



RBC Insurance

Audited Financial Statements of

RBC LIFE INSURANCE COMPANY FUNDS

December 31, 2018

RBC LIFE INSURANCE COMPANY FUNDS

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Independent auditor's report

To the Contractholders of:

RBC Life Equity Growth Fund
RBC Life Bond Fund
RBC Life Balanced Fund

(collectively, the Funds, individually the Fund)

Our opinion

In our opinion, the accompanying financial statements of each of the Funds present fairly, in all material respects, the financial position of each Fund as at December 31, 2018 and 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The financial statements of each of the Funds comprise:

- the statements of financial position as at December 31, 2018 and 2017;
- the statements of comprehensive income for the years then ended;
- the statements of changes in net assets attributable to contractholders for the years then ended;
- the statements of cash flow for the years then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of each of the Funds in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Other information

Management is responsible for the other information of each of the Funds. The other information comprises Top 25 holdings of the underlying fund and Financial Highlights of each of the Funds.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of each of the Funds, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of each of the Funds or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of each of the Funds in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of each of the Funds to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate any of the Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of each of the Funds.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole for each Fund are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements of each of the Funds.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of each of the Funds, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of each of the Funds.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of each of the Funds to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements of each of the Funds or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause any of the Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of each of the Funds, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
April 23, 2019

RBC Life Equity Growth Fund

Statements of Financial Position

As at	Dec 31, 2018	Dec 31, 2017
Assets		
Cash	\$ -	\$ -
Investments in underlying fund at fair value	22,311,247	27,241,887
Other assets		
Accounts receivable - contractholders	-	-
Due from RBC Life Insurance Company	-	-
Other	-	-
	22,311,247	27,241,887
Liabilities		
Bank indebtedness	180	-
Other liabilities		
Accounts payable - contractholders	-	-
Due to RBC Life Insurance Company	11,429	13,418
Other	-	-
	11,609	13,418
Net assets attributable to contractholders	\$ 22,299,638	\$ 27,228,469
Net assets attributable to contractholders per unit	\$ 41.60	\$ 46.31

Statements of Comprehensive Income

For the year ended December 31,	2018	2017
Income		
Distribution from underlying fund	\$ 1,498,435	\$ 2,535,282
Realized loss on sale of investments	(1,039,449)	(641,896)
Change in unrealized gain/loss of investments	(2,419,934)	341,921
	(1,960,948)	2,235,307
Expenses		
Management fees	641,599	684,496
Other administrative expenses	6,662	6,752
	648,261	691,248
Net income (loss) attributable to contractholders	\$ (2,609,209)	\$ 1,544,059
Net income (loss) attributable to contractholders per unit	\$ (4.68)	\$ 2.54

Statements of Changes in Net Assets Attributable to Contractholders

For the year ended December 31,	2018	2017
Net assets, beginning of the year	\$ 27,228,469	\$ 27,490,602
Premium deposits	1,430,210	1,263,229
Net income (loss) attributable to contractholders	(2,609,209)	1,544,059
	26,049,471	30,297,890
Withdrawals	3,749,833	3,069,421
Net assets, end of the year	\$ 22,299,638	\$ 27,228,469
Number of units outstanding	536,046	587,962

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

Statements of Cash Flow

For the year ended December 31,	2018	2017
Operating activities		
Net income (loss) attributable to contractholders	\$ (2,609,209)	\$ 1,544,059
Add (deduct) to convert net income to a cash basis		
Net loss (gain) on investments	3,459,383	299,975
Change in other assets	-	-
Change in other liabilities	(1,989)	(137)
Purchases of investments	(1,714,322)	(2,546,699)
Proceeds from sales of investments	3,185,579	2,508,994
Cash provided by (used in) operating activities	2,319,441	1,806,192
Financing activities		
Distributions to the contractholders	-	-
Proceeds from issue of units	1,430,210	1,263,229
Redemption of units	(3,749,833)	(3,069,421)
Cash provided by (used in) financing activities	(2,319,623)	(1,806,192)
Increase (decrease) in cash/ bank indebtedness	(180)	-
Cash/ bank indebtedness at beginning of year	-	-
Cash/ bank indebtedness at end of year	\$ (180)	\$ -

For the year ended December 31,	2018	2017
Sales and redemption of units		
Units issued	23,048	28,743
Units redeemed	74,964	72,167

As at	Dec 31, 2018	Dec 31, 2017
Investment in underlying fund at fair value		
Level 1	\$ 22,311,247	\$ 27,241,887

Schedule of invested assets

RBC Canadian Equity Fund Series O		
Number of units	1,152,018	1,207,434
Cost	\$ 29,290,403	\$ 31,285,586
Percentage held in underlying fund	1.1688%	1.1899%
Fair value	\$ 22,311,247	\$ 27,241,887
Fair value per unit	\$ 19.37	\$ 22.56

RBC Life Equity Growth Fund (continued)

Top 25 holdings of the underlying fund (unaudited)

ROYAL BANK OF CANADA COMMON	7.0	CANADIAN IMPERIAL BANK OF COMMERCE COMMON	2.1
BANK OF NOVA SCOTIA COMMON	5.2	BCE INC COMMON	1.6
TORONTO DOMINION BANK COMMON	5.0	SUN LIFE FINANCIAL INC COMMON	1.6
ENBRIDGE INC COMMON	4.4	MAGNA INTERNATIONAL INC COMMON	1.5
RBC CANADIAN SMALL & MID-CAP RESOURCES FUND SERIES O	3.6	ALIMENT COUCHE-TARD CLASS B SUB VTG	1.4
SUNCOR ENERGY INC COMMON	3.4	UNITEDHEALTH GROUP INC COMMON	1.4
CANADIAN NATURAL RESOURCES COMMON	2.8	PEMBINA PIPELINE COMMON	1.4
TRANSCANADA CORP COMMON	2.8	GEORGE WESTON LTD COMMON	1.3
BANK OF MONTREAL COMMON	2.7	THOMSON REUTERS CORP COMMON	1.2
CANADIAN NATIONAL RAILWAY COMMON	2.7	CANADIAN PACIFIC RAILWAY COMMON	1.1
NUTRIEN LTD COMMON	2.7	CANADIAN TIRE CORP CLASS A NON VTG	1.1
MANULIFE FINANCIAL CORP COMMON	2.6	BROOKFIELD PROPERTY PARTNERS L.P.U.	1.1
BROOKFIELD ASSET MANAGEMENT CLASS A LTD VTG	2.4		64.1

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 ended December 31, ³	2018	2017	2016	2015	2014
Net Asset Value attributable to contractholders	\$ 41.60	\$ 46.31	\$ 43.54	\$ 36.71	\$ 40.72
Net assets attributable to contractholders (\$ '000)	\$ 22,300	\$ 27,228	\$ 27,491	\$ 25,555	\$ 30,642
Net income (loss) (\$ '000)	\$ (2,609)	\$ 1,544	\$ 4,537	\$ (2,813)	\$ 2,646
Premium deposits (\$ '000)	\$ 1,430	\$ 1,263	\$ 1,330	\$ 1,513	\$ 1,884
Withdrawals (\$ '000)	\$ 3,750	\$ 3,069	\$ 3,931	\$ 3,786	\$ 4,359
Number of units outstanding	536,046	587,962	631,386	696,206	752,452
Management expense ratio ¹	2.62%	2.53%	2.58%	2.62%	2.67%
Portfolio turnover rate of the underlying fund ²	34.20%	40.40%	23.60%	18.00%	24.24%

¹ 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.

² 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.

RBC Life Bond Fund

Statements of Financial Position

As at	Dec 31, 2018	Dec 31, 2017
Assets		
Cash	\$ -	\$ -
Investments in underlying fund at fair value	2,943,759	3,385,496
Other assets		
Accounts receivable - contractholders	-	-
Due from RBC Life Insurance Company	38	-
Other	-	-
	2,943,797	3,385,496
Liabilities		
Bank indebtedness	63	-
Other liabilities		
Accounts payable - contractholders	-	-
Due to RBC Life Insurance Company	1,218	1,397
Other	-	-
	1,281	1,397
Net assets attributable to contractholders	\$ 2,942,516	\$ 3,384,099
Net assets attributable to contractholders per unit	\$ 33.56	\$ 34.03

Statements of Comprehensive Income

For the year ended December 31,	2018	2017
Income		
Distribution from underlying fund	\$ 97,837	\$ 113,083
Realized gain on sale of investments	44,347	43,382
Change in unrealized gain/loss of investments	(109,168)	(36,332)
	33,016	120,133
Expenses		
Management fees	66,287	75,138
Other administrative expenses	1,640	1,643
	67,927	76,781
Net income (loss) attributable to contractholders	\$ (34,911)	\$ 43,352
Net income (loss) attributable to contractholders per unit	\$ (0.38)	\$ 0.42

Statements of Changes in Net Assets Attributable to Contractholders

For the year ended December 31,	2018	2017
Net assets, beginning of the year	\$ 3,384,099	\$ 3,643,626
Premium deposits	229,545	217,919
Net income (loss) attributable to contractholders	(34,911)	43,352
	3,578,733	3,904,897
Withdrawals	636,217	520,798
Net assets, end of the year	\$ 2,942,516	\$ 3,384,099
Number of units outstanding	87,678	99,430

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

Statements of Cash Flow

For the year ended December 31,	2018	2017
Operating activities		
Net income (loss) attributable to contractholders	\$ (34,911)	\$ 43,352
Add (deduct) to convert net income to a cash basis		
Net (gain) loss on investments	64,821	(7,050)
Change in other assets	(38)	-
Change in other liabilities	(177)	(104)
Purchases of investments	(129,016)	(134,003)
Proceeds from sales of investments	505,931	400,684
Cash provided by (used in) operating activities	406,609	302,879
Financing activities		
Distributions to the contractholders	-	-
Proceeds from issue of units	229,545	217,919
Redemption of units	(636,217)	(520,798)
Cash provided by (used in) financing activities	(406,672)	(302,879)
Increase (decrease) in cash/ bank indebtedness	(63)	-
Cash/ bank indebtedness at beginning of year	-	-
Cash/ bank indebtedness at end of year	\$ (63)	\$ -

For the year ended December 31,	2018	2017
Sales and redemption of units		
Units issued	4,206	6,360
Units redeemed	15,958	13,060

As at	Dec 31, 2018	Dec 31, 2017
Investment in underlying fund at fair value		
Level 1	\$ 2,943,759	\$ 3,385,496

Schedule of invested assets

RBC Bond Fund Series O		
Number of units	437,649	493,584
Cost	\$ 2,748,437	\$ 3,089,739
Percentage held in underlying fund	0.0148%	0.0182%
Fair value	\$ 2,943,759	\$ 3,385,496
Fair value per unit	\$ 6.73	\$ 6.86

RBC Life Bond Fund (continued)

Top 25 holdings of the underlying fund (unaudited)

ONTARIO PROV 3.450 JUN 02 45	2.7	ONTARIO PROV 2.850 JUN 02 23	1.5
ONTARIO PROV 3.500 JUN 02 43	2.2	ONTARIO PROV 2.900 JUN 02 28	1.4
ONTARIO PROV 2.600 JUN 02 27	2.1	QUEBEC PROV 2.750 SEP 01 28	1.4
ONTARIO PROV 2.600 JUN 02 25	2.1	ONTARIO PROV 3.500 JUN 02 24	1.3
ONTARIO PROV 2.900 DEC 02 46	2.1	QUEBEC PROV 2.750 SEP 01 27	1.2
RBC EMERGING MARKETS FOREIGN EXCHANGE FUND - SERIES O	1.8	QUEBEC PROV 3.000 SEP 01 23	1.2
ONTARIO PROV 4.600 JUN 02 39	1.8	BLUEBAY EMERGING MARKETS CORPORATE BOND FUND - SERIES O	1.1
CANADA GOVT 2.750 DEC 01 48	1.7	CANADA GOVT 1.000 JUN 01 27	1.1
ONTARIO PROV 2.400 JUN 02 26	1.6	QUEBEC PROV 3.750 SEP 01 24	1.0
ONTARIO PROV 4.650 JUN 02 41	1.6	QUEBEC PROV 5.000 DEC 01 41	0.9
CANADA GOVT 2.000 JUN 01 28	1.5	ONTARIO PROV 4.700 JUN 02 37	0.9
ONTARIO PROV 4.000 JUN 02 21	1.5	QUEBEC PROV 2.750 SEP 01 25	0.9
CANADA GOVT 1.500 JUN 01 26	1.5	Total % of top 25 holdings	38.1

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 ended December 31, ³	2018	2017	2016	2015	2014
Net Asset Value attributable to contractholders	\$ 33.56	\$ 34.03	\$ 34.33	\$ 33.97	\$ 33.47
Net assets attributable to contractholders (\$ '000)	\$ 2,943	\$ 3,384	\$ 3,644	\$ 3,817	\$ 4,108
Net income (loss) (\$ '000)	\$ (35)	\$ 43	\$ 47	\$ 68	\$ 270
Premium deposits (\$ '000)	\$ 230	\$ 218	\$ 209	\$ 231	\$ 275
Withdrawals (\$ '000)	\$ 636	\$ 521	\$ 429	\$ 591	\$ 551
Number of units outstanding	87,678	99,430	106,130	112,352	122,742
Management expense ratio ¹	2.15%	2.19%	2.24%	2.19%	2.18%
Portfolio turnover rate of the underlying fund ²	19.40%	22.20%	22.50%	22.38%	35.76%

¹ 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.

² 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.

RBC Life Balanced Fund

Statements of Financial Position

As at	Dec 31, 2018	Dec 31, 2017
Assets		
Cash	\$ -	\$ -
Investments in underlying fund at fair value	10,353,937	11,893,237
Other assets		
Accounts receivable - contractholders	-	-
Due from RBC Life Insurance Company	-	-
Other	-	-
	10,353,937	11,893,237
Liabilities		
Bank indebtedness	108	-
Other liabilities		
Accounts payable - contractholders	-	-
Due to RBC Life Insurance Company	5,233	5,907
Other	-	-
	5,341	5,907
Net assets attributable to contractholders	\$ 10,348,596	\$ 11,887,330
Net assets attributable to contractholders per unit	\$ 41.55	\$ 43.62

Statements of Cash Flow

For the year ended December 31,	2018	2017
Operating activities		
Net income (loss) attributable to contractholders	\$ (586,146)	\$ 746,459
Add (deduct) to convert net income to a cash basis		
Net (gain) loss on investments	827,818	(422,061)
Change in other assets	-	-
Change in other liabilities	(675)	74
Purchases of investments	(641,503)	(652,587)
Proceeds from sales of investments	1,352,986	927,235
Cash provided by (used in) operating activities	952,480	599,120
Financing activities		
Distributions to the contractholders	-	-
Proceeds from issue of units	569,830	597,870
Redemption of units	(1,522,418)	(1,196,990)
Cash provided by (used in) financing activities	(952,588)	(599,120)
Increase (decrease) in cash/ bank indebtedness	(108)	-
Cash/ bank indebtedness at beginning of year	-	-
Cash/ bank indebtedness at end of year	\$ (108)	\$ -

Statements of Comprehensive Income

For the year ended December 31,	2018	2017
Income		
Distribution from underlying fund	\$ 535,687	\$ 630,537
Realized gain on sale of investments	214,453	155,576
Change in unrealized gain/loss of investments	(1,042,271)	266,485
	(292,131)	1,052,598
Expenses		
Management fees	290,185	302,358
Other administrative expenses	3,830	3,781
	294,015	306,139
Net income (loss) attributable to contractholders	\$ (586,146)	\$ 746,459
Net income (loss) attributable to contractholders per unit	\$ (2.25)	\$ 2.66

For the year ended December 31,	2018	2017
Sales and redemption of units		
Units issued	12,541	14,212
Units redeemed	35,943	29,949

As at	Dec 31, 2018	Dec 31, 2017
Investment in underlying fund at fair value		
Level 1	\$ 10,353,937	\$ 11,893,237

Schedule of invested assets

RBC Balanced Fund Series O		
Number of units	704,196	747,720
Cost	\$ 9,676,782	\$ 10,209,447
Percentage held in underlying fund	0.1907%	0.1890%
Fair value	\$ 10,353,937	\$ 11,893,237
Fair value per unit	\$ 14.70	\$ 15.91

Statements of Changes in Net Assets Attributable to Contractholders

For the year ended December 31,	2018	2017
Net assets, beginning of the year	\$ 11,887,330	\$ 11,739,991
Premium deposits	569,830	597,870
Net income (loss) attributable to contractholders	(586,146)	746,459
	11,871,014	13,084,320
Withdrawals	1,522,418	1,196,990
Net assets, end of the year	\$ 10,348,596	\$ 11,887,330
Number of units outstanding	249,092	272,495

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

RBC Life Balanced Fund (continued)

Top 25 holdings of the underlying fund (unaudited)

RBC EMERGING MARKETS EQUITY FUND - SERIES O	3.6	CANADA GOVT 0.500 MAR 01 22	1.0
ROYAL BANK OF CANADA COMMON	2.4	BANK OF MONTREAL COMMON	1.0
TORONTO DOMINION BANK COMMON	2.1	ONTARIO PROV 4.700 JUN 02 37	1.0
BANK OF NOVA SCOTIA COMMON	1.7	BROOKFIELD ASSET MANAGEMENT CLASS A LTD CTG	1.0
ENBRIDGE INC COMMON	1.4	ONTARIO PROV 2.850 JUN 02 23	1.0
CANADA GOVT 0.750 SEP 01 21	1.3	ONTARIO PROV 3.150 JUN 02 22	0.9
CANADA GOVT 2.750 DEC 01 48	1.3	QUEBEC PROV 3.000 SEP 01 23	0.9
CANADIAN NATIONAL RAILWAY COMMON	1.2	ONTARIO PROV 2.600 JUN 02 27	0.9
ONTARIO PROV 4.650 JUN 02 41	1.2	ONTARIO PROV 2.600 JUN 02 25	0.9
SUNCOR ENERGY INC COMMON	1.2	ONTARIO PROV 3.450 JUN 02 45	0.8
ONTARIO PROV 4.600 JUN 02 39	1.1	CANADA HOUSING TRUST 2.650 MAR 15 22	0.8
RBC CANADIAN SMALL & MID-CAP RESOURCES FUND - SERIES O	1.0	CANADIAN NATURAL RESOURCES COMMON	0.8
HYDRO QUEBEC 6.500 FEB 15 35	1.0	Total % of top 25 holdings	31.5

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 ended December 31, ³	2018	2017	2016	2015	2014
Net Asset Value attributable to contractholders	\$ 41.55	\$ 43.62	\$ 40.73	\$ 38.49	\$ 38.41
Net assets attributable to contractholders (\$'000)	\$ 10,349	\$ 11,887	\$ 11,740	\$ 12,208	\$ 13,025
Net income (loss) (\$'000)	\$ (586)	\$ 746	\$ 741	\$ 56	\$ 1,065
Premium deposits (\$'000)	\$ 570	\$ 598	\$ 638	\$ 684	\$ 809
Withdrawals (\$'000)	\$ 1,522	\$ 1,197	\$ 1,847	\$ 1,558	\$ 1,798
Number of units outstanding	249,092	272,495	288,232	317,139	339,136
Management expense ratio ¹	2.64%	2.59%	2.63%	2.66%	2.61%
Portfolio turnover rate of the underlying fund ²	28.40%	29.14%	21.70%	42.78%	60.51%

¹ 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.

² 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.

RBC LIFE INSURANCE COMPANY FUNDS

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. These financial statements were authorized for issue by the Manager on April 17, 2019.

2. FINANCIAL YEAR

The information provided in these financial statements and notes thereto is as at December 31, 2018 and December 31, 2017.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The Canadian dollar is the functional and presentation currency of the Funds.

The following is a summary of the significant accounting policies:

a) Adoption of new accounting standards

Effective January 1, 2018, the Funds retrospectively without restatement adopted IFRS 9, Financial Instruments (“IFRS 9”). The new standard requires financial assets to be either carried at amortized cost, or at fair value, with changes in fair value recognized in profit and loss (“FVTPL”) or in other comprehensive income (“FVOCI”) based on the Funds’ business model for managing financial assets and the contractual cash flow characteristics of the financial assets.

The Funds manage their investments in financial assets with the objective of realizing cash flows through both the sale of the assets and income generated from those assets. The Portfolio Managers make decisions based on the assets’ fair values and manage the assets to realize those fair values.

Upon transition to IFRS 9, the Funds’ financial assets and financial liabilities previously designated as FVTPL under IAS 39, Financial Instruments: Recognition and Measurement (“IAS 39”) continue to be classified as FVTPL under IFRS 9. There were no changes in the measurement attributes for any of the financial assets and financial liabilities upon transition to IFRS 9.

b) 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 holders of redeemable units 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.

c) Income recognition

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

d) 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.

e) 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 average number of units outstanding at the end of the year.

f) Use of estimates

These financial statements are prepared in accordance with IFRS, 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.

g) 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.

h) 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 their respective investment objectives. The underlying funds finance their operations by issuing redeemable units which are puttable at the unitholder's option, and entitle the unitholder 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 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.

i) 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 Invested Assets on each Fund's supplementary information, disclosed alongside the financial statements, presents the details of units held by each Fund as at December 31, 2018 and 2017 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 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 years ended December 31, 2018 and 2017, the underlying mutual funds only bought and sold investments through brokers which are RBC approved counterparties, thus minimizing the risk of default during settlement.

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) 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 December 31, 2018 and 2017, 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.

e) 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 December 31, 2018 and 2017, the Funds are exposed to the market risk of the underlying mutual funds.

RBC LIFE INSURANCE COMPANY FUNDS

f) The following table shows risk profile of all the Underlying Funds as at December 31, 2018.

The Fund name	Underlying Mutual Fund name	Fair value	Underlying mutual fund risk exposures (*)	Number of Funds	Impact on net assets based on 5% increase or decrease
RBC Life Equity Growth Fund	RBC Canadian Equity Fund	\$ 22,311,247	O, L	1	\$ 1,115,562
RBC Life Bond Fund	RBC Bond Fund	2,943,759	I, CR	1	147,188
RBC Life Balanced Fund	RBC Balanced Fund	10,353,937	O, C, I, CR, L	1	517,697

(*) O = Other Price Risk, I = Interest Price Risk, C = Currency Risk, L = Liquidity Risk and CR = Credit Risk

The following table shows risk profile of all the Underlying Funds as at December 31, 2017.

The Fund name	Underlying Mutual Fund name	Fair value	Underlying mutual fund risk exposures (*)	Number of Funds	Impact on net assets based on 5% increase or decrease
RBC Life Equity Growth Fund	RBC Canadian Equity Fund	\$ 27,241,887	O, L	1	\$ 1,362,094
RBC Life Bond Fund	RBC Bond Fund	3,385,496	I, CR	1	169,275
RBC Life Balanced Fund	RBC Balanced Fund	11,893,237	O, C, I, CR, L	1	594,662

(*) O = Other Price Risk, I = Interest Price Risk, C = Currency Risk, L = Liquidity 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%

RBC LIFE INSURANCE COMPANY FUNDS

Custodian fee, audit fee, interest and bank charges are payable by the Funds. 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.

8. OTHER EXPENSES ABSORBED BY THE MANAGER

Each Fund is responsible for the payment of the fees and expenses related to the operation of that Fund. Such 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.

In addition to the management the Funds also bear all operating and administrative expenses including legal and audit fees.

9. SALES AND REDEMPTIONS OF UNITS

Units of the Funds, which are redeemable at the option of the unitholder in accordance with the provisions of the related policy contracts. Units of the Fund are issued or redeemed on a weekly basis at the net asset value per unit next determined after the purchase order or redemption request, respectively, is received by RBC Life Insurance Company.

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.

10. 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 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 December 31, 2018 and 2017, the investments in underlying mutual fund by each of the Fund's are classified as Level 1.

11. RELATED PARTY TRANSACTIONS

For the years ended December 31, 2018 and 2017, management 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 December 31, 2018 and 2017, the management 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.

For the years ended December 31, 2018 and 2017, the Funds paid administrative expenses to RBC Investor Services.

For the years ended December 31, 2018 and 2017, the Funds did not pay any expenses to RBC GAM.