Fund are described in the Simplified Prospectus.
2. Under an amended and restated custodian agreement dated as of October 2, 2018 between RBC GAM and RBC IS, RBC IS acts as the principal custodian for the Fund. The agreement may be terminated by either party giving notice 90 days in advance.
3. Under an amended and restated principal distributor agreement dated as of April 1, 2009, Phillips, Hager & North Investment Funds Ltd. acts as the principal distributor of the Series D units of the Fund. This agreement may be terminated by either party giving 60 days' notice in advance.

You can review any of these agreements during normal business hours at the main operating office of Phillips, Hager & North, 20th floor, 200 Burrard Street, Vancouver, British Columbia, V6C 3N5.

Legal and administrative proceedings

We are not aware of any material legal proceedings, either pending or ongoing, which would affect the Fund.

Certificate of the Fund, Manager, Promoter and Principal Distributor

October 4, 2018

This Annual Information Form, together with the Simplified Prospectus and the documents incorporated by reference into the Simplified Prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the Simplified Prospectus, as required by the securities legislation of each of the provinces and territories of Canada and do not contain any misrepresentations.

Phillips, Hager & North LifeTime 2055 Fund
(the "Fund")

RBC Global Asset Management Inc., on behalf of the Fund, and in its capacity as manager and promoter of the Fund and in its capacity as principal distributor of Series F and Series O units of the Fund.

(signed) "Damon G. Williams"

Damon G. Williams
Chief Executive Officer

(signed) "Heidi Johnston"

Heidi Johnston
Chief Financial Officer, RBC GAM Funds

On behalf of the Board of Directors of RBC Global Asset Management Inc., on behalf of the Fund, and in its capacity as manager and promoter of the Fund and in its capacity as principal distributor of Series F and Series O units of the Fund.

(signed) "Douglas Coulter"

Douglas Coulter
Director

(signed) "Daniel E. Chornous"

Daniel E. Chornous
Director

Certificate of Principal Distributor

October 4, 2018

To the best of our knowledge, information and belief, this Annual Information Form, together with the Simplified Prospectus and the documents incorporated by reference into the Simplified Prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the Simplified Prospectus, as required by the securities legislation of all of the provinces and territories of Canada, and do not contain any misrepresentations.

Phillips, Hager & North LifeTime 2055 Fund
(the "Fund")

Phillips, Hager & North Investment Funds Ltd., in its capacity as principal distributor of Series D units of the Fund.

(signed) "Mark Neill"

Mark Neill
President

Phillips, Hager & North® LifeTime 2055 Fund

Additional information about the Fund is available in the Fund's management report of fund performance, Fund Facts and financial statements. You can get a copy of these documents at no cost by calling us toll-free at 1-800-661-6141 or by contacting us at any of the addresses below or by contacting another dealer who sells the Fund. Copies of these documents are also available at www.rbcgam.com.

These documents and other information about the Fund, such as information circulars and material contracts, are also available at www.sedar.com.

RBC Global Asset Management Inc.

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Dealer Services: 1-800-662-0652

* 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.