

# Unaudited Financial Statements

RBC Life Insurance Company Funds

June 30, 2024



Insurance



**RBC Insurance**

*Unaudited Interim Financial Statements of*

**RBC LIFE INSURANCE COMPANY FUNDS**

*June 30, 2024*

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# **RBC LIFE INSURANCE COMPANY FUNDS**

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Statement of Financial Position			Statement of Cash Flow		
As at	Jun 30, 2024	Dec 31, 2023	For the six months ended June 30,		
			2024	2023	
<b>Assets</b>			<b>Operating activities</b>		
Cash and cash equivalents	\$ -	\$ -	Net income/(loss) attributable to contractholders	\$ 1,079,862	\$ 933,253
Investments in underlying fund at fair value	23,441,224	23,580,131	Add/(deduct) to convert net income to a cash basis		
Other assets			Net loss/(gain) on investments	(1,383,883)	(1,231,838)
Accounts receivable - contractholders	-	-	Change in other assets	-	-
Due from RBC Life Insurance Company	-	-	Change in other liabilities	(64)	33
Other	-	-	Purchases of investments	(20,883)	(894)
	23,441,224	23,580,131	Proceeds from sales of investments	1,543,673	1,161,405
<b>Liabilities</b>			Cash provided by (used in) operating activities	1,218,705	861,959
Bank indebtedness	-	-	<b>Financing activities</b>		
Other liabilities			Distributions to the contractholders	-	-
Accounts payable - contractholders	-	-	Proceeds from issue of units	183,985	444,859
Due to RBC Life Insurance Company	11,594	11,657	Redemption of units	(1,402,690)	(1,306,818)
Other	-	-	Cash provided by (used in) financing activities	(1,218,705)	(861,959)
	11,593	11,657	Increase (decrease) in cash / bank indebtedness	-	-
<b>Net assets attributable to contractholders</b>	<b>\$ 23,429,630</b>	<b>\$ 23,568,474</b>	Cash / bank indebtedness at beginning of year	-	-
			<b>Cash / bank indebtedness at end of year</b>	<b>\$ -</b>	<b>\$ -</b>
Net assets attributable to contractholders per unit	65.27	\$ 62.37			

## Statement of Comprehensive Income

For the six months ended June 30,	2024	2023
<b>Income</b>		
Distribution from underlying fund	\$ -	-
Realized gain/(loss) on sale of investments	223,475	(81,331)
Change in unrealized gain/(loss) of investments	1,160,408	1,313,169
	1,383,883	1,231,838
<b>Expenses</b>		
Management fees	300,816	295,416
Other administrative expenses	3,205	3,169
	304,021	298,585
<b>Net income/(loss) attributable to contractholders</b>	<b>\$ 1,079,862</b>	<b>\$ 933,253</b>
Net income/(loss) attributable to contractholders per unit	\$ 2.97	\$ 2.42

## Statement of Changes in Net Assets Attributable to Contractholders

For the six months ended June 30,	2024	2023
Net assets, beginning of the year	\$ 23,568,474	\$ 22,815,593
Premium deposits	290,325	444,859
Net income/(loss) attributable to contractholders	1,079,862	933,253
	24,938,661	24,193,705
Withdrawals	1,509,031	1,306,818
<b>Net assets, end of the year</b>	<b>\$ 23,429,630</b>	<b>\$ 22,886,887</b>

The accompanying notes are an integral part of these financial statements.

## RBC Life Equity Growth Fund (continued)

### Fund Specific Information

For the six months ended June 30,	2024	2023
<b>Sales and redemption of units</b>		
Opening balance as at January 1st	377,879	400,500
Purchases during the period	2,537	7,410
Redemptions during the period	(21,467)	(21,732)
Closing balance as at December 31st	358,949	386,178

As at	Jun 30, 2024	Dec 31, 2023
<b>Schedule of Investment Portfolio</b>		
<b>RBC Canadian Equity Fund Series O</b>		
Number of units	921,740	982,747
Cost	\$ 22,695,445	\$ 24,197,198
Percentage held in underlying fund	1.1603%	1.1738%
Fair value	\$ 23,441,224	\$ 23,580,131

### Top 25 holdings of the underlying fund (unaudited)

Royal Bank of Canada - Common Shares Voting	5.96%	Canadian Imperial Bank of Commerce - Common Shares - Voting	1.94%
RBC Canadian Small & Mid-Cap Resources Fund - Series O	5.94%	TC Energy Corp - Common Shares - Voting	1.61%
Toronto-Dominion Bank - Common Shares Voting	4.46%	Alimentation Couche-Tard Inc - Common Shares - Voting	1.60%
Canadian Natural Resources Ltd - Common Shares Voting	3.50%	Waste Connections Inc - Common Shares - Voting	1.54%
Shopify Inc - Common Shares - Voting	3.31%	Nutrien Ltd - Common Shares - Voting	1.50%
Enbridge Inc - Common Shares Voting	3.21%	BCE Inc - Common Shares - Voting	1.47%
Bank of Montreal - Common Shares - Voting	2.96%	Constellation Software Inc - Common Shares - Voting	1.40%
Canadian Pacific Kansas City Ltd - Common Shares - Voting	2.94%	Intact Financial Corp - Common Shares - Voting	1.35%
Canadian National Railway Co - Common Shares - Voting	2.80%	Sun Life Financial Inc - Common Shares - Voting	1.34%
Brookfield Asset Management Inc - Class A Shares - Voting	2.36%	Agnico Eagle Mines Limited - Common Shares - Voting	1.32%
Bank of Nova Scotia - Common Shares - Voting	2.21%	WSP Global Inc - Common Shares - Voting	1.12%
Manulife Financial Corp - Common Shares - Voting	2.00%	Cenovus Energy Inc - Common Shares - Voting	1.09%
Suncor Energy Inc - Common Shares - Voting	1.98%		<b>60.93%</b>

### Financial Highlights (unaudited)

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past 5 years.

For the years	Jun 30, 2024	2023	2022	2021	2020
Net Asset Value attributable to contractholders	\$ 65.27	\$ 62.37	\$ 56.97	\$ 60.45	\$ 48.31
Net assets attributable to contractholders (\$ '000)	\$ 23,430	\$ 23,568	\$ 22,816	\$ 26,045	\$ 22,596
Net income (loss) (\$ '000)	\$ 1,080	\$ 2,115	\$ (1,386)	\$ 5,489	\$ (661)
Premium deposits (\$ '000)	\$ 184	\$ 1,010	\$ 894	\$ 976	\$ 1,263
Withdrawals (\$ '000)	\$ 1,403	\$ 2,372	\$ 2,736	\$ 3,016	\$ 2,603
Number of units outstanding	358,950	377,879	400,500	430,814	467,708
Management expense ratio <sup>1</sup>	1.31%	2.51%	2.56%	2.68%	2.31%
Portfolio turnover rate of the underlying fund <sup>2</sup>	10.71%	25.09%	25.96%	39.97%	40.80%

<sup>1</sup> The management expense ratio ("MER") is based on total expenses, including pro-rata share of operating expenses of the underlying fund, for the stated period and is expressed as an annualized percentage of daily average net assets during the period.

<sup>2</sup> The underlying fund's portfolio turnover rate indicates how actively the fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

Statement of Financial Position			Statement of Cash Flow		
As at	Jun 30, 2024	Dec 31, 2023	For the six months ended June 30,		
			2024	2023	
<b>Assets</b>			<b>Operating activities</b>		
Cash and cash equivalents	\$ -	\$ -	Net income (loss) attributable to contractholders	\$ (25,118)	\$ 41,599
Investments in underlying fund at fair value	2,196,983	2,242,469	Add (deduct) to convert net income to a cash basis		
Other assets			Net (gain)/loss on investments	41,304	(26,105)
Accounts receivable - contractholders	-	-	Change in other assets	-	-
Due from RBC Life Insurance Company	-	-	Change in other liabilities	(16)	-
Other	-	-	Purchases of investments	(47,575)	(49,172)
	2,196,983	2,242,469	Proceeds from sales of investments	51,757	74,846
<b>Liabilities</b>			Cash provided by (used in) operating activities	20,352	41,167
Bank indebtedness	-	-	<b>Financing activities</b>		
Other liabilities			Distributions to the contractholders	-	-
Accounts payable - contractholders	-	-	Proceeds from issue of units	70,009	71,856
Due to RBC Life Insurance Company	911	927	Redemption of units	(90,361)	(113,023)
Other	-	-	Cash provided by (used in) financing activities	(20,352)	(41,167)
	911	927	Increase (decrease) in cash / bank indebtedness	-	-
<b>Net assets attributable to contractholders</b>	<b>\$ 2,196,072</b>	<b>\$ 2,241,542</b>	Cash / bank indebtedness at beginning of year	-	-
			<b>Cash / bank indebtedness at end of year</b>	<b>\$ -</b>	<b>\$ -</b>
Net assets attributable to contractholders per unit	\$ 32.81	\$ 33.18			

Statement of Comprehensive Income		
For the six months ended June 30,	2024	2023
<b>Income</b>		
Distribution from underlying fund	\$ 41,964	\$ 41,664
Realized gain/(loss) on sale of investments	(667)	3,152
Change in unrealized gain/loss of investments	(40,637)	22,954
	660	67,770
<b>Expenses</b>		
Management fees	23,272	23,812
Other administrative expenses	2,506	2,359
	25,778	26,171
<b>Net income/ (loss) attributable to contractholders</b>	<b>\$ (25,118)</b>	<b>\$ 41,599</b>
Net income/(loss) attributable to contractholders per unit	\$ (0.71)	\$ 0.60

Statement of Changes in Net Assets Attributable to Contractholders		
For the six months ended June 30,	2024	2023
Net assets, beginning of the year	\$ 2,241,542	\$ 2,216,541
Premium deposits	70,009	71,856
Net income/(loss) attributable to contractholders	(25,118)	41,599
	2,286,433	2,329,996
Withdrawals	90,361	113,023
<b>Net assets, end of the year</b>	<b>\$ 2,196,072</b>	<b>\$ 2,216,973</b>

The accompanying notes are an integral part of these financial statements.

## RBC Life Bond Fund (continued)

### Fund Specific Information

For the six months ended June 30,	2024	2023
<b>Sales and redemption of units</b>		
Opening balance as at January 1st	67,555	70,286
Purchases during the period	2,150	2,231
Redemptions during the period	(2,774)	(3,495)
Closing balance as at June 30th	66,931	69,022

As at	Jun 30, 2024	Dec 31, 2023
<b>Schedule of Investment Portfolio</b>		
<b>RBC Bond Fund Series O</b>		
Number of units	357,036	357,685
Cost	\$ 2,272,425	\$ 2,278,237
Percentage held in underlying fund	0.0097%	0.0097%
Fair value	\$ 2,196,983	\$ 2,242,469

Top 25 holdings of the underlying fund (unaudited)			
Province of Ontario 2.150% Jun 02, 2031	1.89%	Province of Ontario 4.600% Jun 02, 2039	1.14%
Province of Ontario 3.750% Jun 02, 2032	1.80%	Province of Ontario 2.800% Jun 02, 2048	1.12%
Province of Ontario 3.450% Jun 02, 2045	1.55%	Canadian Government Bond 1.750% Dec 01, 2053	1.04%
Province of Ontario 1.900% Dec 02, 2051	1.52%	Canadian Government Bond 0.500% Dec 01, 2030	1.03%
Province of Ontario 2.650% Dec 02, 2050	1.44%	Canadian Government Bond 2.750% Dec 01, 2055	1.02%
Province of Ontario 2.900% Dec 02, 2046	1.44%	Province of Quebec 3.250% Sep 01, 2032	0.99%
Canadian Government Bond 3.000% Jun 01, 2034	1.37%	Province of Ontario 4.650% Jun 02, 2041	0.89%
Province of Ontario 3.650% Jun 02, 2033	1.30%	Canadian Government Bond 2.000% Dec 01, 2051	0.89%
Province of Quebec 3.600% Sep 01, 2033	1.24%	Canadian Government Bond 1.500% Jun 01, 2031	0.86%
Province of Ontario 2.250% Dec 02, 2031	1.24%	Province of Quebec 2.750% Sep 01, 2027	0.78%
Province of Ontario 2.900% Jun 02, 2049	1.18%	Province of Ontario 4.700% Jun 02, 2037	0.77%
Province of Ontario 3.500% Jun 02, 2043	1.17%	Province of Quebec 2.850% Dec 01, 2053	0.65%
Province of Ontario 4.150% Jun 02, 2034	1.16%	<b>Total % of top 25 holdings</b>	<b>29.48%</b>

### Financial Highlights (unaudited)

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past 5 years.

For the years	June 30, 2024	2023	2022	2021	2020
Net Asset Value attributable to contractholders	\$ 32.81	\$ 33.18	\$ 31.54	\$ 36.70	\$ 38.45
Net assets attributable to contractholders (\$ '000)	\$ 2,196	\$ 2,242	\$ 2,217	\$ 2,688	\$ 3,011
Net income (loss) (\$ '000)	\$ (25)	\$ 113	\$ (372)	\$ (136)	\$ 245
Premium deposits (\$ '000)	\$ 70	\$ 137	\$ 143	\$ 152	\$ 159
Withdrawals (\$ '000)	\$ 90	\$ 225	\$ 242	\$ 339	\$ 373
Number of units outstanding	66,932	67,555	70,286	73,248	78,306
Management expense ratio <sup>1</sup>	1.17%	2.32%	2.21%	2.26%	2.24%
Portfolio turnover rate of the underlying fund <sup>2</sup>	12.01%	24.01%	25.31%	23.13%	43.00%

<sup>1</sup> The management expense ratio ("MER") is based on total expenses, including pro-rata share of operating expenses of the underlying fund, for the stated period and is expressed as an annualized percentage of daily average net assets during the period.

<sup>2</sup> The underlying fund's portfolio turnover rate indicates how actively the fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

Statement of Financial Position			Statement of Cash Flow		
As at	Jun 30, 2024	Dec 31, 2023	For the six months ended June 30,		
			2024	2023	
<b>Assets</b>			<b>Operating activities</b>		
Cash and cash equivalents	\$ -	\$ -	Net income (loss) attributable to contractholders	\$ 452,115	\$ 406,814
Investments in underlying fund at fair value	9,707,380	9,710,641	Add (deduct) to convert net income to		
Other assets			a cash basis		
Accounts receivable - contractholders	-	-	Net gain on investments	(426,588)	(375,891)
Due from RBC Life Insurance Company	-	-	Change in other assets	-	-
Other	-	-	Change in other liabilities	(4)	61
	9,707,380	9,710,641	Purchases of investments	(153,087)	(173,810)
<b>Liabilities</b>			Proceeds from sales of investments	582,935	423,783
Bank indebtedness	-	-	Cash provided by (used in) operating activities	455,372	280,958
Other liabilities			<b>Financing activities</b>		
Accounts payable - contractholders	-	-	Distributions to the contractholders	-	-
Due to RBC Life Insurance Company	4,860	4,864	Proceeds from issue of units	168,209	220,173
Other	-	-	Redemption of units	(623,581)	(501,131)
	4,860	4,864	Cash provided by (used in) financing activities	(455,372)	(280,958)
<b>Net assets attributable to contractholders</b>	<b>\$ 9,702,520</b>	<b>\$ 9,705,777</b>	Increase (decrease) in cash / bank indebtedness	-	-
			Cash / bank indebtedness at beginning of year	-	-
Net assets attributable to contractholders per unit	\$ 55.96	\$ 53.38	<b>Cash / bank indebtedness at end of year</b>	<b>\$ -</b>	<b>\$ -</b>

Statement of Comprehensive Income		
For the six months ended June 30,	2024	2023
<b>Income</b>		
Distribution from underlying fund	\$ 152,901	\$ 156,207
Realized gain on sale of investments	145,287	91,795
Change in unrealized gain/loss of investments	281,301	284,096
	579,489	532,098
<b>Expenses</b>		
Management fees	124,615	122,634
Other administrative expenses	2,759	2,650
	127,374	125,284
<b>Net income (loss) attributable to contractholders</b>	<b>\$ 452,115</b>	<b>\$ 406,814</b>
Net income (loss) attributable to contractholders per unit	\$ 4.84	\$ 2.21

Statement of Changes in Net Assets Attributable to Contractholders		
For the six months ended June 30,	2024	2023
Net assets, beginning of the year	\$ 9,705,777	\$ 9,333,857
Premium deposits	191,360	220,173
Net income (loss) attributable to contractholders	452,115	406,814
	10,349,252	9,960,844
Withdrawals	646,732	501,131
<b>Net assets, end of the year</b>	<b>\$ 9,702,520</b>	<b>\$ 9,459,713</b>

The accompanying notes are an integral part of these financial statements.



## RBC Life Balanced Fund (continued)

### Fund Specific Information

For the six months ended June 30,	2024	2023
<b>Sales and redemption of units</b>		
Opening balance as at January 1st	181,832	189,403
Purchases during the period	3,069	4,316
Redemptions during the period	(11,506)	(9,849)
Closing balance as at June 30th	(173,394)	183,870

As at	Jun 30, 2024	Dec 31, 2023
<b>Schedule of Investment Portfolio</b>		
<b>RBC Balanced Fund Series O</b>		
Number of units	537,397	561,874
Cost	\$ 7,800,964	\$ 8,125,314
Percentage held in underlying fund	0.1926%	0.1940%
Fair value	\$ 9,707,380	\$ 9,710,641

### Top 25 holdings of the underlying fund (unaudited)

RBC Emerging Markets Equity Fund - Series O	3.63%	Enbridge Inc - Common Shares - Voting	0.93%
Royal Bank of Canada - Common Shares - Voting	2.32%	Bank of Montreal - Common Shares - Voting	0.89%
RBC Canadian Core Real Estate Fund - Series N	1.97%	Manulife Financial Corp - Common Shares - Voting	0.86%
Province of Ontario 3.750% Jun 02, 2032	1.32%	Canadian Government Bond 2.000% Dec 01, 2051	0.84%
Toronto-Dominion Bank - Common Shares - Voting	1.28%	Microsoft Corp - Common Shares - Voting	0.80%
Canadian Natural Resources Ltd - Common Shares - Voting	1.24%	Province of Ontario 1.900% Dec 02, 2051	0.79%
Shopify Inc - Common Shares - Voting	1.21%	Province of Ontario 1.750% Sep 08, 2025	0.77%
Brookfield Asset Management Inc - Class A Shares - Voting	1.14%	Province of Ontario 3.450% Jun 02, 2045	0.76%
Canadian Pacific Kansas City Ltd	1.07%	Canadian Imperial Bank of Commerce - Common Shares - Voting	0.74%
RBC U.S. Mid-Cap Growth Equity Fund - Series O	1.02%	RBC Emerging Markets Dividend Fund - Series O	0.73%
RBC Canadian Small & Mid-Cap Resources Fund - Series O	1.00%	Hydro-Quebec 6.500% Feb 15, 2035	0.72%
RBC Global Infrastructure Fund LP - Series N	0.97%	Constellation Software Inc - Common Shares - Voting	0.72%
Canadian National Railway Co - Common Shares - Voting	0.94%	<b>Total % of top 25 holdings</b>	<b>28.67%</b>

### Financial Highlights (unaudited)

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past 5 years.

For the years	Jun 30 2024	2023	2022	2021	2020
Net Asset Value attributable to contractholders	\$ 55.96	\$ 53.38	\$ 49.28	\$ 55.61	\$ 50.20
Net assets attributable to contractholders (\$ '000)	\$ 9,703	\$ 9,706	\$ 9,334	\$ 11,235	\$ 11,025
Net income (\$ '000)	\$ 452	\$ 757	\$ (1,250)	\$ 1,138	\$ 818
Premium deposits (\$ '000)	\$ 168	\$ 439	\$ 456	\$ 460	\$ 570
Withdrawals (\$ '000)	\$ 624	\$ 823	\$ 1,107	\$ 1,388	\$ 1,296
Number of units outstanding	173,394	181,832	189,403	202,028	219,620
Management expense ratio <sup>1</sup>	1.33%	2.60%	2.50%	2.67%	2.51%
Portfolio turnover rate of the underlying fund <sup>2</sup>	11.21%	25.02%	26.90%	30.01%	32.50%

<sup>1</sup> The management expense ratio ("MER") is based on total expenses, including pro-rata share of operating expenses of the underlying fund, for the stated period and is expressed as an annualized percentage of daily average net assets during the period.

<sup>2</sup> The underlying fund's portfolio turnover rate indicates how actively the fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

## 1 THE FUNDS

The RBC Life Insurance Company Funds are segregated funds, originally established by a predecessor company, Westbury Life Insurance Company and are no longer marketed by RBC Life Insurance Company, a related party.

RBC Life Equity Growth Fund ("Equity Growth")	established December 15, 1989
RBC Life Bond Fund ("Bond")	established May 1, 1991
RBC Life Balanced Fund ("Balanced")	established May 1, 1991

(Hereafter the funds are referred to in these financial statements as collectively the "Funds" and individually the "Fund"). The Funds invest in RBC Global Asset Management Inc. ("RBC GAM") mutual funds, a related party. RBC Life Insurance Company, a related party, is the fund manager (the "Manager") and sole issuer of the individual variable insurance contracts providing for investment in each Fund, and is guarantor of the guarantee provisions contained in these contracts. The Funds invest in underlying mutual funds managed by RBC GAM, a wholly owned subsidiary of Royal Bank of Canada ("RBC"). Both, RBC Life Insurance Company and RBC GAM are wholly owned subsidiaries of Royal Bank of Canada ("RBC"). The Manager's registered office is located at 6880 Financial Dr., Mississauga, Ontario L5N 7Y5, Canada. The Funds invest in units of underlying mutual funds managed by RBC GAM.

The assets of each of the Funds are owned by RBC Life Insurance Company and are segregated from RBC Life Insurance Company's other assets. The Funds are not separate legal entities, but are separate reporting entities.

## 2 FINANCIAL YEAR

The information provided in these financial statements and notes thereto is as at June 30, 2024 and December 31, 2023.

## 3 MATERIAL ACCOUNTING POLICY INFORMATION

These financial statements have been prepared in accordance with IFRS Accounting Standards. The Canadian dollar is the functional and presentation currency of the Funds.

The following is a summary of the material accounting policies:

### a) Classification and Measurement of Financial Assets, Liabilities and Derivatives

Each of the Funds classify their investment portfolio based on the business model for managing the portfolio and the contractual cash flow characteristics. The investment portfolio of financial assets and liabilities is managed and performance is evaluated on a fair value basis. The contractual cash flows of the Funds' debt securities that are solely principal and interest are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Funds' business model objectives. Consequently, all investments are measured at FVTPL. Derivative assets and liabilities are also measured at FVTPL. The Funds' obligation for net assets attributable to contractholders represents a financial liability and is measured at the redemption amount, which approximates fair value as of the reporting date. All other financial assets and liabilities are measured at amortized cost.

Realized gains and losses on sales of investments and change in unrealized gain/loss of investments are calculated on a First-In-First-Out basis.

### b) Income recognition

Distributions from investments are recorded when declared by the underlying mutual fund. On the statements of comprehensive income, "Distribution from underlying funds" includes income distributions and any capital gain distributions paid by underlying funds.

### c) Net assets attributable to contractholders per unit

Net assets attributable to contractholders per unit is computed by dividing the net assets attributable to a series of units on a business day by the total number of units of the series outstanding on that day.

### d) Net income (loss) attributable to contractholders per unit

Net income attributable to contractholders per unit in the Statements of Comprehensive Income represents the increase (decrease) in net assets from operations attributable to the series for the year, divided by the weighted average number of units outstanding at the end of the year.

### e) Use of estimates

These financial statements are prepared in accordance with IFRS Accounting Standards, and include estimates and assumptions by management that affects the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

### 3 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### f) Income taxes

Each Fund is deemed to be an inter-vivos trust under the provisions of the Income Tax Act (Canada) and is deemed to have allocated its income to the contract holders. Each Fund's net capital gains (losses) are deemed to be those of the contract holders. Accordingly, each Fund is not subject to income tax on its net income, including net realized capital gains for the year.

A fund may elect each year to realize capital gain (loss) for the taxation year, to optimize the allocation of capital gain/(loss) between redeeming and continuing contractholders.

#### g) Unconsolidated Structured Entities

The funds may invest in other Funds and exchange-traded funds ("ETFs") managed by the manager or affiliate of the manager ("sponsored funds") and may invest in other funds and ETFs managed by unaffiliated entities ("unsponsored funds"); collectively, "underlying funds." The underlying funds are determined to be unconsolidated structured entities, as decision making in the underlying fund is not governed by the voting rights or other similar rights held by the Fund. The investments in underlying funds are subject to the terms and conditions of the offering documents of the respective underlying funds and are susceptible to market price risk arising from uncertainties about future values of those underlying funds. The underlying funds' objectives are generally to achieve long-term capital appreciation and/or current income by investing in a portfolio of securities and other funds in line with each of their documented investment strategies. The underlying funds apply various investment strategies to accomplish

t  
The underlying funds finance their operations by issuing redeemable units which are puttable at the contractholder's option, and entitle the contractholder to a proportional stake in the respective underlying funds' NAV. The Funds do not consolidate their investment in underlying funds but account for these investments at fair value.

The manager has determined that the Funds are investment entities in accordance with IFRS Accounting Standards 10 Consolidated Financial Statements, since the funds meet the following criteria: (i) The Funds obtain capital from one or more investors for the purpose of providing those investors with investment management services, (ii) The Funds commit to their investors that their business purpose is to invest funds solely for the returns from capital appreciation, investment income, or both, and (iii) The Funds measure and evaluate the performance of substantially all of their investments on a fair value basis. Therefore, the fair value of investments in the underlying funds is included in the Schedule of Investment Portfolio and included in "Investments at fair value" in the Funds' Statements of Financial Position. The change in fair value of the investment held in the underlying funds is included in "Change in unrealized gain (loss) on investments" in the Statements of Comprehensive Income.

#### h) Current assets and Current liabilities

The Funds' Statements of Financial Position is presented broadly in order of liquidity.

### 4 FINANCIAL INSTRUMENTS RISK

The Funds may be exposed to a variety of financial risks. Each of the Fund's exposures to financial risks is concentrated in its investment holdings. The Schedule of Investment Portfolio on each Fund's supplementary information, disclosed alongside the financial statements, presents the details of units held by each Fund as at December 31, 2023 and December 31, 2022 and groups the underlying mutual funds by their nature. The Funds do not manage their underlying mutual funds and therefore the detailed quantitative and qualitative risk disclosures, as required by IFRS Accounting Standards 7, Financial Instruments: Disclosures, of the underlying mutual funds have not been disclosed. For further information on the financial instruments risk of the underlying mutual fund and the sensitivity to price changes please refer to the financial statements of the underlying mutual funds which are filed on SEDAR.

Each of the Fund's risk management practice includes the monitoring of compliance to investment guidelines. The Fund Manager manages the potential effects of these financial risks on the Funds' performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Funds' positions, market events and diversify investment portfolios within the constraints of the investment guidelines.

#### a) Credit risk

Credit risk is the possibility that a borrower, or the counterparty to a derivatives contract, repurchase agreement or reverse repurchase agreement, is unable or unwilling to repay the loan or obligation, either on time or at all. Companies and governments that borrow money, and the debt securities they issue, are rated by specialized rating agencies. Debt securities issued by companies or governments in emerging markets often have higher credit risk (lower rated debt), while debt securities issued by well-established companies or by governments of developed countries tend to have lower credit risk (higher rated debt).

A downgrade in an issuer's credit rating or other adverse news regarding an issuer can reduce a security's fair value. Lower rated and unrated debt instruments generally offer a better return than higher grade debt instruments, but have the potential for substantial loss. Funds that invest in companies or markets with higher credit risk tend to be more volatile in the short term. However, they may offer the potential of higher returns over the long term. Credit risk arises when an underlying mutual fund invests in fixed income securities. Credit risk is considered as part of the investment decision making process.

For the periods ended June 30, 2024 and December 31, 2023, the underlying mutual funds only bought and sold investments through brokers which are RBC approved counterparties, thus minimizing the risk of default during settlement.

#### 4 FINANCIAL INSTRUMENTS RISK (continued)

##### b) Currency risk

Most underlying mutual funds are valued in Canadian dollars. However, underlying mutual funds that purchase foreign securities may be required to pay for such securities using a foreign currency and receive a foreign currency when they sell them. As a result, changes in the value of the Canadian dollar compared to foreign currencies will affect the value of any foreign securities. For example, if the Canadian dollar rises relative to a foreign currency (like the U.S. dollar or the Euro), the Canadian dollar value of an investment denominated in that foreign currency may decline. This decline may reduce, or even eliminate, any return the Fund has earned on the security. On the other hand, a Fund may also benefit from changes in exchange rates. Currency exposure may increase the volatility of foreign investments relative to Canadian investments. Some underlying mutual funds may hedge (protect against) the risk of changes in foreign currency exchange rates of the underlying assets of the Fund.

##### c) Interest rate risk

If a Fund invests primarily in bonds and other fixed-income securities, the biggest influence on the Fund's value will be changes in the general level of interest rates. If interest rates fall, the value of the Fund's units will tend to rise. If interest rates rise, the value of the Fund's units will tend to fall. Short-term interest rates can have a different influence on a Fund's value than long-term interest rates. If a Fund invests primarily in bonds and other fixed-income securities with longer-term maturities, the biggest influence on the Fund's value will be changes in the general level of long-term interest rates. If a Fund invests primarily in bonds and other fixed-income securities with shorter-term maturities, the biggest influence on the Fund's value will be changes in the general level of shorter-term interest rates.

Investors seeking current income should be aware that the level of interest income from a money market fund will fluctuate as short-term interest rates vary.

Interest rate risk arises when the underlying mutual fund invests in interest bearing financial instruments such as a bond. The underlying mutual fund is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. In general, as interest rates rise, the price of a fixed rate bond will fall, and vice versa.

##### d) Concentration Risk

Concentration risk arises as a result of the concentration of exposure within the same category, whether it is geographical location, product type, industry sector or counterparty type. The funds limit their exposure to concentration risk through diversification and a thorough understanding of each investment in the portfolio.

##### e) Liquidity risk

Liquidity refers to the speed and ease with which an asset can be sold and converted into cash. Most securities owned by an underlying mutual fund can be sold easily and at a fair price. In highly volatile markets, such as in periods of sudden interest rate changes, certain securities may become less liquid, which means they cannot be sold as quickly or easily. Some securities may be illiquid because of legal restrictions, the nature of the investment, or because of features like guarantees. Another reason for illiquidity is a lack of buyers interested in a particular security or market. Difficulty in selling securities may result in a loss or reduced return for a Fund.

As at June 30, 2024 and December 31, 2023, the Funds' assets were comprised of units of underlying mutual funds which can be redeemed upon request from the issuer on a valuation date. A valuation date occurs every day that the principal exchange is open for trading and a value is available for the assets of the relevant fund. The Toronto Stock Exchange currently is the principal exchange used for purposes of determining the valuation dates.

##### f) Market risk

Market risk is the risk that the value of investments will fluctuate as a result of changes in market condition. Several factors can influence market trends, such as economic developments, changes in interest rates, political changes, and catastrophic events. As at June 30, 2024 and December 31, 2023, the Funds are exposed to the market risk of the underlying mutual funds.

#### 4 FINANCIAL INSTRUMENTS RISK (continued)

g) The following table shows risk profile of all the Underlying Funds as at June 30, 2024.

The Fund name	Underlying Mutual Fund name	Fair value	Underlying mutual fund risk exposures <sup>(*)</sup>	Number of Funds	Impact on net assets based on 5% increase or decrease
RBC Life Equity Growth Fund	RBC Canadian Equity Fund	\$ 23,441,224	O, L, Co	1	\$ 1,172,061
RBC Life Bond Fund	RBC Bond Fund	\$ 2,196,983	I, CR, Co	1	\$ 109,849
RBC Life Balanced Fund	RBC Balanced Fund	\$ 9,707,380	O, C, I, CR, L, Co	1	\$ 485,369

<sup>(\*)</sup> O = Other Price Risk, I = Interest Price Risk, C = Currency Risk, L = Liquidity Risk, Co = Concentration Risk and CR = Credit Risk

h) The following table shows risk profile of all the Underlying Funds as at December 31, 2023.

The Fund name	Underlying Mutual Fund name	Fair value	Underlying mutual fund risk exposures <sup>(*)</sup>	Number of Funds	Impact on net assets based on 5% increase or decrease
RBC Life Equity Growth Fund	RBC Canadian Equity Fund	\$ 23,580,131	O, L, Co	1	\$ 1,179,007
RBC Life Bond Fund	RBC Bond Fund	\$ 2,242,469	I, CR, Co	1	\$ 112,123
RBC Life Balanced Fund	RBC Balanced Fund	\$ 9,710,641	O, C, I, CR, L, Co	1	\$ 485,532

<sup>(\*)</sup> O = Other Price Risk, I = Interest Price Risk, C = Currency Risk, L = Liquidity Risk, Co = Concentration Risk and CR = Credit Risk

#### 5 FINANCIAL RISK MANAGEMENT

The Funds use a fund-of-fund structure to invest in underlying mutual funds exclusively managed by RBC GAM. As part of the underlying mutual fund selection process for the Funds, the existing mutual funds line-up are reviewed at least annually by RBC Life Insurance Company to identify any product gaps that result from the changing needs of the market and distribution partners.

The screening criteria may include qualitative as well as quantitative measures of performance and must satisfy internal risk management standards.

Ongoing monitoring throughout the year by the Funds' management includes monitoring any organizational or fund changes announced by underlying mutual fund managers or news items that may affect organizational stability or Funds performance as well as analysis on the Funds' rate of return to verify that it is appropriate compared to the underlying mutual fund or fund's benchmark.

Included in the ongoing due diligence process, managers of the underlying mutual funds are required to verify that the Funds have adhered to the Funds' Investment Policies and that the underlying mutual funds are managed in accordance with their investment objectives and strategies. The underlying mutual funds could be exposed to specific risks which may primarily arise because the value of the investments are affected by changes in the local and global economies including interest rates, foreign exchange rates, financial markets and company-specific news. The underlying mutual funds' manager has developed policies and procedures to manage the fund-specific risks. Fund portfolios are reviewed on a regular basis by RBC Life Insurance Company to ensure that the existing asset mix and weightings continue to meet the current and future needs of the Funds.

#### 6 CAPITAL MANAGEMENT

The Funds have no externally imposed capital requirements. The relevant capital movements are disclosed in the Statements of Changes in Net Assets Attributable to Contractholders. To manage risks, the Funds' Manager uses internal guidelines, maintains a governance structure that oversees each Fund's investment activities, and monitors compliance with the Fund's investment strategies, internal guidelines and securities regulations.

#### 7 MANAGEMENT FEES AND OTHER ADMINISTRATIVE EXPENSES

In consideration for management services and investment advice, RBC Life Insurance Company, a related party, is entitled to a management fee. The maximum management fee, exclusive of Harmonized Sales Tax ("HST"), is based on the following annual percentages, applied on a weekly basis to the respective net asset values of the Fund:

Equity Growth Fund	Up to 2.275%
Bond Fund	Up to 1.900%
Balanced Fund	Up to 2.275%

In addition to the management, each Fund also bear all operating and administrative expenses related to the operation of that Fund including legal, audit fees, custodian fee, interest and bank charges. Management fees and other administrative expenses charged to the Funds are subject to the Goods and Services Tax (GST) / Harmonized Sales Tax (HST). Based on the rules and guidance issued by the Department of Finance, the effective GST/HST rate will reflect the tax rates that are applicable in the Provinces/Territories where the Fund's contractholders reside. Since each fund will have contractholders in more than one Province/Territory, the blended rate will be a weighted average based on the tax rate in each Province/Territory and the value of contractholder assets. Therefore the blended rate is likely to be different for each Fund.

Fees and expenses which are recorded on an accrual basis, include custodian fees, management fees, legal fees, audit fees, operations and administration fees, bank charges, interest, brokerage on securities transactions and all indirect taxes. As the Funds invest solely in units of the underlying mutual funds, the Funds are not subject to transaction costs pertaining to the purchase, sale or redemption of units.

## 8 SALES AND REDEMPTIONS OF UNITS

Units of the Fund series, which are redeemable at the option of the contractholder, do not have any nominal value or par value and the number of units, which may be issued, is unlimited. Units are issued or redeemed on a daily basis at the net asset value per unit next determined after the purchase order or redemption request. On the Statement of Cash Flow for the Funds, the proceeds/redemptions of units exclude non-cash transactions.

The units of the Funds are classified as financial liabilities under IAS 32 as the Funds are contractually obligated to repurchase or redeem them for cash or another financial asset.

## 9 FAIR VALUE MEASUREMENT

Investments recorded at fair value on the Funds' Statements of Financial Position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels, defined in accordance with IFRS Accounting Standards 13 and directly related to the amount of subjectivity associated with inputs to fair valuation of these assets, are as follows:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date. Quoted price for these investments are not adjusted even in situations where a large position and a sale could reasonably impact the quoted price.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

As at June 30, 2024 and December 31, 2023, the investments in underlying mutual fund by each of the Funds are classified as Level 1.

## 10 RELATED PARTY TRANSACTIONS

For the periods ended June 30, 2024 and December 31, 2023, management fees and administration fees were paid to RBC Life Insurance Company as disclosed in Note 7 and presented separately in the Statements of Comprehensive Income of each Fund. As at June 30, 2024 and December 31, 2023, the management fees and administration fees payable to RBC Life Insurance Company are included in accrued expenses in the Statements of Financial Position of each Fund.

The Manager may absorb/waive certain expenses of the Funds. The waiver may be terminated by the Manager at any time in accordance with the Information Folder. Included in Due from RBC Life Insurance Company, in the Statements of Financial Position, are balances of expenses absorbed by the Manager.

RBC Investor Services Trust (RBC IS) is the custodian of the Funds. For the periods ended June 30, 2024 and December 31, 2023, the Funds paid administrative expenses to RBC IS.

For the periods ended June 30, 2024 and December 31, 2023, the Funds did not pay any expenses to RBC GAM.

The Funds invest in RBC or its affiliates by virtue of their investment in underlying funds managed by RBC GAM.

RBC Insurance®, through its operating entities, including RBC Life Insurance Company, provides a wide range of creditor, life, health, travel, home, auto and reinsurance products to more than five million North American clients. As a leading provider of individual living benefits and life insurance products in Canada, RBC Life Insurance Company offers a comprehensive portfolio of individual and group life and health insurance solutions, including term and universal life insurance, group benefits, disability, critical illness, and long term care insurance as well as segregated funds and payout annuities.

For more information, please visit [www.rbcinsurance.com](http://www.rbcinsurance.com)



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